

Roosevelt City Corporation
Duchesne County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014

Roosevelt City Corporation
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June 30, 2014

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Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Independent Auditors' Report

City Council
Roosevelt City Corporation

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Roosevelt City, as of and for the year ended June 30, 2014, 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.

Auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Roosevelt City as of June 30, 2014, and the respective changes in financial position and if applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budget comparison schedule 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.

Supplementary & Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The supplemental information has 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 January 16, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Aycock, Miles & Associates, CPAs

January 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2014

As management of Roosevelt City Corporation (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$2,923,765.
- *Total unrestricted net position for the City as a whole increased by \$431,390.
- *Total net position for governmental activities increased by \$1,559,741.
- *Total net position for business-type activities increased by \$1,364,024.

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Roosevelt City Corporation. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2014

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major governmental funds, the general fund and the capital projects fund.

The City adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses three enterprise funds to account for the operations of the water, sewer, and garbage utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the City.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2014

FINANCIAL ANALYSIS

Roosevelt City's Net Position

| | Governmental Activities | | Business-type Activities | | Total Current Year | Total Previous Year |
|--|-----------------------------|--------------------------|-----------------------------|--------------------------|--------------------------|---------------------------|
| | Current Year | Previous Year | Current Year | Previous Year | | |
| Current and other assets | \$ 6,358,037 | 5,037,041 | 5,919,032 | 8,172,840 | 12,277,069 | 13,209,881 |
| Net capital assets | 17,053,480 | 17,134,706 | 29,285,643 | 26,082,490 | 46,339,124 | 43,217,196 |
| Total assets | <u>23,411,518</u> | <u>22,171,747</u> | <u>35,204,675</u> | <u>34,255,330</u> | <u>58,616,193</u> | <u>56,427,077</u> |
| Long-term liabilities | 1,280,322 | 1,529,638 | 6,675,508 | 7,083,735 | 7,955,831 | 8,613,372 |
| Other liabilities | 586,074 | 683,289 | 304,083 | 310,535 | 890,157 | 993,824 |
| Deferred inflow of resources | 794,482 | 767,922 | - | - | 794,482 | 767,922 |
| Total liabilities and deferred inflow | <u>2,660,878</u> | <u>2,980,848</u> | <u>6,979,592</u> | <u>7,394,270</u> | <u>9,640,469</u> | <u>10,375,118</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 15,773,158 | 15,605,068 | 22,610,135 | 18,998,755 | 38,383,293 | 34,603,824 |
| Restricted | 3,739,773 | 2,464,879 | 3,444,246 | 6,006,235 | 7,184,019 | 8,471,114 |
| Unrestricted | 1,237,709 | 1,120,951 | 2,170,702 | 1,856,070 | 3,408,411 | 2,977,021 |
| Total net position | <u>\$ 20,750,640</u> | <u>19,190,899</u> | <u>28,225,083</u> | <u>26,861,060</u> | <u>48,975,723</u> | <u>46,051,959</u> |

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities and deferred inflow of resources at the close of the year by \$48,975,723, an increase of \$2,923,765 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year are \$3,408,411, which represents an increase of \$431,390 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other assets due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2014

FINANCIAL ANALYSIS (continued)

Roosevelt City's Change in Net Position

| | Governmental Activities | | Business-type Activities | | Total Current Year | Total Previous Year |
|---|----------------------------|-------------------------|-----------------------------|-------------------------|--------------------------|---------------------------|
| | Current Year | Previous Year | Current Year | Previous Year | | |
| Program revenues: | | | | | | |
| Charges for services | 1,259,077 | 1,280,343 | 3,982,813 | 3,838,479 | 5,241,889 | 5,118,822 |
| Operating grants | 360,598 | 404,583 | - | - | 360,598 | 404,583 |
| Capital grants | 87,673 | 7,885 | 1,065,106 | 5,062,000 | 1,152,779 | 5,069,885 |
| General revenues: | | | | | | |
| Property taxes | 938,391 | 932,694 | - | - | 938,391 | 932,694 |
| Sales tax | 2,960,423 | 2,827,918 | - | - | 2,960,423 | 2,827,918 |
| Other taxes | 878,723 | 879,799 | - | - | 878,723 | 879,799 |
| Other revenues | 714,732 | 280,699 | 25,915 | 6,435 | 740,647 | 287,134 |
| Total revenues | <u>7,199,617</u> | <u>6,613,920</u> | <u>5,073,834</u> | <u>8,906,914</u> | <u>12,273,450</u> | <u>15,520,834</u> |
| Expenses: | | | | | | |
| General government | 953,071 | 869,433 | - | - | 953,071 | 869,433 |
| Public safety | 1,699,554 | 1,649,932 | - | - | 1,699,554 | 1,649,932 |
| Highways and improvements | 1,304,294 | 1,285,107 | - | - | 1,304,294 | 1,285,107 |
| Parks and recreation | 1,666,688 | 1,589,526 | - | - | 1,666,688 | 1,589,526 |
| Interest on long-term debt | 16,269 | 10,420 | 44,767 | 118,281 | 61,037 | 128,701 |
| Water | - | - | 2,075,051 | 1,730,868 | 2,075,051 | 1,730,868 |
| Sewer | - | - | 789,568 | 786,374 | 789,568 | 786,374 |
| Garbage | - | - | 800,424 | 778,015 | 800,424 | 778,015 |
| Rental | - | - | - | - | - | - |
| Total expenses | <u>5,639,876</u> | <u>5,404,417</u> | <u>3,709,810</u> | <u>3,413,539</u> | <u>9,349,685</u> | <u>8,817,956</u> |
| Excess (deficiency) before transfers | <u>1,559,741</u> | <u>1,209,504</u> | <u>1,364,024</u> | <u>5,493,375</u> | <u>2,923,765</u> | <u>6,702,879</u> |
| Transfers in (out) | - | - | - | - | - | - |
| Change in net position | <u>1,559,741</u> | <u>1,209,504</u> | <u>1,364,024</u> | <u>5,493,375</u> | <u>2,923,765</u> | <u>6,702,879</u> |

For the City as a whole, total revenues decreased by \$3,247,384 compared to the previous year, while total expenses increased by \$531,730. The total net change of \$2,923,765 is, in private sector terms, the net income for the year which is \$3,779,114 less than the previous year.

Governmental activities revenues of \$7,199,617 is an increase of \$585,696 from the previous year. All significant items of revenue increased. Total grant revenue, operating and capital, decreased by \$35,803. Governmental activities expenses of \$5,639,876 is an increase of \$235,459 from the previous year. The significant increases were in general government, highways and streets and parks and recreation.

Business-type activities revenue of \$5,073,834 is a decrease of \$3,833,080 from the previous year. Service revenues increased by \$144,344 and capital grants decreased by \$3,996,894. Business-type activities expenses of \$3,709,810 is an increase of \$296,271 from the previous year. This is due to an overall increase in operation expenses.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2014

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more significant changes in fund balances and fund net assets and any restrictions on those amounts is described below:

General Fund

The fund balance of \$1,606,971 reflects an increase of \$225,046 from the previous year. Total revenues increased by \$81,809. Tax revenues, including property taxes and sales taxes increased by \$141,708. All other revenues decreased by a total of \$59,899.

Total expenditures increased by \$210,474. General government expenditures increased by \$103,904; public safety expenditures increased by \$49,709; streets and highways expenditures decreased by \$5,431; and parks and recreation expenditures increased by \$72,621. There was \$1,223,371 transferred to the capital projects fund and \$108,605 to the debt service fund making a total of \$1,331,976 transferred from the general fund to other funds.

Unassigned general fund balance amounts to \$1,453,076.

Water Fund

The change in net assets (net income) was \$1,380,958, which included capital grants of \$1,065,106. The amount restricted for debt service is \$308,340. Unrestricted net assets amount to \$922,300.

Sewer Fund

The change in net assets (net loss) was \$17,056. The amounts restricted for debt service was \$424,966. Unrestricted net assets amount to \$1,248,226.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$6,000,092. This amount was amended in the final budget to \$6,212,398. Actual revenues, excluding transfers, amounted to \$6,324,254.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$4,998,194. This amount was amended in the final budget to \$5,161,534. Actual expenditures amounted to \$4,775,408.

Transfers out for the year were originally budgeted in the amount of \$1,181,976. The final budget for transfers out was for the amount of \$1,181,976. Actual net transfers out were made in the amount of \$1,331,976.

Roosevelt City Corporation
Management's Discussion and Analysis
 June 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Roosevelt City's Capital Assets (net of depreciation)

| | Governmental Activities | | Business-type Activities | | Total Current Year | Total Previous Year |
|--------------------------------------|----------------------------|-------------------|-----------------------------|-------------------|--------------------------|---------------------------|
| | Current Year | Previous Year | Current Year | Previous Year | | |
| Net Capital Assets: | | | | | | |
| Land and water rights | \$ 869,093 | 800,553 | 1,409,807 | 1,409,807 | 2,278,900 | 2,210,360 |
| Buildings | 2,600,315 | 2,714,606 | 594,990 | 614,103 | 3,195,305 | 3,328,709 |
| Improvements other than buildings | 4,670,316 | 4,801,464 | - | - | 4,670,316 | 4,801,464 |
| Equipment | 1,420,346 | 1,573,437 | 300,043 | 288,936 | 1,720,389 | 1,862,373 |
| Infrastructure | 6,774,499 | 6,843,679 | - | - | 6,774,499 | 6,843,679 |
| Water system | - | - | 13,696,821 | 10,527,986 | 13,696,821 | 10,527,986 |
| Sewer system | - | - | 9,759,419 | 10,053,348 | 9,759,419 | 10,053,348 |
| Work in progress | 718,913 | 400,967 | 3,524,563 | 3,188,311 | 4,243,476 | 3,589,278 |
| Totals | \$ 17,053,480 | 17,134,706 | 29,285,643 | 26,082,490 | 46,339,124 | 43,217,196 |

The total amount of capital assets, net of depreciation, of \$46,339,124 is an increase of \$3,121,928 from the previous year.

Governmental activities capital assets, net of depreciation, of \$17,053,480 is an increase of \$81,226 from the previous year.

Business-type activities capital assets, net of depreciation, of \$29,285,643 is an increase of \$3,203,154 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

Roosevelt City Corporation
Management's Discussion and Analysis
 June 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Roosevelt City's Outstanding Debt - Revenue Bonds

| | Current Year | Previous Year |
|----------------------------------|---------------------|------------------|
| Governmental activities: | | |
| City Complex 1992A | \$ 67,000 | 133,000 |
| Back-Nine 1992 | 8,000 | 16,000 |
| City Complex 1992B | 25,000 | 50,000 |
| MBA Lease 2008 | 150,000 | 160,000 |
| Main Street 2004 | - | 20,000 |
| Golf Clubhouse 2001B | 300,000 | 320,000 |
| 2010 Street Revenue | 716,000 | 812,000 |
| 2012 Golf Cart Lease | 14,322 | 18,638 |
| Total governmental | 1,280,322 | 1,529,638 |
| Business-type activities: | | |
| Water 1999A | 317,000 | 358,000 |
| Water 1999B | 73,000 | 85,000 |
| Water 2000 | 288,000 | 325,000 |
| Water 2000A | 34,000 | 38,000 |
| Water 2005A | 663,000 | 702,000 |
| Water 2009 | 272,000 | 289,000 |
| Water 2011 | 314,000 | 332,000 |
| Water 2011B | 501,000 | 518,000 |
| Water 2013 | 500,000 | 500,000 |
| Sewer 2002 | 128,508 | 130,735 |
| Sewer 2005B | 204,000 | 216,000 |
| Sewer 2006 | 112,000 | 118,000 |
| Sewer 2007 | 819,000 | 878,000 |
| Sewer 2009B | 2,450,000 | 2,594,000 |
| Total business-type | 6,675,508 | 7,083,735 |
| Total outstanding debt | \$ 7,955,831 | 8,613,372 |

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the City are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Roosevelt City Corporation's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Office of the City Recorder, 255 South State Street, Roosevelt, UT 84066.

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BASIC FINANCIAL STATEMENTS

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Roosevelt City Corporation
STATEMENT OF NET POSITION
June 30, 2014

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|-------------------|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 2,571,416 | 1,815,710 | 4,387,126 |
| Accounts receivable, net of allowances | 1,553,155 | 412,726 | 1,965,881 |
| Due from (to) other funds | - | - | - |
| Other assets | 62,090 | 34,449 | 96,539 |
| Total current assets | 4,186,661 | 2,262,886 | 6,449,547 |
| Non-current assets: | | | |
| Restricted cash and cash equivalents | 2,109,473 | 3,656,146 | 5,765,619 |
| Receivables due after one year | 61,903 | - | 61,903 |
| Unamortized bond issue costs | - | - | - |
| Capital assets: | | | |
| Not being depreciated | 1,588,006 | 4,934,370 | 6,522,375 |
| Net of accumulated depreciation | 15,465,475 | 24,351,274 | 39,816,749 |
| Total non-current assets | 19,224,856 | 32,941,789 | 52,166,646 |
| Total assets | \$ 23,411,518 | 35,204,675 | 58,616,193 |
| LIABILITIES AND DEFERRED INFLOW OF RESOURCES: | | | |
| Current Liabilities: | | | |
| Accounts payable | \$ 300,872 | 97,093 | 397,965 |
| Customer security deposits | - | 84,014 | 84,014 |
| Accrued interest payable | 9,231 | 8,419 | 17,650 |
| Revenue bonds due within one year | 228,000 | 427,334 | 655,334 |
| Capital leases due within one year | 5,276 | - | 5,276 |
| Total current liabilities | 543,379 | 616,860 | 1,160,239 |
| Non-current liabilities: | | | |
| Compensated absences | 275,971 | 114,557 | 390,528 |
| Revenue bonds due after one year | 1,038,000 | 6,248,174 | 7,286,174 |
| Capital leases due after one year | 9,046 | - | 9,046 |
| Total non-current liabilities | 1,323,017 | 6,362,731 | 7,685,748 |
| Deferred inflow of resources | 794,482 | - | 794,482 |
| Total liabilities and deferred inflow of resources | 2,660,878 | 6,979,592 | 9,640,469 |
| NET POSITION: | | | |
| Net investment in capital assets | 15,773,158 | 22,610,135 | 38,383,293 |
| Restricted: | | | |
| Debt service | 153,904 | 733,306 | 887,210 |
| Construction | 1,955,569 | 2,710,940 | 4,666,509 |
| Unrestricted | 2,868,009 | 2,170,702 | 5,038,711 |
| Total net position | 20,750,640 | 28,225,083 | 48,975,723 |
| Total liabilities, deferred inflow of resources, and net position | \$ 23,411,518 | 35,204,675 | 58,616,193 |

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

| <u>FUNCTIONS/PROGRAMS:</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue (To Next Page)</u> |
|---------------------------------------|----------------------------|-------------------------------------|---|---|---|
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| Administration | \$ 953,071 | 339,848 | 65,086 | 4,160 | (543,977) |
| Public safety | 1,699,554 | 207,309 | 69,163 | - | (1,423,082) |
| Streets and highways | 1,089,024 | - | 226,349 | - | (862,674) |
| Airport | 215,270 | 185,278 | - | 83,513 | 53,521 |
| Culture and recreation: | | | | | |
| Parks, recreation, cemetery | 789,459 | 156,587 | - | - | (632,872) |
| Golf | 877,228 | 370,055 | - | - | (507,173) |
| Interest on long-term debt | 16,269 | - | - | - | (16,269) |
| Total governmental activities | <u>5,639,876</u> | <u>1,259,077</u> | <u>360,598</u> | <u>87,673</u> | <u>(3,932,528)</u> |
| Business-type activities: | | | | | |
| Water | 2,111,906 | 2,403,337 | - | 1,065,106 | 1,356,536 |
| Sewer | 797,480 | 778,930 | - | - | (18,549) |
| Garbage | 800,424 | 800,546 | - | - | 121 |
| Total business-type activities | <u>3,709,810</u> | <u>3,982,813</u> | <u>-</u> | <u>1,065,106</u> | <u>1,338,108</u> |
| Total primary government | <u>\$ 9,349,685</u> | <u>5,241,889</u> | <u>360,598</u> | <u>1,152,779</u> | <u>(2,594,419)</u> |

(continued on next page)

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2014

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|---------------------------------|---------------------------------|
| CHANGES IN NET POSITION: | | | |
| Net (expense) revenue (from previous page) | <u>\$ (3,932,528)</u> | <u>1,338,108</u> | <u>(2,594,419)</u> |
| General revenues: | | | |
| Property taxes | 938,391 | - | 938,391 |
| Sales tax | 2,960,423 | - | 2,960,423 |
| Other taxes | 878,723 | - | 878,723 |
| Unrestricted investment earnings | 22,919 | 25,915 | 48,834 |
| Gain on sales of capital assets | 22,205 | - | 22,205 |
| Miscellaneous | <u>669,608</u> | <u>-</u> | <u>669,608</u> |
| Total general revenues | 5,492,269 | 25,915 | 5,518,184 |
| Transfers in (out) | - | - | - |
| Total general revenues and transfers | <u>5,492,269</u> | <u>25,915</u> | <u>5,518,184</u> |
| Change in net position | 1,559,741 | 1,364,024 | 2,923,765 |
| Net position - beginning | <u>19,190,899</u> | <u>26,861,060</u> | <u>46,051,959</u> |
| Net position - ending | <u><u>\$ 20,750,640</u></u> | <u><u>28,225,083</u></u> | <u><u>48,975,723</u></u> |

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

| | General Fund | Capital Projects Fund | Non-Major Funds | Total Governmental Funds |
|--|-------------------------|-----------------------------|--------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 941,116 | 1,539,445 | 90,855 | 2,571,416 |
| Accounts receivable, net of allowances | 1,615,058 | - | - | 1,615,058 |
| Other assets | 62,090 | - | - | 62,090 |
| Restricted cash and cash equivalents | 153,895 | 1,801,674 | 153,904 | 2,109,473 |
| TOTAL ASSETS | \$ 2,772,159 | 3,341,119 | 244,759 | 6,358,037 |
| LIABILITIES AND DEFERRED INFLOW OF RESOURCES | | | | |
| Accounts payable | \$ 300,872 | - | - | 300,872 |
| Deferred inflow of resources | 864,316 | - | - | 864,316 |
| TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES | 1,165,188 | - | - | 1,165,188 |
| FUND BALANCES: | | | | |
| Restricted for: | | | | |
| Construction | 153,895 | 1,801,674 | - | 1,955,569 |
| Debt service | - | - | 153,904 | 153,904 |
| Assigned for: | | | | |
| Construction | - | 1,539,445 | - | 1,539,445 |
| Debt service | - | - | 90,855 | 90,855 |
| Unassigned | 1,453,076 | - | - | 1,453,076 |
| TOTAL FUND BALANCES | 1,606,971 | 3,341,119 | 244,759 | 5,192,849 |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES | \$ 2,772,159 | 3,341,119 | 244,759 | 6,358,037 |

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2014

| | General Fund | Capital Projects Fund | Non-Major Funds | Total Governmental Funds |
|--|-----------------------------------|--------------------------------|------------------------------|--------------------------------|
| REVENUES: | | | | |
| Taxes: | | | | |
| Property | \$ 938,391 | - | - | 938,391 |
| Sales | 2,960,423 | - | - | 2,960,423 |
| Other taxes | 763,304 | 115,419 | - | 878,723 |
| Licenses and permits | 189,746 | - | - | 189,746 |
| Intergovernmental revenues | 360,598 | 87,673 | - | 448,271 |
| Charges for services | 926,144 | - | 56,840 | 982,984 |
| Fines and forfeitures | 86,347 | - | - | 86,347 |
| Interest | 17,294 | 5,512 | 113 | 22,919 |
| Miscellaneous revenue | 82,007 | 609,805 | - | 691,813 |
| Total revenues | <u>6,324,254</u> | <u>818,409</u> | <u>56,953</u> | <u>7,199,617</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 871,938 | - | - | 871,938 |
| Public safety | 1,588,323 | 3,398 | - | 1,591,721 |
| Highways and public improvements | 846,903 | - | - | 846,903 |
| Parks, recreation and public property | 1,412,684 | - | - | 1,412,684 |
| Capital outlay | - | 819,135 | - | 819,135 |
| Debt service: | | | | |
| Principal | 54,315 | - | 195,000 | 249,315 |
| Interest | 1,246 | - | 17,280 | 18,526 |
| Total expenditures | <u>4,775,408</u> | <u>822,533</u> | <u>212,280</u> | <u>5,810,221</u> |
| Excess (Deficiency) of Revenues over (Under) Expenditures | <u>1,548,846</u> | <u>(4,124)</u> | <u>(155,327)</u> | <u>1,389,395</u> |
| Other Financing Sources and (Uses): | | | | |
| Special assessment fees | 8,175 | - | - | 8,175 |
| Transfers in | - | 1,223,371 | 108,605 | 1,331,976 |
| Transfers (out) | <u>(1,331,976)</u> | - | - | <u>(1,331,976)</u> |
| Total other financing sources and (uses) | <u>(1,323,801)</u> | <u>1,223,371</u> | <u>108,605</u> | <u>8,175</u> |
| Net Change in Fund Balances | 225,046 | 1,219,247 | (46,722) | 1,397,571 |
| Fund balances - beginning of year | <u>1,381,926</u> | <u>2,121,872</u> | <u>291,481</u> | <u>3,795,279</u> |
| Fund balances - end of year | \$ <u><u>1,606,971</u></u> | <u><u>3,341,119</u></u> | <u><u>244,759</u></u> | <u><u>5,192,849</u></u> |

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 June 30, 2014

| | |
|--|------------------------------------|
| Total Fund Balances for Governmental Funds | <u>\$ 5,192,849</u> |
| <p>Total net assets reported for governmental activities in the statement is different because:</p> | |
| <p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.</p> | |
| Capital assets, at cost | 29,964,082 |
| Less accumulated depreciation | <u>(12,910,602)</u> |
| Net capital assets | <u>17,053,480</u> |
| <p>Long-term liabilities, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.</p> | |
| General long-term debt | <u>(1,280,322)</u> |
| Interest accrued but not yet paid on long-term debt | <u>(9,231)</u> |
| Compensated absences | <u>(275,971)</u> |
| <p>Certain revenue is deferred in governmental funds but not in the statement of net assets because it qualifies for recognition under the economic resources measurement focus.</p> | |
| Special assessments deferred | <u>69,834</u> |
| Total Net Position of Governmental Activities | <u><u>\$ 20,750,640</u></u> |

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds **\$ 1,397,571**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

| | |
|----------------------|------------------------|
| Capital outlays | 819,135 |
| Depreciation expense | (900,361) |
| Net | <u>(81,226)</u> |

Cost of retired assets sold is not reported in government fund statements, while it is reported in the statement of activities.

Book cost of assets retired **-**

Bond proceeds are reported as financing sources in government funds. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities.

Debt issued - bonds **-**

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Long-term debt principal repayments **249,315**

Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.

Change in accrued interest **2,256**

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

Change in compensated absence liability **-**

Governmental funds do not report deferred special assessments as revenue because these revenues are not available for current period expenses.

Change in special assessments receivable **(8,175)**

Change in Net Position of Governmental Activities **\$ 1,559,741**

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2014

| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Sanitation Fund</u> | <u>Total</u> |
|---|-----------------------------|--------------------------|----------------------------|--------------------------|
| ASSETS: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 658,731 | 1,221,201 | (64,221) | 1,815,710 |
| Accounts receivable, net | 281,053 | 67,276 | 64,398 | 412,726 |
| Due from other funds | - | - | - | - |
| Other current assets | 29,804 | 4,645 | - | 34,449 |
| Total current assets | <u>969,588</u> | <u>1,293,122</u> | <u>176</u> | <u>2,262,886</u> |
| Non-current assets: | | | | |
| Restricted cash and cash equivalents | 3,231,180 | 424,966 | - | 3,656,146 |
| Deferred bond issue costs | - | - | - | - |
| Capital assets: | | | | |
| Not being depreciated | 4,775,465 | 158,905 | - | 4,934,370 |
| Net of accumulated depreciation | 14,448,610 | 9,902,664 | - | 24,351,274 |
| Total non-current assets | <u>22,455,254</u> | <u>10,486,535</u> | <u>-</u> | <u>32,941,789</u> |
| Total assets | <u>\$ 23,424,842</u> | <u>11,779,657</u> | <u>176</u> | <u>35,204,675</u> |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 87,612 | 9,481 | - | 97,093 |
| Due to other funds | - | - | - | - |
| Customer security deposits | 84,014 | - | - | 84,014 |
| Accrued interest payable | 8,419 | - | - | 8,419 |
| Revenue bonds, current portion | 204,000 | 223,334 | - | 427,334 |
| Total current liabilities | <u>384,045</u> | <u>232,815</u> | <u>-</u> | <u>616,860</u> |
| Non-current liabilities: | | | | |
| Compensated absences | 79,142 | 35,415 | - | 114,557 |
| Revenue bonds, long-term | 2,758,000 | 3,490,174 | - | 6,248,174 |
| Total non-current liabilities | <u>2,837,142</u> | <u>3,525,589</u> | <u>-</u> | <u>6,362,731</u> |
| Total liabilities | <u>3,221,188</u> | <u>3,758,404</u> | <u>-</u> | <u>6,979,592</u> |
| NET POSITION: | | | | |
| Net investment in capital assets | 16,262,074 | 6,348,061 | - | 22,610,135 |
| Restricted for: | | | | |
| Debt service | 308,340 | 424,966 | - | 733,306 |
| Unrestricted | 922,300 | 1,248,226 | 176 | 2,170,702 |
| Total net position | <u>20,203,654</u> | <u>8,021,253</u> | <u>176</u> | <u>28,225,083</u> |
| Total liabilities and net position | <u>\$ 23,424,842</u> | <u>11,779,657</u> | <u>176</u> | <u>35,204,675</u> |

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND
June 30, 2014

| | Water Fund | Sewer Fund | Sanitation Fund | Total |
|---|-----------------------------|-------------------------|-----------------------|--------------------------|
| Operating income: | | | | |
| Charges for sales and service | \$ 2,150,186 | 618,075 | 769,454 | 3,537,716 |
| Connection fees | 162,122 | 138,000 | - | 300,122 |
| Other operating income | 91,028 | 22,855 | 31,091 | 144,975 |
| Total operating revenue | <u>2,403,337</u> | <u>778,930</u> | <u>800,546</u> | <u>3,982,813</u> |
| Operating expenses: | | | | |
| Purchased product | 195,074 | - | - | 195,074 |
| Personal services | 777,278 | 337,389 | - | 1,114,667 |
| Utilities | 4,383 | 15,340 | - | 19,723 |
| Repair and maintenance | 352,988 | 76,566 | - | 429,554 |
| Contractual services | - | - | 771,992 | 771,992 |
| Other supplies and expenses | 153,130 | 13,439 | 28,433 | 195,001 |
| Insurance expense | 29,485 | 29,485 | - | 58,971 |
| Depreciation expense | 562,712 | 317,349 | - | 880,061 |
| Total operating expense | <u>2,075,051</u> | <u>789,568</u> | <u>800,424</u> | <u>3,665,043</u> |
| Net operating income (loss) | <u>328,286</u> | <u>(10,637)</u> | <u>121</u> | <u>317,770</u> |
| Non-operating income (expense): | | | | |
| Interest income | 24,422 | 1,493 | - | 25,915 |
| Interest on long-term debt | (36,856) | (7,912) | - | (44,767) |
| Gain (loss) on retirement of assets | - | - | - | - |
| Total non-operating income (expense) | <u>(12,434)</u> | <u>(6,419)</u> | <u>-</u> | <u>(18,852)</u> |
| Income (loss) before transfers and capital contributions | 315,852 | (17,056) | 121 | 298,918 |
| Capital contributions | 1,065,106 | - | - | 1,065,106 |
| Transfers in | - | - | - | - |
| Change in net position | 1,380,958 | (17,056) | 121 | 1,364,024 |
| Net position, beginning | 18,822,696 | 8,038,309 | 55 | 26,861,060 |
| Net position, ending | <u>\$ 20,203,654</u> | <u>8,021,253</u> | <u>176</u> | <u>28,225,083</u> |

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014

| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Sanitation Fund</u> | <u>Total</u> |
|---|----------------------------|-------------------------|----------------------------|---------------------------|
| Cash flows from operating activities: | | | | |
| Cash received from customers - service | \$ 2,387,233 | 776,243 | 800,831 | 3,964,307 |
| Cash paid to suppliers | (680,980) | (137,679) | (864,307) | (1,682,966) |
| Cash paid to employees | <u>(777,278)</u> | <u>(337,389)</u> | <u>-</u> | <u>(1,114,667)</u> |
| Net cash provided (used) in operating activities | <u>928,974</u> | <u>301,176</u> | <u>(63,476)</u> | <u>1,166,674</u> |
| Cash flows from noncapital financing activities: | | | | |
| Change in customer deposits | 7,297 | - | - | 7,297 |
| Miscellaneous contributions | - | - | - | - |
| Net interfund activity | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net cash provided (used) in noncapital financing activities | <u>7,297</u> | <u>-</u> | <u>-</u> | <u>7,297</u> |
| Cash flows from capital and related financing activities: | | | | |
| Cash received from bonds issued | - | - | - | - |
| Cash received from deferred grants | - | - | - | - |
| Cash received from capital grants | 1,065,106 | - | - | 1,065,106 |
| Cash payments for capital assets | (4,083,215) | - | - | (4,083,215) |
| Cash payments for long-term debt principal | (185,000) | (223,226) | - | (408,226) |
| Cash payments for long-term debt interest | <u>(37,953)</u> | <u>(7,912)</u> | <u>-</u> | <u>(45,865)</u> |
| Net cash provided (used) in capital and related financing activities | <u>(3,241,062)</u> | <u>(231,138)</u> | <u>-</u> | <u>(3,472,200)</u> |
| Cash flows from investing activities: | | | | |
| Cash received from interest earned | <u>24,422</u> | <u>1,493</u> | <u>-</u> | <u>25,915</u> |
| Net cash provided (used) in investing activities | <u>24,422</u> | <u>1,493</u> | <u>-</u> | <u>25,915</u> |
| Net increase (decrease) in cash | (2,280,369) | 71,531 | (63,476) | (2,272,314) |
| Cash balance, beginning | <u>6,170,280</u> | <u>1,574,636</u> | <u>(745)</u> | <u>7,744,171</u> |
| Cash balance, ending | <u>\$ 3,889,911</u> | <u>1,646,167</u> | <u>(64,221)</u> | <u>5,471,856</u> |
| Cash reported on the balance sheet: | | | | |
| Cash and cash equivalents | \$ 658,731 | 1,221,201 | (64,221) | 1,815,710 |
| Non-current restricted cash | <u>3,231,180</u> | <u>424,966</u> | <u>-</u> | <u>3,656,146</u> |
| Total cash and cash equivalents | <u>\$ 3,889,911</u> | <u>1,646,167</u> | <u>(64,221)</u> | <u>5,471,856</u> |

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2014

**Reconciliation of Operating Income
to Net Cash Provided from Operating Activity:**

| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Sanitation Fund</u> | <u>Total</u> |
|--|--------------------------|-----------------------|----------------------------|-------------------------|
| Net operating income (expense) | \$ 328,286 | (10,637) | 121 | 317,770 |
| Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities: | | | | |
| Depreciation and amortization | 562,712 | 317,349 | - | 880,061 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in receivables | (16,104) | (3,386) | 285 | (19,205) |
| (Increase) decrease in prepaids | - | 699 | - | 699 |
| Increase (decrease) in payables | 54,080 | (2,849) | (63,883) | (12,652) |
| Net cash provided in operating activity | <u>\$ 928,974</u> | <u>301,176</u> | <u>(63,476)</u> | <u>1,166,674</u> |

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Roosevelt City Corporation (the City), is a municipal corporation located in Duchesne County, Utah. The City operates under a Mayor-Council form of government with an elected mayor and five council members.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City's Redevelopment Agency has no operations, thus the City has determined that there are no separately administered organizations that are controlled by or are dependent upon the City included in this report. Control or dependence is determined on the basis of financial interdependence, selection of governing authority, designation of management ability to significantly influence operations and accountability for fiscal matters.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1-C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Policy regarding use of restricted resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects* fund accounts for financial resources used for the acquisition or construction of the capital facilities of the City (other than those of the enterprise funds).

The City reports the following as non-major governmental funds:

The *debt service fund* accounts for the payment of the general long-term debt of the government.

Proprietary funds

The City reports the following major proprietary funds:

The *water fund* is used to account for the activities of the culinary water distribution.

The *sewer fund* is used to account for the operations of the sewer system.

The City reports the following non-major proprietary funds:

The *garbage fund* is used to account for the operations of the garbage system.

1-E. Assets, Liabilities, and Net Assets or Equity

1-E-1. Deposit and Investments

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the City are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 2.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-2. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1-E-3. Receivables and Payables

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either *due to or due from other funds*.

Property taxes are assessed and collected for the City by Duchesne County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

1-E-4. Restricted Assets

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash

1-E-5. Inventories and Prepaid items

Aviation fuel is the only inventory reported in governmental funds. Other inventories, which mainly consist of immaterial amounts of expendable supplies for consumption, are not reported. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-6. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

| Assets | Years |
|------------------------|--------------|
| Buildings | 40 |
| Improvements | 15 |
| Water system | 40 |
| Sewer system | 50 |
| Infrastructure | 25 |
| Vehicles and equipment | 5-10 |

1-E-7. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

1-E-8. Fund Equity

Government-wide Financial Statements

Equity is classified in the government-wide financial statements as net position and is displayed in three components.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1-E. Assets, Liabilities, and Net Position or Equity (continued) 1-E-8. Fund Equity (continued)

1-E-8. Fund Equity (continued)

Net investment in capital assets - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned. Descriptions of each follow:

Nonspendable fund balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.

Restricted fund balance - This classification includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of the government or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - This classification includes amounts that can only be used for specific purposes established by formal action of the City Council, with is the City's highest level of decision making authority. Fund balance commitments can only be removed or changed by the same type of action (for example resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification includes amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. These are established by the City Council. This category includes the remaining positive fund balances for governmental funds other than the general fund.

Unassigned fund balance - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Proprietary fund equity is classified the same as in the government-wide statements

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-9. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

1-E-10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not currently have any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has only one type of deferred inflows of resources. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund.. The level of the City's budgetary control (the level at which the City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible 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 to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 25% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the City Council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, 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 are prepared on the modified accrual basis of accounting. Encumbrances are not used.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2014 consist of the following:

| | <u>Fair Value</u> |
|----------------------------------|----------------------|
| Cash on hand | \$ 143,247 |
| Demand deposits - checking | 142,370 |
| Bond reserve bank trust accounts | 727,744 |
| Deposits - PTIF | <u>9,139,385</u> |
| Total cash | \$ 10,152,745 |

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

| | |
|--|----------------------|
| Cash and cash equivalents (current) | \$ 4,387,126 |
| Restricted cash and cash equivalents (non-current) | <u>5,765,619</u> |
| Total cash and cash equivalents | \$ 10,152,745 |

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31.

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that city funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The City maintains monies not immediately needed for expenditure in PTIF accounts.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

3-A. Deposits and investments (continued)

Deposit and Investment Risk

The City maintains no investment policy containing any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The City's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the City are available immediately.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2014, the City's bank balance of demand and bank trust deposits total \$1,430,493 and the book balance is \$870,114. Of these deposits, \$500,000 is covered by FDIC insurance; \$930,493 is uninsured and uncollateralized. An additional \$9,139,385 is deposited in PTIF.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

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. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

3-B. Receivables

The allowance policy is described in Note 1-E-3. Accounts not expected to be received within one year are captioned as non-current receivables. Receivables as of year end for the City's funds are shown below. All receivables are deemed collectible.

| | General Fund | Water Fund | Sewer Fund | Garbage Fund | Total |
|-------------------------------------|----------------------------|-----------------------|----------------------|----------------------|-------------------------|
| Property taxes | \$ 794,482 | - | - | - | 794,482 |
| Intergovernmental | 741,064 | - | - | - | 741,064 |
| Customers | 9,677 | 281,053 | 67,276 | 64,398 | 422,404 |
| Special assessments: Non-current | 61,903 | - | - | - | 61,903 |
| Total receivables | <u>\$ 1,615,058</u> | <u>281,053</u> | <u>67,276</u> | <u>64,398</u> | <u>2,027,784</u> |

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------------|--------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and rights | \$ 800,553 | 68,540 | - | 869,093 |
| Construction in progress | 400,967 | 317,945 | - | 718,913 |
| Total capital assets, not being depreciated | <u>1,201,520</u> | <u>386,485</u> | <u>-</u> | <u>1,588,006</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 4,603,224 | - | - | 4,603,224 |
| Improvements other than buildings | 7,370,694 | 57,469 | - | 7,428,163 |
| Machinery and equipment | 3,461,040 | 80,526 | - | 3,541,566 |
| Infrastructure | 12,508,469 | 294,655 | - | 12,803,124 |
| Total capital assets, being depreciated | <u>27,943,427</u> | <u>432,650</u> | <u>-</u> | <u>28,376,077</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,888,618 | 114,291 | - | 2,002,909 |
| Improvements other than buildings | 2,569,230 | 188,617 | - | 2,757,847 |
| Machinery and equipment | 1,887,603 | 233,618 | - | 2,121,220 |
| Infrastructure | 5,664,790 | 363,835 | - | 6,028,625 |
| Total accumulated depreciation | <u>12,010,241</u> | <u>900,361</u> | <u>-</u> | <u>12,910,602</u> |
| Total capital assets being depreciated, net | <u>15,933,186</u> | <u>(467,711)</u> | <u>-</u> | <u>15,465,475</u> |
| Governmental activities capital assets, net | <u>\$ 17,134,706</u> | <u>(81,226)</u> | <u>-</u> | <u>17,053,480</u> |

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

| | |
|---------------------------------------|--------------------------|
| Governmental activities: | |
| General government | \$ 81,132 |
| Public safety | 107,833 |
| Highways and public improvements | 457,391 |
| Parks, recreation and public property | 254,004 |
| Total | <u>\$ 900,361</u> |

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

3-C. Capital assets (continued)

Capital asset activity for business-type activities was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------------|--------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and water shares | \$ 1,409,807 | - | - | 1,409,807 |
| Construction in progress | 3,188,311 | 336,253 | - | 3,524,563 |
| Total capital assets, not being depreciated | <u>4,598,117</u> | <u>336,253</u> | <u>-</u> | <u>4,934,370</u> |
| Capital assets, being depreciated: | | | | |
| Water system | 18,700,156 | 3,746,962 | - | 22,447,118 |
| Sewer system | 14,147,438 | - | - | 14,147,438 |
| Total capital assets, being depreciated | <u>32,847,594</u> | <u>3,746,962</u> | <u>-</u> | <u>36,594,556</u> |
| Less accumulated depreciation for: | | | | |
| Water system | 7,435,796 | 562,712 | - | 7,998,509 |
| Sewer system | 3,927,425 | 317,349 | - | 4,244,774 |
| Total accumulated depreciation | <u>11,363,221</u> | <u>880,061</u> | <u>-</u> | <u>12,243,282</u> |
| Total capital assets being depreciated, net | <u>21,484,373</u> | <u>2,866,901</u> | <u>-</u> | <u>24,351,274</u> |
| Business-type activities capital assets, net | <u>\$ 26,082,490</u> | <u>3,203,154</u> | <u>-</u> | <u>29,285,644</u> |

Depreciation expense was charged to functions/programs of the primary government business-type activities as follows:

| | |
|----------------------------------|--------------------------|
| Business-type activities: | |
| Water | \$ 562,712 |
| Sewer | 317,349 |
| Total | <u>\$ 880,061</u> |

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

3-D. Long-term debt

| | Original Principal | % | 6/30/2013 | Additions | Reductions | 6/30/2014 | Due Within One Year |
|--|-----------------------|-------|---------------------------|-----------------|-----------------------|-------------------------|---------------------------|
| <u>Governmental activities:</u> | | | | | | | |
| 2004 Main Street Matures 3/31/2014 | \$ 200,000 | - | \$ 20,000 | - | 20,000 | - | - |
| 1992 A City Complex Matures 1/13/2015 | 1,000,000 | 3.50 | 133,000 | - | 66,000 | 67,000 | 67,000 |
| 1992 Back-Nine Matures 1/20/2015 | 125,000 | 3.00 | 16,000 | - | 8,000 | 8,000 | 8,000 |
| 1992 B City Complex Matures 3/13/2015 | 500,000 | - | 50,000 | - | 25,000 | 25,000 | 25,000 |
| 2012 10 YDRA Golf Carts Lease Matures 4/1/2017 | 26,225 | 4.792 | 18,638 | - | 4,315 | 14,322 | 5,276 |
| 2010 Street Revenue Matures 10/1/2020 | 1,000,000 | 1.50 | 812,000 | - | 96,000 | 716,000 | 98,000 |
| 2008 MBA Lease Revenue Matures 10/1/2028 | 200,000 | - | 160,000 | - | 10,000 | 150,000 | 10,000 |
| 2001 B Golf Clubhouse Matures 7/31/2029 | 500,000 | - | 320,000 | - | 20,000 | 300,000 | 20,000 |
| Total governmental activity long-term liabilities | | | <u>\$1,529,638</u> | <u>-</u> | <u>249,315</u> | <u>1,280,372</u> | <u>233,276</u> |

Bond debt service requirements to maturity for governmental activities are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|---------------------------|----------------------|-------------------------|
| 2015 | \$ 233,276 | 14,445 | 247,721 |
| 2016 | 134,388 | 10,200 | 144,588 |
| 2017 | 134,658 | 8,372 | 143,030 |
| 2018 | 132,000 | 6,270 | 138,270 |
| 2019 | 134,000 | 4,740 | 138,740 |
| 2020 - 2024 | 362,000 | 4,785 | 366,785 |
| 2025 - 2029 | <u>150,000</u> | <u>-</u> | <u>150,000</u> |
| Total | <u>\$1,280,322</u> | <u>48,812</u> | <u>1,329,134</u> |

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

| | Original Principal | % | 6/30/2013 | Additions | Reductions | 6/30/2014 | Due Within One Year |
|---|-----------------------|------|---------------------------|-----------------|-----------------------|-------------------------|---------------------------|
| <u>Business-type activities:</u> | | | | | | | |
| 1999 B Water Revenue Matures 12/31/2019 | \$ 225,000 | 1.28 | \$ 85,000 | - | 12,000 | 73,000 | 12,000 |
| 1999 A Water Revenue Matures 12/31/2020 | 700,000 | 2.50 | 358,000 | - | 41,000 | 317,000 | 42,000 |
| 2000 Water Revenue Matures 12/31/2020 | 711,000 | 2.50 | 325,000 | - | 37,000 | 288,000 | 38,000 |
| 2000 A Water Revenue Matures 12/31/2021 | 75,000 | 2.29 | 38,000 | - | 4,000 | 34,000 | 4,000 |
| 2007 Sewer Construction Matures 1/1/2028 | 1,173,000 | - | 878,000 | - | 59,000 | 819,000 | 59,000 |
| 2009 Replacement Well Bond Matures 1/1/2030 | 340,000 | - | 289,000 | - | 17,000 | 272,000 | 17,000 |
| 2009B Sewer Improvements Matures 1/1/2031 | 2,882,000 | - | 2,594,000 | - | 144,000 | 2,450,000 | 144,000 |
| 2005 A Water Revenue Matures 3/31/2031 | 970,000 | - | 702,000 | - | 39,000 | 663,000 | 39,000 |
| 2005 B Sewer revenue Matures 3/31/2031 | 300,000 | - | 216,000 | - | 12,000 | 204,000 | 12,000 |
| 2011 Wtr Revenue Bond Matures 10/1/2031 | 350,000 | - | 332,000 | - | 18,000 | 314,000 | 18,000 |
| 2006 Sewer revenue Matures 12/31/2031 | 154,000 | - | 118,000 | - | 6,000 | 112,000 | 6,000 |
| 2002 Sewer Revenue RUS Matures 1/10/2042 | 150,000 | 4.75 | 130,735 | - | 2,226 | 128,508 | 2,334 |
| 2011B Wtr Revenue Bond Matures 10/1/2042 | 518,000 | - | 518,000 | - | 17,000 | 501,000 | 17,000 |
| 2013 Water Improvements Matures 10/1/2043 | 500,000 | - | 500,000 | - | - | 500,000 | 17,000 |
| Total business-type activity long-term liabilities | | | <u>\$7,083,735</u> | <u>-</u> | <u>408,226</u> | <u>6,675,508</u> | <u>427,334</u> |

Revenue bond debt service requirements to maturity for business-type activities are as follows:

| | Principal | Interest | Total |
|--------------|---------------------------|-----------------------|-------------------------|
| 2015 | \$ 427,334 | 22,892 | 450,226 |
| 2016 | 429,448 | 20,533 | 449,981 |
| 2017 | 431,566 | 18,119 | 449,686 |
| 2018 | 433,691 | 15,649 | 449,340 |
| 2019 | 435,822 | 13,124 | 448,945 |
| 2020 - 2024 | 1,833,301 | 33,422 | 1,866,723 |
| 2025 - 2029 | 1,639,661 | 21,279 | 1,660,940 |
| 2030 - 2034 | 671,187 | 15,753 | 686,940 |
| 2035 - 2039 | 207,192 | 8,748 | 215,940 |
| 2040 - 2043 | 166,307 | 1,180 | 167,487 |
| Total | <u>\$6,675,508</u> | <u>170,699</u> | <u>6,846,207</u> |

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

3-D. Long-term debt (continued)

Capital Lease Commitments:

The City has acquired capital assets financed with capital leases.

During fiscal year 2012, The City executed a lease for golf carts in the amount of \$26,225 payable monthly over 5 years. Interest only payments are to be made from November through April of each year. Accumulated amortization (depreciation) on the equipment acquired under this lease was \$4,808 at June 30, 2014.

A summary of the assets acquired through capital leases is as follows:

| | Governmental Activities |
|--------------------------|----------------------------|
| Asset: | |
| Machinery and equipment | \$ 26,225 |
| Accumulated amortization | (4,808) |
| Total | \$ 21,417 |

Amortization of capital assets purchased under capital leases is included in depreciation.

The following is the present value of future minimum capital lease payments under these leases as of June 30, 2014:

| Fiscal Year | |
|---|-----------|
| 2015 | \$ 6,432 |
| 2016 | 6,318 |
| 2017 | 4,246 |
| Total minimum lease payments | 16,996 |
| Less amounts representing interest | (2,674) |
| Present value of minimum lease payments | \$ 14,322 |

Capital lease payable is reported as follows:

| | |
|--|-----------|
| Current Portion Capital Leases Payable | \$ 5,276 |
| Long-term Capital Leases Payable | 9,046 |
| Total Capital Leases Payable | \$ 14,322 |

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

3-D. Long-term debt (continued)

Operating Lease:

During fiscal year 2013, the City executed an operating lease for golf carts. Total cost for the lease for the year ended June 30, 2014 was \$26,111. The future minimum lease payments are as follows:

| | |
|---------------------|---------------------------------|
| <u>Fiscal Year:</u> | |
| 2015 | \$ 30,309 |
| 2016 | 29,899 |
| 2017 | 29,463 |
| 2018 | <u>19,790</u> |
| Total | <u><u>\$ 109,461</u></u> |

Other long-term liabilities:

| | <u>Beginning</u> | <u>Increase (Decrease)</u> | <u>Ending</u> |
|------------------------------|---------------------------------|--------------------------------|---------------------------------|
| Compensated absences: | | | |
| Governmental | \$ 275,971 | - | \$ 275,971 |
| Business-type | <u>114,557</u> | <u>-</u> | <u>114,557</u> |
| Total | <u><u>\$ 390,528</u></u> | <u><u>-</u></u> | <u><u>\$ 390,528</u></u> |

3-E. Interfund receivables, payables, and transfers

Interfund transfers:

| | <u>Transfers Out:</u> |
|-----------------------------|-----------------------------------|
| | <u>General Fund</u> |
| <u>Transfers In:</u> | |
| Debt Service | \$ 108,605 |
| Capital Projects | <u>1,223,371</u> |
| Total | <u><u>\$ 1,331,976</u></u> |

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 4 - OTHER INFORMATION

4-A. 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 Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Employee pension and other benefit plans

Plan Description:

The City contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System) and Public Safety Retirement System (Public Safety System) for employers with (without) Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective system to which they belong; The City is required to contribute a percent of covered salary to the respective systems: 13.99% to the Local Government Division Tier 2 Contributory System; 17.29% to the Local Government Division Tier 1 Noncontributory System; 20.85% to the Other Division A Contributory Tier 2 Public Safety System; and 32.14% to the Other Division A Noncontributory Tier 1 Public Safety System. The contribution rate is the actuarially determined rate and is approved by the Board as authorized by Chapter 49.

The City's contributions to the various systems for the years ending June 30, 2014, 2013 and 2012 respectively were: for the Local Government Division Contributory System: \$17,431, \$6,349, and \$1,061; for the Local Government Division Noncontributory System: \$209,964, \$194,662, and \$158,823; Public Safety Contributory, \$5,684, \$11,029, and \$4,492; and for the Public Safety Noncontributory \$139,297, \$114,298, and \$105,301, respectively. The contributions were equal to the required contributions for each year.

IRC Code Section 401k Plan:

The City participates in a 401k plan offered through the Utah State Retirement Systems. The City's contributions for the year ended June 30, 2014, amounted to \$13,529.

REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Roosevelt City Corporation
Notes to Required Supplementary Information
June 30, 2014

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the City's General Fund.

Budgeting and Budgetary Control

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2014, spending within all departments was within the appropriated budget.

Roosevelt City Corporation
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGED IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
(Unaudited)
 For the Year Ended June 30, 2014

| | Budgeted Original | Budgeted Final | Actual | Variance with Final Budget Under (Over) |
|--|----------------------------|---------------------------|---------------------------|---|
| Revenues | | | | |
| Taxes | \$ 4,409,922 | 4,567,000 | 4,662,118 | (95,118) |
| Licenses and permits | 163,500 | 168,960 | 189,746 | (20,786) |
| Intergovernmental revenues | 384,600 | 389,163 | 360,598 | 28,565 |
| Charges for services | 880,920 | 899,920 | 926,144 | (26,224) |
| Fines and forfeitures | 90,000 | 90,000 | 86,347 | 3,654 |
| Interest | 17,900 | 17,900 | 17,294 | 606 |
| Miscellaneous revenue | 53,250 | 79,455 | 82,007 | (2,552) |
| Total revenues | <u>6,000,092</u> | <u>6,212,398</u> | <u>6,324,254</u> | <u>(111,856)</u> |
| Expenditures | | | | |
| General government | 909,790 | 964,734 | 871,938 | 92,796 |
| Public safety | 1,713,379 | 1,703,450 | 1,588,323 | 115,127 |
| Highways and public improvements | 919,850 | 919,600 | 846,903 | 72,697 |
| Parks and recreation | 1,362,200 | 1,489,550 | 1,412,684 | 76,866 |
| Debt Service: | | | | |
| Principal | 88,500 | 80,000 | 54,315 | 25,685 |
| Interest | 4,475 | 4,200 | 1,246 | 2,954 |
| Total expenditures | <u>4,998,194</u> | <u>5,161,534</u> | <u>4,775,408</u> | <u>386,126</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 1,001,898</u> | <u>1,050,864</u> | <u>1,548,846</u> | <u>(497,982)</u> |
| Other Financing Sources and (Uses) | | | | |
| Proceeds from sale of bonds | - | - | - | - |
| Special assessment fees | 8,000 | 8,000 | 8,175 | (175) |
| Transfers in | - | - | - | - |
| Transfers (out) | (1,181,976) | (1,181,976) | (1,331,976) | 150,000 |
| Total Other Financing Sources and (Uses) | <u>(1,173,976)</u> | <u>(1,173,976)</u> | <u>(1,323,801)</u> | <u>149,825</u> |
| Net Change in Fund Balances | (172,078) | (123,112) | 225,046 | (348,158) |
| Fund Balances - beginning of year | -997,108 | -997,108 | 1,381,926 | - |
| Fund Balances - end of year | <u>\$ 825,030</u> | <u>873,996</u> | <u>1,606,971</u> | <u>(732,975)</u> |

SUPPLEMENTAL INFORMATION

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Roosevelt City Corporation
Supplemental Information
June 30, 2014

Impact Fees

Roosevelt City Corporation is preparing a study to determine water and sewer impact fees. If collected, the City is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for the system, or other expenditures as allowed by law. The funds must be expended within six years of receipt or the funds must be returned with interest to the payer.

The City collected \$226,700 in water impact fees during the year ended June 30, 2014.

Insurance Coverage

This information is required by one of the City's bondholders to be included in the notes to the financial statements. It is not otherwise a required item for disclosure.

The City was insured for theft, fire, and inland marine by the Utah Local Government trust and U.S Fidelity and Guarantee, as of June 30, 2014. General Liability and Auto was also carried by the Utah Local Government Trust. Eagle Insurance Co. carried the liability on the City airport as of June 30, 2014. The City Employees were insured for health and life with PEHP with the Utah Local Government Trust as agent Employee life insurance was also carried with Beneficial Life of Salt Lake City, Utah. Workman's Compensation Insurance was carried with the Utah Local Government Trust. Employee insurance premiums are currently expensed in the appropriate funds, the proration being based on employee monthly gross salaries expensed in each fund. The following is a summary of the relevant coverages at June 30, 2014:

| <u>Description of Coverage</u> | <u>Amount of Coverage</u> | <u>Deductible</u> | <u>Expires</u> |
|--|---------------------------|-------------------|----------------|
| Policy #8454102 Position (Treasurer) Fidelity Bond (Exp.3/26/2012) | \$ 225,000 | - | 3/26/2015 |
| Policy #3F-685-727-02 Blanket Fidelity Bond | 40,000 | - | 3/26/2015 |
| ULGT #13270-GL2011 Comprehensive General Liability-Public Entity | 5,000,000 | 1,000 | 3/26/2015 |
| ULGT #13270-GL2011 Auto Liability | 1,000,000 | 1,000 | 3/26/2015 |
| ULGT #ULGT-APDP-2010 Property (Building/Contents) 90% co-insurance | 10,632,740 | 1,000 | 3/26/2015 |
| USF&G #9CP111521127200 Property (Maintenance equipment) | 589,273 | 1,000 | 3/26/2015 |
| USF&G #9CP111521127200 Property (Irrigation equipment) | 55,000 | 1,000 | 3/26/2015 |
| | - | (255,436.34) | |
| Old Republic Insurance Company #PR00017717 Airport Operations | 1,000,000 | - | 10/31/2015 |
| Old Republic Insurance Company #PR00017717 Sale Aviation Fuel/Oil | 30,575 | - | 10/31/2015 |
| Old Republic Insurance Company #PR00017717 Hangerkeepers | - | - | 10/31/2015 |
| One aircraft | 50,000 | 1,000 | 10/31/2015 |
| One Occurance | 250,000 | 1,000 | 10/31/2015 |

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COMPLIANCE REPORTS

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Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Roosevelt City Council

We have audited, 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, the financial statements of the governmental activities and business-type activities of Roosevelt City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Roosevelt's basic financial statements, and have issued our report thereon dated January 16, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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

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

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.

Aycock, Miles & Associates, CPAs

January 16, 2015

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Utah State Compliance Report

Roosevelt City Council

We have audited the City of Roosevelt's compliance with the applicable general state and major state program compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2014.

General state compliance requirements were tested for the year ended June 30, 2014 in the following areas: budgetary compliance, fund balance, cash management, Utah Retirement Systems, Transfers from Utility Funds, cash management, impact fees, and B & C roads.

The City received nonmajor funding from the State of Utah. There were no major programs for this fiscal year.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. 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 Compliance Audit Guide. Those standards and the State Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City or its major state 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 on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Roosevelt City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City or on each of its major state programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures identified one instance of noncompliance which is required to be reported in accordance with the State Compliance Audit Guide. Please see finding 2014-1.

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Report On Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide, 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 the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement 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 general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the State of Utah Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards as Required by the State Compliance Audit Guide

We have audited the financial statements of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 16, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State Compliance Audit Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Aycock, Miles & Associates, CPAs

January 16, 2015

Schedule of Expenditures of State Awards
For the year ended June 30, 2014

| <u>Grant or Loan</u> | <u>Contract</u> | <u>Last Audit</u> | <u>Amount Expended</u> |
|-------------------------------|-----------------|-------------------|------------------------|
| Class "C" Road Fund Allotment | none | n/a | \$ 226,349 |
| Liquor Control Allotment | none | n/a | 19,163 |
| State capital grant | none | n/a | 4,160 |
| | | | <u>\$ 249,672</u> |

Schedule of Findings and Management Responses

2014-1 *Finding*—Roosevelt City exceeded their legally adopted budget in the water, sewer, and sanitation proprietary funds and the debt service fund.

Criteria— The City is required to spend within its annual budget that has been formally approved for individual funds and departments within the general fund.

Effect—Expenditures exceeded the expectations of the Council and the public.

Recommendation—We recommend that the City review monthly the budget vs. actual statements and that the City modify the pace of expenditures or amend the budgets when necessary.

Management Response—The City agrees with the auditor recommendations. The City will periodically review and amend its budget as considered necessary.