

WEST BOUNTIFUL CITY

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

WEST BOUNTIFUL CITY

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

Financial Section:	
Independent Auditors' Report	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Fund Financial Statements:	
Statement of Net Position	12
Statement of Activities	14
Government Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	15
Reconciliation of the Government Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances Government Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	18
Proprietary Fund Financial Statements:	
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to the Financial Statements	23
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund.....	41
Budgetary Comparison Schedule – Special Revenue Redevelopment Fund	42
Supplementary Information – Statements and Schedules:	
Governmental Funds	
Budgetary Comparison Schedules:	
Special Revenue Police Impact Fee Fund.....	44
Special Revenue Park Impact Fee Fund	45
Special Revenue Rap Tax Fund	46
Special Revenue Street Impact Fee Fund.....	47
Capital Improvement Fund.....	48
Combining Balance Sheet Nonmajor Governmental Funds.....	49
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances Nonmajor Governmental Funds.....	50
Streets Capital Improvements Fund.....	51
Auditors' Opinion on 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.....	54
Schedule of Findings for the Fiscal Year Ended June 30, 2013	56
Status of Previous Year's Findings.....	57



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, Utah, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Bountiful City, Utah, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for

CERTIFIED PUBLIC ACCOUNTANTS

the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Bountiful City, Utah basic financial statements. The combining and individual nonmajor fund financial statements, and budget comparison schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budget comparison schedules were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements.

The combining individual nonmajor fund and budget comparison schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013, on our consideration of the West Bountiful City, Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Bountiful City, Utah's internal control over financial reporting and compliance.



Karren, Hendrix, Stagg, Allen & Company
October 15, 2013

WEST BOUNTIFUL CITY

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

West Bountiful City's management team presents the following overview and analysis of the financial statements of the City for the twelve months ended June 30, 2013. We encourage readers to consider the information contained in this discussion in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceeded liabilities by \$19,344,831 (net assets) at the end of the fiscal year. Of this amount, \$2,489,089 (unrestricted net position) is available to meet ongoing obligations to citizens and creditors. Overall, the net position increased by \$1,598,673.
- Total governmental revenue exceeded total governmental expenditures by \$512,696, resulting in a combined ending fund balance of \$3,476,180.
- The unassigned fund balance of the General Fund at June 30, 2013, totaled \$514,931 and is 13% of the General Fund total revenues for the year.
- Total debt for West Bountiful City decreased by approximately \$861,680.
- The results of the above highlights show the City has continued to stabilize its financial position.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Both of the government-wide financial statements distinguish between activities that are largely supported by taxes and intergovernmental revenues and those whose operations are entirely or largely financed by user charges and fees. The governmental activities for 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 5,439,501	\$ 4,758,177	\$ 3,127,803	\$ 2,422,518	\$ 8,567,304	\$ 7,180,695
Deferred outflows	201,066	200,176	-	-	201,066	200,176
Capital assets	9,972,533	9,722,244	9,099,970	9,360,911	19,072,503	19,083,155
Other assets	-	-	-	331,756	-	331,756
Total assets	\$ 15,613,100	\$ 14,680,597	\$ 12,227,773	\$ 12,115,185	\$ 27,840,873	\$ 26,795,782
Current and other liabilities	\$ 423,520	\$ 530,698	\$ 712,203	\$ 749,042	\$ 1,135,723	\$ 1,279,740
Deferred inflows	1,459,515	1,429,712	-	-	1,459,515	1,429,712
Long-term liabilities	1,806,889	1,816,266	4,093,915	4,394,998	5,900,804	6,211,264
Total liabilities	3,689,924	3,776,676	4,806,118	5,144,040	8,496,042	8,920,716
Net position						
Invested in capital assets, net of related debt	8,287,533	7,962,243	6,348,414	4,671,905	14,635,947	12,634,148
Restricted	1,357,854	1,721,641	861,941	555,777	2,219,795	2,277,418
Unrestricted	2,277,789	1,220,037	211,300	1,743,463	2,489,089	2,963,500
Total net position	11,923,176	10,903,921	7,421,655	6,971,145	19,344,831	17,875,066
Total liabilities and net position	\$ 15,613,100	\$ 14,680,597	\$ 12,227,773	\$ 12,115,185	\$ 27,840,873	\$ 26,795,782

ANALYSIS OF NET POSITION

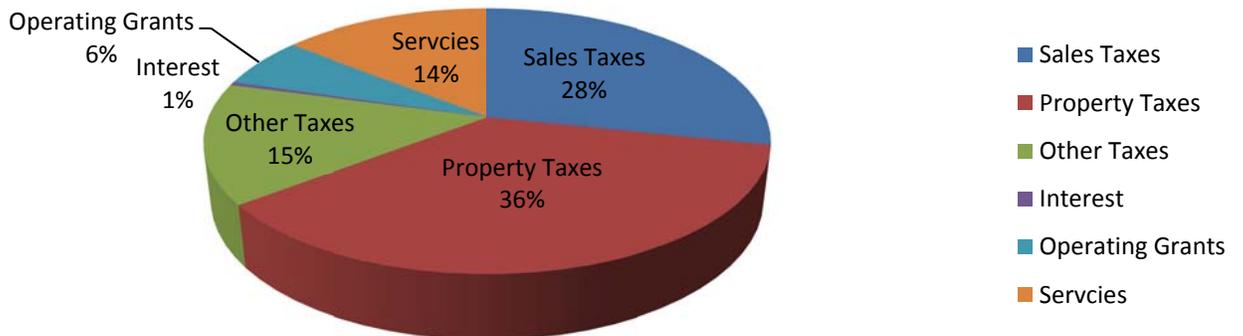
By far the largest component of West Bountiful City's net position is its investment in capital assets. Seventy-six percent of total net position represents the City's investment in infrastructure, including roads and culinary water lines, parks and improvements, and maintenance machinery and equipment, 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 position, 6%, is subject to external restrictions on how it may be expended. These include impact fees, B and C Road Funds, as well as monies committed by the City Council for specific capital projects. The remaining 18% of net position can be used to meet the City's ongoing obligations to its creditors and to citizens.

WEST BOUNTIFUL CITY STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Charges for services	\$ 624,133	\$ 307,700	\$ 2,633,170	\$ 2,782,148	\$ 3,257,303	\$ 3,089,848
Operating grants and contributions	268,028	219,185	-	-	268,028	219,185
Capital grants and contributions	-	-	280,928	-	280,928	-
General revenues:						
Property taxes, levied for general purposes	1,581,229	1,414,217	-	-	1,581,229	1,414,217
Other taxes	641,035	416,848	-	-	641,035	416,848
Sales taxes	1,237,674	1,206,853	-	-	1,237,674	1,206,853
Other revenues	98,181	1,052	5,394	2,212	103,575	3,264
Disposal of fixed assets	-	-	(390,747)	-	(390,747)	-
Investment earnings	17,588	13,039	24,372	27,588	41,960	40,627
Total revenues	4,467,868	3,578,894	2,553,117	2,811,948	7,020,985	6,390,842
Expenses						
General government	657,749	863,724	-	-	657,749	863,724
Public safety	1,406,557	1,275,233	-	-	1,406,557	1,275,233
Public works	439,038	476,132	-	-	439,038	476,132
Parks and recreation	173,069	113,085	-	-	173,069	113,085
Redevelopment	550,342	127,345	-	-	550,342	127,345
Interest expense	67,690	99,867	-	-	67,690	99,867
Water	-	-	848,299	785,158	848,299	785,158
Solid waste	-	-	334,419	313,678	334,419	313,678
Storm Drain	-	-	89,200	127,488	89,200	127,488
Golf course	-	-	855,950	796,973	855,950	796,973
Total Expenses	3,294,445	2,955,386	2,127,868	2,023,297	5,422,313	4,978,683
Transfers	(154,169)	(62,840)	154,169	62,840	-	-
CHANGE IN NET POSITION	1,019,254	560,668	579,418	851,491	1,598,672	1,412,159
Prior period adjustment	-	-	(128,909)	-	(128,909)	-
NET POSITION, BEGINNING	10,903,921	10,343,253	6,971,146	6,119,654	17,875,067	16,462,907
NET POSITION, ENDING	\$ 11,923,175	\$ 10,903,921	\$ 7,421,655	\$ 6,971,145	\$ 19,344,830	\$ 17,875,066

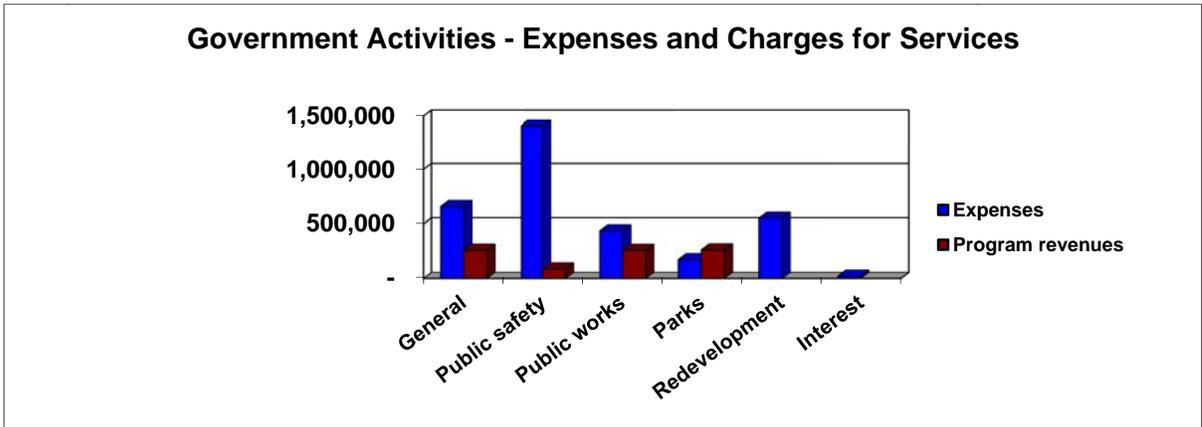
Fiscal Year 2013 General Fund Revenues



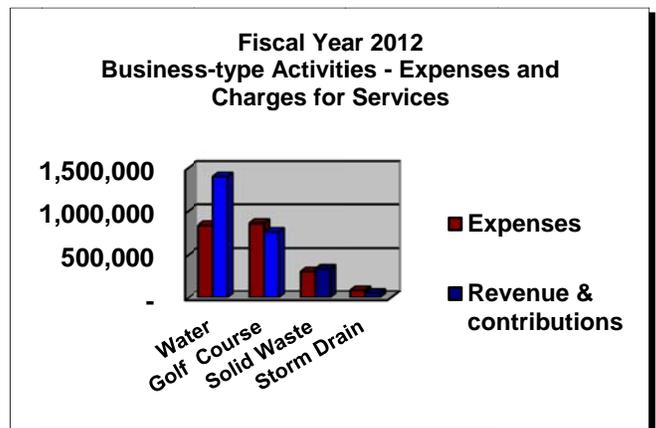
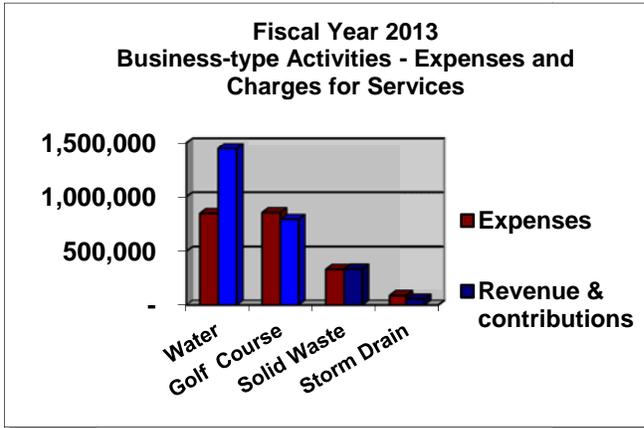
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Governmental activities net position increased by \$1,019,255 for the year ended June 30, 2013. Much of this is related to the Series 2004 Bond refunding. Additional information regarding this refunding may be found in Note 6.

As indicated in the chart on the previous page, government activities in the General Fund are largely dependent on sales and property tax revenues, with additional revenues received from service fees. In addition, West Bountiful receives “one-time” grant monies from time to time associated with specific projects. Overall, general fund activity is not intended to be a “for profit” operation, and the City is specifically restricted from assessing or collecting revenues in excess of the cost of providing services to its citizens.



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. Of these funds, the Water and Storm Drain funds require additional reserves to cover the cost of future infrastructure replacements, as illustrated in the charts below:



Business-type activities contributed an increase of \$579,418 in net position. The most significant reason for this increase in business-type activities is the completion of several capital projects. Specifically, a waterline was replaced on 700 West and a portion of 400 North was rebuilt following the waterline project from Fiscal Year 2012. The City also received \$24,372 in invested earnings and \$280,928 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, 2013.

For the period ended June 30, 2013, the City's governmental funds reported a combined fund balance of \$3,476,180, representing an increase of \$512,695, compared with the prior fiscal year. Of the total balance at year-end, \$166,511 is assigned for capital projects and \$426,594 is committed for capital streets. An additional \$1,010,290 is unspendable for inventory and interfund loans.

The General Fund is the main operating fund for West Bountiful City. At June 30, 2013, the General Fund's unassigned fund balance was \$514,931. Total fund balance of the General Fund for West Bountiful City increased by \$227,671 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 \$724,551 at June 30, 2013. In addition, the Street Capital Improvements Fund was established, which is funded from a committed portion of the City's annual property tax revenue.

The redevelopment special revenue fund had a total fund balance of \$63,976. Total fund balance increased \$24,000 due to lower than anticipated operating expenses for the period ended June 30, 2013. This balance is assigned to the future operations of the West Bountiful Redevelopment Agency, particularly the newly created Community Development Area located along 500 South and Legacy Parkway.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the City's major proprietary funds totaled \$596,088. 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**
 - General engineering expenses increased this year as a function of a change in accounting procedure. Engineering hours are billed by department/fund based on actual hours worked instead of a pre-determined allocation.
- **Emergency Preparedness/Public Safety**
 - The City received grant funding to purchase a disaster mobilization trailer. The trailer will be outfitted so that it can act as a mobile command center in the event of an emergency, and stocked with emergency supplies. The police department implemented a three year vehicle rotation policy in 2010, which has greatly reduced the cost of maintenance on our police vehicles. The Chief's vehicle is not included in the rotation schedule, and additional sales tax revenues this year allowed for the purchase of a new Chief's vehicle.
- **Streets**
 - Due to the severe winter we experienced in 2012-2013, additional snow removal expenses were incurred. Expenditures for the rebuild of 700 West were delayed until fiscal year 2014, resulting in a reduction in the streets capital outlay line item.

- **Parks**
 - The City devoted much attention to improvements at the main park as well as the trails system. Park impact fees were reviewed resulting in a fee reduction from \$3,029 to \$2,096. In compliance with statutory guidelines, impact fees funded the following projects in Fiscal Year 2013:
 - City Park Restroom Remodel (capacity expanded with two new stalls)
 - City Park Walking Trail
 - Completion of the DSB (Onion Parkway) Trail running along the DSB Canal
 - Transfers of RAP Tax were used to fund the resurfacing of the parking lot at the City Park

BUDGETARY HIGHLIGHTS

West Bountiful proprietary funds exhibited a similar commitment to infrastructure improvements. Highlights from the proprietary funds include:

- **Water Fund**
 - Replaced water line on 700 West from 1000 North to 1600 North
 - Work on the proposed well at the 400 North water tank was discontinued for failure to find an adequate level of water.
 - The water department was able to dedicate an aging truck for the seasonal workers and replaced it with a new vehicle.
- **Storm Drain**
 - Replaced 400 North Storm Drain at 1130 West
- **Golf Course**
 - Purchase of seven new mowers, a blower, and a utility vehicle on a six-year capital lease, some of which will be utilized by the City Parks department as we move towards coordinating green space services.

CAPITAL ASSET AND DEBT ADMINISTRATION

West Bountiful City's investment in capital assets for its combined governmental and business type activities totaled \$19,063,156 (net of \$5,536,494 accumulated depreciation) at June 30, 2013. Types of assets included in this category are land, buildings, and related improvements, vehicles, machinery and equipment, roads (including curb and gutter), street lights, 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:

	Governmental Activities		Business-Type		Total	
	2013	2012	2013	2012	2013	2012
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	4,112,670	3,621,870	9,574,210	9,320,635	12,922,505	11,448,584
Vehicles	318,058	347,999	310,997	320,633	668,632	660,629
Machinery and equipment	520,833	554,991	813,187	657,258	1,212,250	1,181,691
Work in process	-	26,116	-	416,330	442,446	514,480
Accumulated depreciation	(2,280,410)	(2,130,114)	(3,650,859)	(3,406,380)	(5,536,494)	(5,026,518)
New book value	<u>\$ 9,972,533</u>	<u>\$ 9,722,244</u>	<u>\$ 9,099,970</u>	<u>\$ 9,360,911</u>	<u>\$ 19,063,156</u>	<u>\$ 18,132,683</u>

In effort to stabilize and improve the City's overall financial health, 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 \$4,288,166 of debt by the business-type activities (Enterprise Funds) and the remaining \$1,685,000 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

	Governmental Activities		Business Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligation	\$ -	\$ -	\$ 225,000	\$ 635,000	\$ 225,000	\$ 635,000
Water bond premium	-	-	13,166	14,846	13,166	14,846
Revenue bonds	1,685,000	1,760,000	4,050,000	4,425,000	5,735,000	6,185,000
Totals	<u>\$ 1,685,000</u>	<u>\$ 1,760,000</u>	<u>\$ 4,288,166</u>	<u>\$ 5,074,846</u>	<u>\$ 5,973,166</u>	<u>\$ 6,834,846</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

West Bountiful City continues to improve long term capital planning, including preventive maintenance for streets and water systems. In addition, efforts are being made to gradually increase service levels in a fair and equitable manner. Former staffing levels are being re-established and policies and procedures are in the process of being updated. The City anticipates the slow return of sales tax revenues and looks forward to the growth of several new subdivisions throughout the City.

As part of the City's capital planning, culinary water fees were increased in 2010 to include funding for debt service coverage and future capital needs. The portion of the fees dedicated to future capital needs will be reevaluated during the fiscal year ending June 30, 2014.

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 Position June 30, 2013

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents			
Restricted	\$ 1,116,280	\$ 2,398,950	\$ 3,515,230
Unrestricted	1,018,517	1,654,419	2,672,936
Prepaid expense	2,326	92,522	94,848
Receivables			
Property, franchise, and excise taxes	1,926,472	-	1,926,472
Accounts, less allowance for doubtful accounts of \$10,758	61,942	174,838	236,780
Inventories	-	121,038	121,038
Internal balances	1,313,964	(1,313,964)	-
Total current assets	<u>5,439,501</u>	<u>3,127,803</u>	<u>8,567,304</u>
DEFERRED OUTFLOWS OF RESOURCES			
Refunding bond costs	201,066	-	201,066
Total deferred outflows of resources	<u>201,066</u>	<u>-</u>	<u>201,066</u>
NONCURRENT ASSETS			
Property and equipment, (net)			
Land and easements	5,101,489	1,743,497	6,844,986
Buildings	1,647,712	144,782	1,792,494
Improvements, other than buildings	3,044,233	6,716,403	9,760,636
Vehicles	53,297	185,557	238,854
Machinery and equipment	125,802	309,731	435,533
Net property and equipment	<u>9,972,533</u>	<u>9,099,970</u>	<u>19,072,503</u>
Total assets	<u>\$ 15,613,100</u>	<u>\$ 12,227,773</u>	<u>\$ 27,840,873</u>

The accompanying notes are an integral part of this statement.

WEST BOUNTIFUL CITY

Statement of Net Position, Continued June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 68,227	\$ 147,304	\$ 215,531
Accounts payable to related parties	-	14,466	14,466
Current portion capital leases	-	27,421	27,421
Restricted assets:			
Current portion of revenue bonds	112,000	415,840	527,840
Accrued interest	6,657	66,525	73,182
Unearned revenues	-	41,487	41,487
Installment payable	20,775	-	20,775
Accrued liabilities	215,861	-	215,861
Total current liabilities	<u>423,520</u>	<u>713,043</u>	<u>1,136,563</u>
NON-CURRENT LIABILITIES			
Deposits, advance rentals, and long-term accruals	196,463	61,762	258,225
Long-term compensation liability	37,426	21,506	58,932
Long term leases	-	137,482	137,482
Restricted assets:			
Long-term portion of revenue bonds	1,573,000	3,872,325	5,445,325
Total non-current liabilities	<u>1,806,889</u>	<u>4,093,075</u>	<u>5,899,964</u>
Total liabilities	<u>2,230,409</u>	<u>4,806,118</u>	<u>7,036,527</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	1,459,515	-	1,459,515
Total deferred inflows of resources	<u>1,459,515</u>	<u>-</u>	<u>1,459,515</u>
NET POSITION			
Investment in capital assets, net of related debt	8,287,533	6,348,414	14,635,947
Restricted for:			
Specific projects and programs	1,357,854	667,712	2,025,566
Debt service	-	194,229	194,229
Unrestricted	2,277,789	211,300	2,489,089
Total net position	<u>11,923,176</u>	<u>7,421,655</u>	<u>19,344,831</u>
Total liabilities and net position	<u>\$ 15,613,100</u>	<u>\$ 12,227,773</u>	<u>\$ 27,840,873</u>

The accompanying notes are an integral part of this statement.

WEST BOUNTIFUL CITY

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Government activities							
General government	\$ 657,749	\$ 260,759	\$ -	\$ -	\$ (396,990)	\$ -	\$ (396,990)
Public safety	1,406,557	78,830	8,682	-	(1,319,045)	-	(1,319,045)
Public works	439,038	-	259,346	-	(179,692)	-	(179,692)
Parks	173,069	263,225	-	-	90,156	-	90,156
Redevelopment	550,342	21,319	-	-	(529,023)	-	(529,023)
Interest on long-term debt	67,690	-	-	-	(67,690)	-	(67,690)
Total government activities	<u>3,294,445</u>	<u>624,133</u>	<u>268,028</u>	<u>-</u>	<u>(2,402,284)</u>	<u>-</u>	<u>(2,402,284)</u>
Business-type activities							
Water utility	848,299	1,446,680	-	155,550	-	753,931	753,931
Golf course	855,950	793,414	-	-	-	(62,536)	(62,536)
Solid waste	334,419	336,721	-	-	-	2,302	2,302
Storm drain	89,200	56,355	-	125,378	-	92,533	92,533
Total business-type activities	<u>2,127,868</u>	<u>2,633,170</u>	<u>-</u>	<u>280,928</u>	<u>-</u>	<u>786,230</u>	<u>786,230</u>
Total primary government	<u>\$ 5,422,313</u>	<u>\$ 3,257,303</u>	<u>\$ 268,028</u>	<u>\$ 280,928</u>	<u>(2,402,284)</u>	<u>786,230</u>	<u>(1,616,054)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					1,581,229	-	1,581,229
Other taxes					641,036	-	641,036
Sales taxes					1,237,674	-	1,237,674
Investment earnings					17,588	24,372	41,960
Disposal of assets					-	(390,747)	(390,747)
Other revenue					98,181	5,394	103,575
Transfers					(154,169)	154,169	-
Total general revenues, special items, and transfers					<u>3,421,539</u>	<u>(206,812)</u>	<u>3,214,727</u>
Changes in net position					1,019,255	579,418	1,598,673
Prior period adjustment					-	(128,909)	(128,909)
Net position, July 1, 2012					<u>10,903,921</u>	<u>6,971,146</u>	<u>17,875,067</u>
Net position, June 30, 2013					<u>\$ 11,923,176</u>	<u>\$ 7,421,655</u>	<u>\$ 19,344,831</u>

The accompanying notes are an integral part of this statement.

WEST BOUNTIFUL CITY

Balance Sheet Governmental Funds June 30, 2013

	<u>General</u>	<u>Special Revenue Redevelopment Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 523,175	\$ -	\$ 593,105	\$ 1,116,280
Restricted	79,896	66,457	872,165	1,018,518
Receivables (net)				
Property, franchise, and excise tax	1,290,655	600,000	35,817	1,926,472
Fees	61,942	-	-	61,942
Due from other funds	449,924	-	864,040	1,313,964
Prepaid expenses	2,327	-	-	2,327
	<u>2,407,919</u>	<u>666,457</u>	<u>2,365,127</u>	<u>5,439,503</u>
Total assets	<u>\$ 2,407,919</u>	<u>\$ 666,457</u>	<u>\$ 2,365,127</u>	<u>\$ 5,439,503</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 68,227	\$ -	\$ -	\$ 68,227
Accrued liabilities	215,862	2,481	-	218,343
Installment payable	20,775	-	-	20,775
Deposits	196,463	-	-	196,463
Total liabilities	<u>501,327</u>	<u>2,481</u>	<u>-</u>	<u>503,808</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	859,515	600,000	-	1,459,515
Total deferred inflows of resources	<u>859,515</u>	<u>600,000</u>	<u>-</u>	<u>1,459,515</u>
FUND BALANCES				
Unassigned	514,931	-	-	514,931
Assigned for capital projects	-	-	166,511	166,511
Committed for capital improvements	-	-	426,594	426,594
Unspendable	452,250	-	558,040	1,010,290
Restricted for:				
Class C road	79,896	-	-	79,896
Rap tax	-	-	623,396	623,396
Construction	-	63,976	-	63,976
Impact fees	-	-	590,586	590,586
Total fund balances	<u>1,047,077</u>	<u>63,976</u>	<u>2,365,127</u>	<u>3,476,180</u>
Total liabilities and fund balances	<u>\$ 2,407,919</u>	<u>\$ 666,457</u>	<u>\$ 2,365,127</u>	<u>\$ 5,439,503</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 Position For the Fiscal Year Ended June 30, 2013

TOTAL FUND BALANCE		\$ 3,476,180
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	
Buildings	2,199,892	
Improvements, other than buildings	4,112,670	
Equipment	520,833	
Vehicles	318,058	
Accumulated depreciation	<u>(2,280,409)</u>	
Total capital assets		9,972,533
Bond refunding costs are expensed in the governmental funds and capitalized and amortized in the government wide statements.		
		201,066
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 statement of net position.		
Accrued liabilities	(34,946)	
Accrued interest on bonds	(6,657)	
Current portion of revenue bonds	(112,000)	
Long-term portion of revenue bonds	<u>(1,573,000)</u>	
Total liabilities		<u>(1,726,603)</u>
Total net position of governmental activities		<u>\$ 11,923,176</u>

The accompanying notes are an integral part of this statement.

WEST BOUNTIFUL CITY

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

	<u>General</u>	<u>Special Revenue Redevelopment Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
REVENUES				
General property taxes	\$ 1,008,092	\$ 573,137	\$ -	\$ 1,581,229
Sales, use, and excise taxes	1,237,674	-	-	1,237,674
Other taxes	456,274	-	184,762	641,036
Impact fees	-	-	253,830	253,830
Licenses	206,554	-	-	206,554
Interest	5,349	1,205	11,034	17,588
Intergovernmental	268,030	-	-	268,030
Charges for services	34,215	-	21,319	55,534
Fines	77,170	-	-	77,170
Miscellaneous	129,226	-	-	129,226
Total revenues	<u>3,422,584</u>	<u>574,342</u>	<u>470,945</u>	<u>4,467,871</u>
EXPENDITURES				
Current				
General government	628,021	-	-	628,021
Public works	457,477	-	-	457,477
Public safety	1,367,034	-	-	1,367,034
Parks	481,180	-	-	481,180
Redevelopment	-	550,342	-	550,342
Capital outlay	-	-	-	-
Debt service:				
Principal	127,000	-	-	127,000
Interest	241,952	-	-	241,952
Total expenditures	<u>3,302,664</u>	<u>550,342</u>	<u>-</u>	<u>3,853,006</u>
Revenues over expenditures	<u>119,920</u>	<u>24,000</u>	<u>470,945</u>	<u>614,865</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	1,812,000	-	-	1,812,000
Bond defeased	(1,760,000)	-	-	(1,760,000)
Operating transfers, in	477,420	-	297,500	774,920
Operating transfers, out	(421,669)	-	(507,420)	(929,089)
Total other financing sources (uses)	<u>107,751</u>	<u>-</u>	<u>(209,920)</u>	<u>(102,169)</u>
Revenue and other sources over expenditures and other uses	227,671	24,000	261,025	512,696
FUND BALANCE, JULY 1, 2012	<u>819,406</u>	<u>39,976</u>	<u>2,104,102</u>	<u>2,963,484</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 1,047,077</u>	<u>\$ 63,976</u>	<u>\$ 2,365,127</u>	<u>\$ 3,476,180</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, 2013

NET CHANGES IN FUND BALANCES, TOTAL GOVERNMENTAL FUNDS \$ 512,696

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$262,238) was less than capital outlay (\$512,528). 250,290

Bond proceeds are recorded as revenue in the funds statements and are liabilities in the government wide statement (1,812,000)

Bond refunding costs are expensed in the government fund statement and are amortized in the government wide statement. 163,413

Repayment of principal on bonds is an expenditure in the governmental funds but reduces the liability in the statement of net position. 1,887,000

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 8,741
Accrued interest 9,115

Change in net position of governmental activities \$ 1,019,255

WEST BOUNTIFUL CITY

Statement of Net Position Proprietary Funds June 30, 2013

	<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>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents					
Restricted	\$ 1,731,238	\$ -	\$ -	\$ 127,374	\$ 1,858,612
Unrestricted	2,116,193	36,751	40,571	1,242	2,194,757
Prepaid expense	64,397	28,125	-	-	92,522
Inventories	90,512	30,526	-	-	121,038
Receivables					
Accounts, less allowance					
Uncollectables	137,873	889	31,584	4,492	174,838
Due from other funds	193,411	-	200,000	-	393,411
Total current assets	<u>4,333,624</u>	<u>96,291</u>	<u>272,155</u>	<u>133,108</u>	<u>4,835,178</u>
NON-CURRENT ASSETS					
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	6,012,985	1,808,988	-	1,752,237	9,574,210
Machinery and equipment	125,528	513,649	58,945	-	698,122
Vehicles	310,998	115,065	-	-	426,063
Accumulated depreciation	<u>(1,716,868)</u>	<u>(1,358,222)</u>	<u>(29,192)</u>	<u>(546,578)</u>	<u>(3,650,860)</u>
Net property and equipment	<u>4,807,013</u>	<u>2,898,804</u>	<u>29,753</u>	<u>1,364,400</u>	<u>9,099,970</u>
Total assets	<u>\$ 9,140,637</u>	<u>\$ 2,995,095</u>	<u>\$ 301,908</u>	<u>\$ 1,497,508</u>	<u>\$ 13,935,148</u>

The accompanying notes are an integral part of this statement.

WEST BOUNTIFUL CITY

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

	Water Utility Fund	Golf Course Fund	Solid Waste Fund	Storm Drain Utility Fund	Totals Proprietary Fund
<u>LIABILITIES</u>					
CURRENT LIABILITIES					
Accounts payable	\$ 80,870	\$ 44,274	\$ 12,600	\$ 9,560	\$ 147,304
Accounts payable to related party	-	-	14,466	-	14,466
Checks issued excess of cash	-	-	-	-	-
Current portion capital leases	-	27,421	-	-	27,421
Current portion bonds payable	190,000	225,000	-	-	415,000
Unearned revenue	-	41,487	-	-	41,487
Accrued interest	63,900	2,625	-	-	66,525
Total current liabilities	<u>334,770</u>	<u>340,807</u>	<u>27,066</u>	<u>9,560</u>	<u>712,203</u>
NONCURRENT LIABILITIES					
Deposits, advance rentals, and long term accruals	61,762	-	-	-	61,762
Long term compensation liability	14,106	7,400	-	-	21,506
Long term leases	-	137,482	-	-	137,482
Due other funds	-	1,707,375	-	-	1,707,375
Bonds payable	3,873,165	-	-	-	3,873,165
Total noncurrent liabilities	<u>3,949,033</u>	<u>1,852,257</u>	<u>-</u>	<u>-</u>	<u>5,801,290</u>
Total liabilities	<u>4,283,803</u>	<u>2,193,064</u>	<u>27,066</u>	<u>9,560</u>	<u>6,513,493</u>
NET POSITION					
Investment in capital assets, net of related debt	2,280,857	2,673,804	29,753	1,364,000	6,348,414
Restricted debt service	194,229	-	-	-	194,229
Restricted impact fees	540,333	-	-	127,374	667,707
Unrestricted net position	<u>1,841,415</u>	<u>(1,871,773)</u>	<u>245,089</u>	<u>(3,426)</u>	<u>211,305</u>
Total net position	<u>4,856,834</u>	<u>802,031</u>	<u>274,842</u>	<u>1,487,948</u>	<u>7,421,655</u>
Total liabilities and net position	<u>\$ 9,140,637</u>	<u>\$ 2,995,095</u>	<u>\$ 301,908</u>	<u>\$ 1,497,508</u>	<u>\$ 13,935,148</u>

The accompanying notes are an integral part of this statement.

WEST BOUNTIFUL CITY

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

	Water Utility Fund	Golf Course Fund	Solid Waste Fund	Storm Drain Utility Fund	Totals Proprietary Fund
OPERATING REVENUE					
Revenue secured by revenue bond	\$ 1,446,680	\$ -	\$ -	\$ -	\$ 1,446,680
Sales and charges for services	-	793,414	336,721	56,355	1,186,490
Total operating revenue	<u>1,446,680</u>	<u>793,414</u>	<u>336,721</u>	<u>56,355</u>	<u>2,633,170</u>
OPERATING EXPENDITURES					
Personnel services	195,070	390,639	7,932	15,191	608,832
Water purchases	126,972	-	-	-	126,972
Utilities	4,962	15,706	-	-	20,668
Supplies	161,969	311,436	20,147	33,336	526,888
Other expenses	3,978	2,975	-	-	6,953
Purchased services	-	1,225	303,019	1,505	305,749
Depreciation and amortization	189,194	85,280	3,321	39,168	316,963
Total operating expenditures	<u>682,145</u>	<u>807,261</u>	<u>334,419</u>	<u>89,200</u>	<u>1,913,025</u>
Operating income (loss)	<u>764,535</u>	<u>(13,847)</u>	<u>2,302</u>	<u>(32,845)</u>	<u>720,145</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest income	23,705	-	-	667	24,372
Other revenue	1,070	3,486	838	-	5,394
Impact fees	155,550	-	-	125,378	280,928
Disposal of assets	(389,090)	-	(1,657)	-	(390,747)
Interest expense	(166,154)	(48,689)	-	-	(214,843)
Total non-operating revenues (expenses)	<u>(374,919)</u>	<u>(45,203)</u>	<u>(819)</u>	<u>126,045</u>	<u>(294,896)</u>
Transfers					
Transfers in	-	154,169	-	-	154,169
Transfers out	-	-	-	-	-
Total transfers	<u>-</u>	<u>154,169</u>	<u>-</u>	<u>-</u>	<u>154,169</u>
Increase in net position	389,616	95,119	1,483	93,200	579,418
Prior period adjustment	(128,909)	-	-	-	(128,909)
NET POSITION, JULY 1, 2012	<u>4,596,127</u>	<u>706,912</u>	<u>273,359</u>	<u>1,394,748</u>	<u>6,971,146</u>
NET POSITION, JUNE 30, 2013	<u>\$ 4,856,834</u>	<u>\$ 802,031</u>	<u>\$ 274,842</u>	<u>\$ 1,487,948</u>	<u>\$ 7,421,655</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, 2013

	Water Utility Fund	Gold Course Fund	Solid Waste Fund	Storm Drain Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,585,967	\$ 798,455	\$ 334,806	\$ 56,722	\$ 2,775,950
Payments to suppliers	(389,799)	(314,766)	(320,750)	(25,281)	(1,050,596)
Payments to employees	(198,789)	(414,800)	(7,932)	(15,427)	(636,948)
Net cash provided by operating activities	<u>997,379</u>	<u>68,889</u>	<u>6,124</u>	<u>16,014</u>	<u>1,088,406</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING					
Interfund loans	-	-	-	-	-
Transfers	-	154,169	-	-	154,169
Net cash provided from non-capital and related financing	<u>-</u>	<u>154,169</u>	<u>-</u>	<u>-</u>	<u>154,169</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(281,865)	-	-	-	(281,865)
Impact fees	155,550	-	-	125,378	280,928
Other	1,070	3,486	-	-	4,556
Interest paid on bonds	(166,155)	(48,689)	-	-	(214,844)
Principal paid on bonds	(190,841)	(210,000)	-	-	(400,841)
Prior period adjustment bond costs	(128,909)	-	-	-	(128,909)
Net cash (used) provided in capital and related financing activities	<u>(611,150)</u>	<u>(255,203)</u>	<u>-</u>	<u>125,378</u>	<u>(740,975)</u>
Cash flows from investing activities					
Investment earnings	23,705	-	839	667	25,211
Net cash provided by investing activities	<u>23,705</u>	<u>-</u>	<u>839</u>	<u>667</u>	<u>25,211</u>
Net increase (decrease) in cash and cash equivalents	409,934	(32,145)	6,963	142,059	526,811
CASH AND CASH EQUIVALENTS, JULY 1, 2012	<u>3,437,497</u>	<u>68,896</u>	<u>33,608</u>	<u>(13,443)</u>	<u>3,526,558</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	<u>\$ 3,847,431</u>	<u>\$ 36,751</u>	<u>\$ 40,571</u>	<u>\$ 128,616</u>	<u>\$ 4,053,369</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 764,535	\$ (13,847)	\$ 2,302	\$ (32,845)	\$ 720,145
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	189,194	85,280	3,321	39,168	316,963
Increase (decrease) due to changes in:					
Accounts receivable	2,150	(889)	(1,915)	367	(287)
Inventory	(47,482)	5,159	-	-	(42,323)
Prepaid expenses	(2,794)	(7,794)	-	-	(10,588)
Accounts payable	(41,642)	19,211	2,416	9,560	(10,455)
Deposits	137,137	-	-	-	137,137
Deferred revenue	1,306	5,930	-	-	7,236
Accrued liabilities affecting operating activities	(5,025)	(24,161)	-	(236)	(29,422)
Net cash provided by operating activities	<u>\$ 997,379</u>	<u>\$ 68,889</u>	<u>\$ 6,124</u>	<u>\$ 16,014</u>	<u>\$ 1,088,406</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, 2013

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

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

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

Measurement Focus and Basis of Accounting

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

Government-Wide and Proprietary Fund Statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of the timing of the related cash flows. Unbilled fees for proprietary funds are recorded as receivables at year end. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar other contributions are recognized as revenue as soon as the eligibility requirements of the provider have been met. 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 City Council before June 22nd for the following fiscal year, which begins on July 1st. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations.

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

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above percentage, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 25% of the next year's budgeted revenues, the excess must be appropriated.

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 \$5,000 for vehicles and equipment and \$50,000 for buildings, land and improvements. 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	years
Improvements, other than buildings	20-50	years
Machinery and equipment, including leased		
Property, under capital leases	7	years
Infrastructure roads, signals, lights, and bridges	20-50	years
Utility systems	20-50	years
Vehicles	7	years

Bond Issuance Costs and Amortization

Bond costs on new issue bonds are expensed as incurred. Costs on refunding bonds are amortized over the life of the new bond or old bond whichever life is shorter by the effective interest method.

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, 2014.

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

Franchise taxes are collected by natural gas companies and are remitted monthly. Cable television companies collect the franchise taxes and remit them to the City quarterly.

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 position. 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 any time and any vacation in excess of this amount is forfeited. At retirement, death, or termination, all unpaid accrued vacation, up to 240 hours, is paid to the employee or his or her beneficiary. Accumulated sick leave is earned at a rate of 4 hours per pay period. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave up to 1,440 hours. Accumulated sick leave paid to employees upon retirement is limited depending on years of service with West Bountiful City as follows:

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

accumulated hours, or 576 hours, whichever is less.

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

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
- South Davis Recreation District
- Davis County Mosquito Abatement 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 \$165,405 for their services. The City paid the South Davis Metro Fire District \$398,817 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 provides 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 12.03% 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 14.510% for the Tier 2. The City is required to pay 19.080% 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 19.250% 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, 2013, 2012, and 2011, were as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contributory System			
Contributory employer contributions	\$ 71,646	\$ 53,002	\$ 56,320
Employer paid for employee	34,207	31,404	36,103
Salaries subject to contribution	591,210	578,963	602,303
Public Safety System			
Contributory employer contributions	65,975	50,642	43,281
Employer paid for employee	40,904	39,442	35,796
Salaries subject to contribution	382,741	372,419	291,262
Other Division contributioar			
Contributory employer contributions	-	-	-
Employer paid for employee	3,367	3,036	-
Salaries subject to contribution	30,339	29,061	-
457 Contribution System			
Employer paid for employee contributions	-	-	-
Employee's contributions	2,600	2,700	20,159
401(k) Plan			
Employer paid for employee contributions	5,658	8,595	32,808
Employee's contributions	27,107	29,674	48,604

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	\$ 421,669	\$ 477,420
Street impact	145,000	-
Police fees	4,020	-
Park improvement impact fee	326,800	-
Street capital improvements	-	212,500
Rap tax	31,600	-
Golf Course	-	154,169
Capital improvements	-	85,000
Storm drain	-	-
Total	<u>\$ 929,089</u>	<u>\$ 929,089</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, 2013.

<u>ACTIVITY</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
GOVERNMENTAL ACTIVITIES				
Nondepreciated assets				
Land	\$ 5,101,489	\$ -	\$ -	\$ 5,101,489
Work in process	26,116	-	(26,116)	-
Total nondepreciated assets	<u>5,127,605</u>	<u>-</u>	<u>(26,116)</u>	<u>5,101,489</u>
Depreciated assets				
Buildings	2,199,893	-	-	2,199,893
Improvements	3,621,870	490,801	-	4,112,671
Equipment	554,991	14,608	(48,766)	520,833
Vehicles	347,999	33,236	(63,177)	318,058
Total depreciated assets	<u>6,724,753</u>	<u>538,645</u>	<u>(111,943)</u>	<u>7,151,455</u>
Less accumulated depreciation				
Buildings	(483,359)	(68,824)	-	(552,183)
Improvements other than buildings	(925,577)	(142,861)	-	(1,068,438)
Machinery and equipment	(411,536)	(32,262)	48,766	(395,032)
Vehicles	(309,642)	(18,293)	63,177	(264,758)
Total accumulated depreciation	<u>(2,130,114)</u>	<u>(262,240)</u>	<u>111,943</u>	<u>(2,280,411)</u>
Net assets depreciated	<u>4,594,639</u>	<u>276,405</u>	<u>-</u>	<u>4,871,044</u>
Total governmental activities	<u>9,722,244</u>	<u>276,405</u>	<u>(26,116)</u>	<u>9,972,533</u>
BUSINESS-TYPE ACTIVITIES				
Nondepreciated assets				
Land	1,743,497	-	-	1,743,497
Work in process	416,330	-	(416,330)	-
Total nondepreciated assets	<u>2,159,827</u>	<u>-</u>	<u>(416,330)</u>	<u>1,743,497</u>
Depreciated assets				
Buildings	308,938	-	-	308,938
Improvements other than buildings	9,320,635	253,576	-	9,574,211
Equipment	657,258	164,903	(8,974)	813,187
Vehicles	320,633	28,289	(37,925)	310,997
Total depreciated assets	<u>10,607,464</u>	<u>446,768</u>	<u>(46,899)</u>	<u>11,007,333</u>
Less accumulated depreciation				
Buildings	(154,038)	(10,119)	-	(164,157)
Improvements other than buildings	(2,649,382)	(235,667)	27,240	(2,857,809)
Machinery and equipment	(458,933)	(51,840)	7,317	(503,456)
Vehicles	(144,027)	(19,336)	37,925	(125,438)
Total accumulated depreciation	<u>(3,406,380)</u>	<u>(316,962)</u>	<u>72,482</u>	<u>(3,650,860)</u>
Net assets depreciated	<u>7,201,084</u>	<u>129,806</u>	<u>25,583</u>	<u>7,356,473</u>
Total business type assets	<u>9,360,911</u>	<u>129,806</u>	<u>(390,747)</u>	<u>9,099,970</u>
Total combined assets	<u>\$ 19,083,155</u>	<u>\$ 406,211</u>	<u>\$ (416,863)</u>	<u>\$ 19,072,503</u>

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

FUNCTION	<u>Governmental Types</u>	<u>Business Types</u>	<u>Totals</u>
General government	\$ 46,475	\$ -	\$ 46,475
Public safety	72,758	-	72,758
Public works	114,434	-	114,434
Parks and recreation	28,573	-	28,573
Water	-	189,194	189,194
Solid waste	-	3,320	3,320
Storm drain	-	39,168	39,168
Golf course	-	85,280	85,280
Totals	<u>\$ 262,240</u>	<u>\$ 316,962</u>	<u>\$ 579,202</u>

6. LONG-TERM DEBT

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

<u>Long-Term Debt</u>	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
\$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.	\$ 1,760,000	\$ -	\$ 1,760,000	\$ -	\$ -
\$1,812,000 sales tax revenue refunding bonds series 2012 due in annual principal installments. The rate is fixed at 2.374% and the bond matures in 2026.	-	1,812,000	127,000	1,685,000	112,000
Total governmental long-term debt	<u>1,760,000</u>	<u>1,812,000</u>	<u>1,887,000</u>	<u>1,685,000</u>	<u>112,000</u>
BUSINESS-TYPE ACTIVITIES					
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.	4,240,000	-	190,000	4,050,000	190,000
Water bond premium	14,006	-	840	13,166	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.	435,000	-	210,000	225,000	225,000
Total business-type long-term debt	<u>4,689,006</u>	<u>-</u>	<u>400,840</u>	<u>4,288,166</u>	<u>415,840</u>
Total long term debt	<u>\$ 6,449,006</u>	<u>\$ 1,812,000</u>	<u>\$ 2,287,840</u>	<u>\$ 5,973,166</u>	<u>\$ 527,840</u>
Compensated absences					
Governmental funds	\$ 46,167	\$ -	\$ 8,741	\$ 37,426	\$ -
Business funds	46,377	-	24,871	21,506	-
Total	<u>\$ 92,544</u>	<u>\$ -</u>	<u>\$ 33,612</u>	<u>\$ 58,932</u>	<u>\$ -</u>

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

Governmental Activities:

Sales Tax Revenue Refunding Bonds, Series 2012: In October 2012, the City refinanced the Sales Tax Revenue Bonds, Series 2004, with a new bond with an initial issue amount of \$1,812,000. The proceeds of the refunding bonds are being held in an escrow account to meet the debt service of the 2004 Series bonds until the call date (May 2014). Included in the escrow is \$162,097 that was transferred from the 2004 Debt Service Reserve Fund. The 2004 series will be paid in full in May 2014 from the escrow account. There were costs associated with the issuance of the series 2012 bonds of \$39,919 that are being amortized over the life of the bonds, according to GASBS 34. The bonds have a state interest rate of 2.374%. The City is required to make annual principal installments on May 1st of each year and semi-annual interest payments on May 1st and November 1st of each year. The bonds mature in May 2026.

The annual debt requirement to maturity, including principal and interest as of June 30, 2013, is listed in the following table:

Government Activities			
Series 2009 Sales Tax Revenue Bonds			
Year Ending June 30	Rates	Principal	Interest
2014	2.374%	\$ 112,000	\$ 40,002
2015	2.374%	115,000	37,343
2016	2.374%	118,000	34,613
2017	2.374%	120,000	31,812
2018	2.374%	123,000	28,963
2019-2023	2.374%	661,000	99,590
2024-2026	2.374%	436,000	20,858
Totals		<u>\$ 1,685,000</u>	<u>\$ 293,181</u>

Business Type Activities:

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

The debt service reserve requirement for the Series 2009 bonds is \$353,753 and has been satisfied by acquiring a debt service reserve insurance policy. The annual debt service requirements to maturity, including principal and interest for the Series 2009 Water Revenue Refunding Bonds as of June 30, 2013, are as follows:

**Business Activities
Series 2009 Water Revenue Bonds**

<u>Year Ending June 30</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>
2014	2.50%	\$ 195,000	\$ 153,864
2015	2.50%	200,000	148,990
2016	2.75%	205,000	143,490
2017	2.75-3.00%	210,000	137,852
2018	3.00-3.25%	220,000	131,553
2019-2024	3.25-4.05%	1,490,000	615,208
2025-2029	3.85-4.45%	1,530,000	208,430
Totals		<u>\$ 4,050,000</u>	<u>\$ 1,539,387</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 1st of each year and make semi-annual interest payments on March 1st and September 1st of each year. The bonds mature in September 2013.

The annual debt service requirements to maturity, including principal and interest for the Series 2003 General Obligation Golf Course Refunding Bonds as of June 30, 2013, are as follows:

**Business Activities
Golf Refunding Bonds Series 2003**

<u>Year Ending June 30</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>
2014	3.50%	\$ 225,000	\$ 3,949
Totals		<u>\$ 225,000</u>	<u>\$ 3,949</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, 2013, are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	\$ 6,188,166

Cash investments and cash equivalents as of June 30, 2013, consist of the following:

Cash on hand	\$ 350
Deposits with financial institutions	611,833
Investments state treasure	<u>5,575,983</u>
Total cash and cash equivalents	<u>\$ 6,188,166</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 funds are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements, or invested in securities representing direct obligations of, or obligations guaranteed by, the United States government, agencies of the United States government, any state within the territorial United States of America, or repurchase agreements or interest bearing time deposits with state or national banks meeting certain minimum net worth requirements.

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

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

As of June 30, 2013, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>			
	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 10 Years</u>	<u>More Than 10 Years</u>
State of Utah Public Treasurer Investment Fund	<u>\$ 5,575,983</u>	<u>\$ 5,575,983</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments	<u><u>\$ 5,575,983</u></u>	<u><u>\$ 5,575,983</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act. As of June 30, 2013, the Utah Public Treasurer's Investment Fund was unrated.

Concentration of Credit Risk

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

Custodial Credit Risk Deposits

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy of custodial credit risk. As of June 30, 2013, no deposits were exposed to custodial credit risk because they were uninsured and uncollateralized.

Custodial Credit Risk Investments

For an investment, this is the risk that, in the event of the failure 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	\$ 1,357,854	\$ 667,712	\$ 2,025,566
Bond reserve and escrow funds	-	194,229	194,229
Totals	<u>\$ 1,357,854</u>	<u>\$ 861,941</u>	<u>\$ 2,219,795</u>

9. INTEREST EXPENSE

The proprietary fund incurred \$214,843 in interest expense of which \$214,843 was charged to expense and \$0 was capitalized. The governmental funds incurred \$241,621 in interest expense.

10. RESTRICTED CASH

The City governmental funds have restricted cash of \$1,018,517 for specific projects and programs. The utility fund has restricted cash of \$667,712 for specific projects, and \$1,731,238 is 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, 2013, 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

A Council member serves on the board of the solid waste plant. The City paid the entity \$303,019, and the City owes \$11,503 to the burn plant as of June 30, 2013.

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%.

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, 2013, was \$20,775.

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

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

16. SUBSEQUENT EVENTS

The City has evaluated subsequent events through October 15, 2013, the date which the financial statements were available to be issued.

17. REDEVELOPMENT AGENCY

For the year ended June 30, 2013, the following activity occurred in the City’s Redevelopment Agency.

Tax increment collected	\$ 573,137
Amounts expended for payments to developers	471,120
Amounts expended for legal and professional fees	9,000
Amounts expended for administrative costs	70,222

18. INTERFUND LOANS

The resulting composition of the interfund balances as of June 30, 2013, is as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</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 Position. Restricted funds are used first as appropriate. Assigned funds are used when specific conditions are met. Decreases to the fund balance first reduce Unassigned Fund 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 \$514,931 at June 30, 2013.

20. PRIOR PERIOD ADJUSTMENT

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

21. COMPLIANCE

The city has overspent the budget in the public safety department of the general fund and did not budget for the bond refunding of the sales tax bond.

REQUIRED SUPPLEMENTARY INFORMATION

WEST BOUNTIFUL CITY

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

	Budgeted Amounts		Actual Amounts	Favorable
	Original	Final	Budgetary Basis	(Unfavorable) Variance with Final Budget
REVENUES				
General property taxes	\$ 864,712	\$ 864,712	\$ 1,008,092	\$ 143,380
Sales, use, and excise taxes	1,175,386	1,175,386	1,237,674	62,288
Other taxes	422,500	422,500	456,274	33,774
Licenses	75,710	185,710	206,554	20,844
Fines	115,000	80,000	77,170	(2,830)
Interest	4,200	4,200	5,349	1,149
Intergovernmental	192,500	265,000	268,030	3,030
Charges for services	6,000	34,700	34,215	(485)
Miscellaneous	13,600	111,780	129,226	17,446
Total revenues	<u>2,869,608</u>	<u>3,143,988</u>	<u>3,422,584</u>	<u>278,596</u>
EXPENDITURES				
General government	600,345	681,215	628,021	53,194
Public works	817,311	560,675	457,477	103,198
Public safety	1,328,575	1,374,087	1,367,034	7,053
Parks	281,665	548,381	481,180	67,201
Debt service				
Principal	70,000	127,000	127,000	-
Interest	91,660	74,455	241,952	(167,497)
Total expenditures	<u>3,189,556</u>	<u>3,365,813</u>	<u>3,302,664</u>	<u>63,149</u>
Excess of revenues over (usage of) fund balance	<u>(319,948)</u>	<u>(221,825)</u>	<u>119,920</u>	<u>341,745</u>
OTHER FINANCES SOURCES (USES)				
Bond proceeds	-	-	1,812,000	1,812,000
Bond defeased	-	-	(1,760,000)	(1,760,000)
Transfers in	258,446	578,251	477,420	(100,831)
Transfers out		(412,500)	(421,669)	(9,169)
Total other financing sources (uses)	<u>258,446</u>	<u>165,751</u>	<u>107,751</u>	<u>(58,000)</u>
Net change in fund balance	(61,502)	(56,074)	227,671	283,745
FUND BALANCE, JULY 1, 2012	<u>819,406</u>	<u>819,406</u>	<u>819,406</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 757,904</u>	<u>\$ 763,332</u>	<u>\$ 1,047,077</u>	<u>\$ 283,745</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 621,100	\$ 621,100	\$ 573,137	\$ (47,963)
Interest	-	-	1,205	-
Sales taxes	-	-	-	-
Contributions	-	-	-	-
Total revenues	<u>621,100</u>	<u>621,100</u>	<u>574,342</u>	<u>(47,963)</u>
EXPENDITURES				
Redevelopment	<u>621,100</u>	<u>621,100</u>	<u>550,342</u>	<u>70,758</u>
Total expenditures	<u>621,100</u>	<u>621,100</u>	<u>550,342</u>	<u>70,758</u>
Excess of revenues over expenditures (usage of fund balance)	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>22,795</u>
OTHER FINANCING SOURCES				
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	-	-	24,000	22,795
FUND BALANCE, JULY 1, 2012	<u>39,976</u>	<u>39,976</u>	<u>39,976</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 39,976</u>	<u>\$ 39,976</u>	<u>\$ 63,976</u>	<u>\$ 22,795</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 Police Impact Fee Fund For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 1,000	\$ 4,000	\$ 4,949	\$ 949
Interest	10	20	25	5
Total revenues	<u>1,010</u>	<u>4,020</u>	<u>4,974</u>	<u>954</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures (usage of fund balance)	<u>1,010</u>	<u>4,020</u>	<u>4,974</u>	<u>954</u>
OTHER FINANCES SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,010)	(4,020)	(4,020)	-
Total other financing sources (uses)	<u>(1,010)</u>	<u>(4,020)</u>	<u>(4,020)</u>	<u>-</u>
Net change in fund balance	-	-	954	954
FUND BALANCE, JULY 1, 2012	<u>1,254</u>	<u>1,254</u>	<u>1,254</u>	<u>1,254</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 1,254</u>	<u>\$ 1,254</u>	<u>\$ 2,208</u>	<u>\$ 2,208</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 21,210	\$ 21,210	\$ 53,122	\$ 31,912
Interest	1,200	1,200	2,232	1,032
Total revenues	<u>22,410</u>	<u>22,410</u>	<u>55,354</u>	<u>32,944</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures (usage of fund balance)	<u>22,410</u>	<u>22,410</u>	<u>55,354</u>	<u>32,944</u>
OTHER FINANCING SOURCES				
Transfers out	(100,000)	(346,381)	(326,800)	19,581
Total other financing sources	<u>(100,000)</u>	<u>(346,381)</u>	<u>(326,800)</u>	<u>19,581</u>
Net change in fund balance	(77,590)	(323,971)	(271,446)	52,525
FUND BALANCE, JULY 1, 2012	<u>368,975</u>	<u>368,975</u>	<u>368,975</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 291,385</u>	<u>\$ 45,004</u>	<u>\$ 97,529</u>	<u>\$ 52,525</u>

Notes to schedule:

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

WEST BOUNTIFUL CITY

Budgetary Comparison Schedules Special Revenue Rap Tax Fund For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 198,500	\$ 198,500	\$ 184,762	\$ (13,738)
Charges for services	-	-	21,319	21,319
Interest	850	850	1,183	333
Total revenues	<u>199,350</u>	<u>199,350</u>	<u>207,264</u>	<u>7,914</u>
EXPENDITURES				
Capital outlay	<u>341,450</u>	<u>341,450</u>	-	<u>341,450</u>
Total expenditures	<u>341,450</u>	<u>341,450</u>	<u>-</u>	<u>341,450</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(142,100)</u>	<u>(142,100)</u>	<u>207,264</u>	<u>349,364</u>
OTHER FINANCING SOURCES				
Transfers out	-	-	(31,600)	(31,600)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(31,600)</u>	<u>(31,600)</u>
Net change in fund balance	(142,100)	(142,100)	175,664	317,764
FUND BALANCE, JULY 1, 2012	<u>447,732</u>	<u>447,732</u>	<u>447,732</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 305,632</u>	<u>\$ 305,632</u>	<u>\$ 623,396</u>	<u>\$ 317,764</u>

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

WEST BOUNTIFUL CITY

Budgetary Comparison Schedules Special Revenue Street Impact Fee Fund For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Impact fees	\$ 20,995	\$ 175,000	\$ 195,759	\$ 20,759
Interest	1,500	3,000	3,370	370
Total revenues	<u>22,495</u>	<u>178,000</u>	<u>199,129</u>	<u>21,129</u>
EXPENDITURES				
Capital outlay	157,436	190,000	-	190,000
Total expenditures	<u>157,436</u>	<u>190,000</u>	<u>-</u>	<u>190,000</u>
Excess of revenues over expenditures (usage of fund balance)	<u>(134,941)</u>	<u>(12,000)</u>	<u>199,129</u>	<u>211,129</u>
OTHER FINANCING SOURCES				
Transfers out	-	-	(145,000)	(145,000)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(145,000)</u>	<u>(145,000)</u>
Net change in fund balance	(134,941)	(12,000)	54,129	66,129
FUND BALANCE, JULY 1, 2012	<u>436,720</u>	<u>436,720</u>	<u>436,720</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2013	<u>\$ 301,779</u>	<u>\$ 424,720</u>	<u>\$ 490,849</u>	<u>\$ 66,129</u>

Notes to schedule:

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

WEST BOUNTIFUL CITY

Budgetary Comparison Schedules Capital Improvement Fund For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Interest	3,000	3,000	2,630	(370)
Total revenues	3,000	3,000	2,630	(370)
EXPENDITURES				
Capital outlay	3,000	88,000	-	88,000
Total expenditures	3,000	88,000	-	88,000
Excess of revenues over expenditures (usage of fund balance)	-	(85,000)	2,630	87,630
OTHER FINANCING SOURCES				
Transfers in	85,000	85,000	85,000	-
Total other financing sources	85,000	85,000	85,000	-
Net change in fund balance	85,000	-	87,630	87,630
FUND BALANCE, JULY 1, 2012	636,921	636,921	636,921	-
FUND BALANCE, JUNE 30, 2013	<u>\$ 721,921</u>	<u>\$ 636,921</u>	<u>\$ 724,551</u>	<u>\$ 87,630</u>

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

WEST BOUNTIFUL CITY

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

	<u>Police Impact Fee 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>
<u>ASSETS</u>							
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 166,511	\$ 426,594	\$ 593,105
Restricted	2,208	97,529	281,579	490,849	-	-	872,165
Due from other funds	-	-	306,000	-	558,040	-	864,040
Taxes receivable	-	-	35,817	-	-	-	35,817
Total assets	<u>\$ 2,208</u>	<u>\$ 97,529</u>	<u>\$ 623,396</u>	<u>\$ 490,849</u>	<u>\$ 724,551</u>	<u>\$ 426,594</u>	<u>\$ 2,365,127</u>
<u>LIABILITIES AND FUND BALANCES</u>							
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	-	-	-	-	166,511	-	166,511
Committed for capital improvements	-	-	-	-	-	426,594	426,594
Unspendable	-	-	-	-	558,040	-	558,040
Restricted for:							
Rap tax	-	-	623,396	-	-	-	623,396
Impact fees	2,208	97,529	-	490,849	-	-	590,586
Total fund balances	<u>2,208</u>	<u>97,529</u>	<u>623,396</u>	<u>490,849</u>	<u>724,551</u>	<u>426,594</u>	<u>2,365,127</u>
Total liabilities and fund balances	<u>\$ 2,208</u>	<u>\$ 97,529</u>	<u>\$ 623,396</u>	<u>\$ 490,849</u>	<u>\$ 724,551</u>	<u>\$ 426,594</u>	<u>\$ 2,365,127</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, 2013

	<u>Police Impact Fee 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>
REVENUES							
Impact fees	\$ 4,949	\$ 53,122	\$ -	\$ 195,759	\$ -	\$ -	\$ 253,830
Interest	25	2,232	1,183	3,370	2,630	1,594	11,034
Taxes	-	-	184,762	-	-	-	184,762
Charges for services	-	-	21,319	-	-	-	21,319
Total revenues	<u>4,974</u>	<u>55,354</u>	<u>207,264</u>	<u>199,129</u>	<u>2,630</u>	<u>1,594</u>	<u>470,945</u>
EXPENDITURES							
Public safety	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>4,974</u>	<u>55,354</u>	<u>207,264</u>	<u>199,129</u>	<u>2,630</u>	<u>1,594</u>	<u>470,945</u>
Other sources							
Transfers in	-	-	-	-	85,000	212,500	297,500
Transfers out	(4,020)	(326,800)	(31,600)	(145,000)	-	-	(507,420)
Total other sources	<u>(4,020)</u>	<u>(326,800)</u>	<u>(31,600)</u>	<u>(145,000)</u>	<u>85,000</u>	<u>212,500</u>	<u>(209,920)</u>
Revenue and other sources over expenditures and other uses	954	(271,446)	175,664	54,129	87,630	214,094	261,025
FUND BALANCE, JULY 1, 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>
FUND BALANCE, JUNE 30, 2013	<u>\$ 2,208</u>	<u>\$ 97,529</u>	<u>\$ 623,396</u>	<u>\$ 490,849</u>	<u>\$ 724,551</u>	<u>\$ 426,594</u>	<u>\$ 2,365,127</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, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 1,594	\$ 1,594
Total revenues	-	-	1,594	1,594
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures (usage of fund balance)	-	-	1,594	1,594
OTHER FINANCING SOURCES				
Transfers out	-	-	-	-
Transfers in	-	212,500	212,500	-
Total other financing sources	-	212,500	212,500	-
Net change in fund balance	-	212,500	214,094	1,594
FUND BALANCE, JULY 1, 2012	212,500	212,500	212,500	-
FUND BALANCE, JUNE 30, 2013	\$ 212,500	\$ 425,000	\$ 426,594	\$ 1,594

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, 2013. The general compliance requirements applicable to the City are identified as follows:

- | | |
|--|---|
| Cash Management | Locally Generated taxes and fees |
| Budgetary Compliance | Impact Fees |
| Transient Room Tax and Tourism, Recreation, Culture, convention an tax | Fund Balance |
| | Utah Retirement systems |
| | Transfers from Utility enterprise funds |

The City did not receive any major State grants during the year ended June 30, 2013.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion

In our opinion, 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, 2013.

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.

CERTIFIED PUBLIC ACCOUNTANTS

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State of Utah Legal Compliance Audit Guide and which are described in the accompanying schedule of findings and recommendations as items 2013-1.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

Purpose of Report

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



Karren, Hendrix, Stagg, Allen & Company
October 15, 2013



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 Merkle, CPA
Tim C. Rees, CPA
Jeffrey N. Ririe, CPA
G. John Runia, CPA
R. Ted Stagg, CPA

INDEPENDENT AUDITORS' 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, Utah

We have audited in accordance with the 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, the 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, 2013, and the related notes to the financial statements, which collectively comprise West Bountiful City, Utah's basic financial statements and have issued our report thereon dated October 15, 2013.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Bountiful City, Utah'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

CERTIFIED PUBLIC ACCOUNTANTS

an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Karren, Hendrix, Stagg, Allen & Company". The signature is written in a cursive, flowing style.

Karren, Hendrix, Stagg, Allen & Company
October 15, 2013

WEST BOUNTIFUL CITY

Schedule of Findings For the Fiscal Year Ended June 30, 2013

Finding 2013-1

Condition

The Utah code requires that budgets be established for bonds that are refunded during the year. The City did no budget for the bond refunding.

Effect

The budget schedule does not show the bond refunding.

Cause

The City did not establish the budget at the time the bonds were refunded.

Criteria

Budgets should be established for bond refunding.

Recommendation

We recommend the City establish budgets for the bond refunding's as required by future circumstances.

Client Response

The City performed the 2013 bond refunding in good faith. The process of adopting the resolutions effecting refunding was open and transparent, and in many ways similar to the process of amending the City's budget. However, we recognize that due to the rarity of the transaction, the City overlooked performing a formal budget amendment to align with refunding. While no other bond refunding transactions appear forthcoming in the near future, the City is committed to ensuring that any future transaction will be concurrent with appropriate the budget amendment.

WEST BOUNTIFUL CITY

Status of Previous Year's Findings
For the Fiscal Year Ended June 30, 2012

None