

Roosevelt City Corporation
Duchesne County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2009

Roosevelt City Corporation
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June 30, 2009

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AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

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Independent Auditors' Report

Roosevelt City Corporation
Roosevelt, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Roosevelt City as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Roosevelt City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009 on our consideration of the Roosevelt City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Roosevelt City's financial statements. Additional supplemental information has been presented for analysis and is not a required part of the basic financial statements. The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Aycock, Miles & Associates, CPAs

December 18, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2009

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, 2009.

FINANCIAL HIGHLIGHTS

- *Total net assets for the City as a whole increased by \$3,107,222.
- *Total unrestricted net assets for the City as a whole increased by \$134,448.
- *Total net assets for governmental activities increased by \$1,209,099.
- *Total net assets for business-type activities increased by \$1,898,123.

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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year reported. All changes in net assets 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, 2009

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 its general and cemetery perpetual care 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 four enterprise funds to account for the operations of the water, sewer, and garbage utilities, as well as its rental units.

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, 2009

FINANCIAL ANALYSIS

Roosevelt City's Net Assets

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 3,836,582	3,352,269	2,203,979	4,305,863	6,040,561	7,658,131
Net capital assets	<u>13,291,585</u>	<u>12,520,927</u>	<u>17,565,620</u>	<u>13,581,502</u>	<u>30,857,205</u>	<u>26,102,429</u>
Total assets	<u>17,128,168</u>	<u>15,873,196</u>	<u>19,769,599</u>	<u>17,887,364</u>	<u>36,897,766</u>	<u>33,760,560</u>
Long-term liabilities	1,267,000	1,395,000	4,184,219	4,121,218	5,451,219	5,516,218
Other liabilities	<u>1,493,592</u>	<u>1,319,720</u>	<u>323,267</u>	<u>402,156</u>	<u>1,816,859</u>	<u>1,721,875</u>
Total liabilities	<u>2,760,592</u>	<u>2,714,720</u>	<u>4,507,486</u>	<u>4,523,374</u>	<u>7,268,078</u>	<u>7,238,094</u>
Net assets:						
Capital assets, net of debt	12,024,585	11,125,927	13,381,401	9,460,283	25,405,986	20,586,210
Restricted	1,370,658	1,647,463	2,006,173	3,576,370	3,376,831	5,223,833
Unrestricted	<u>972,332</u>	<u>385,087</u>	<u>(125,461)</u>	<u>327,337</u>	<u>846,871</u>	<u>712,423</u>
Total net assets	<u>\$ 14,367,575</u>	<u>13,158,476</u>	<u>15,262,113</u>	<u>13,363,990</u>	<u>29,629,688</u>	<u>26,522,466</u>

As noted earlier, net assets may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities at the close of the year by \$29,629,688, an increase of \$3,107,222 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net assets at the end of the year are \$846,871, which represents an increase of \$134,448 from the previous year. Unrestricted net assets are those 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, 2009

FINANCIAL ANALYSIS (continued)

Roosevelt City's Change in Net Assets

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	1,028,721	1,152,278	3,547,425	3,059,397	4,576,145	4,211,675
Operating grants	269,618	274,769	-	-	269,618	274,769
Capital grants	562,677	345,000	371,312	3,830,936	933,989	4,175,936
General revenues:						
Property taxes	761,421	712,856	-	-	761,421	712,856
Sales tax	2,278,559	2,087,561	-	-	2,278,559	2,087,561
Other taxes	698,107	673,046	-	-	698,107	673,046
Other revenues	648,914	276,333	66,999	148,575	715,913	424,908
Total revenues	<u>6,248,016</u>	<u>5,521,843</u>	<u>3,985,735</u>	<u>7,038,908</u>	<u>10,233,751</u>	<u>12,560,750</u>
Expenses:						
General government	806,595	783,627	-	-	806,595	783,627
Public safety	1,523,463	1,343,572	-	-	1,523,463	1,343,572
Highways and improvements	773,999	783,369	-	-	773,999	783,369
Parks and recreation	1,283,893	1,272,719	-	-	1,283,893	1,272,719
Interest on long-term debt	15,508	16,013	61,973	56,906	77,481	72,919
Water	-	-	1,515,483	1,793,133	1,515,483	1,793,133
Sewer	-	-	447,080	334,083	447,080	334,083
Garbage	-	-	643,691	633,278	643,691	633,278
Rental	-	-	54,844	52,031	54,844	52,031
Total expenses	<u>4,403,457</u>	<u>4,199,299</u>	<u>2,723,072</u>	<u>2,869,431</u>	<u>7,126,529</u>	<u>7,068,730</u>
Excess (deficiency) before transfers	<u>1,844,559</u>	<u>1,322,543</u>	<u>1,262,663</u>	<u>4,169,477</u>	<u>3,107,222</u>	<u>5,492,020</u>
Transfers in (out)	(635,460)	101,000	635,460	(101,000)	-	-
Change in net assets	<u>1,209,099</u>	<u>1,423,543</u>	<u>1,898,123</u>	<u>4,068,477</u>	<u>3,107,222</u>	<u>5,492,020</u>

For the City as a whole, total revenues decreased by \$2,326,999 compared to the previous year, while total expenses increased by \$57,799. The total net change of \$3,107,222 is, in private sector terms, the net income for the year which is \$2,384,798 less than the previous year.

Governmental activities revenues of \$6,248,016 is an increase of \$726,173 from the previous year. All significant items of revenue increased with the exception of charges for services. Governmental activities expenses of \$4,403,457 is an increase of \$204,158 from the previous year. Spending for all departments increased with the exception of highways and improvements.

Business-type activities revenue of \$3,985,735 is a decrease of \$3,053,172 from the previous year. While service revenues increased by \$488,02, capital grants decreased by \$3,459,624. Business-type activities expenses of \$2,723,072 is a decrease of \$146,358 from the previous year. Water expenditures decreased by \$277,650 while all expenditures increased.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2009

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 \$983,861 reflects a decrease of \$74,519 from the previous year. Total revenues decreased by \$328,516. Tax revenues, including property taxes and sales taxes increased by \$264,624. Intergovernmental revenue decreased by \$345,151. Charges for services decreased by \$130,117. The prior year also included proceeds of bonds that amounted to \$200,000, while there were none in the current year. All other revenues increased by \$82,128.

Total expenditures increased by \$347,626. Expenditure changes from the previous year, by department: general government decreased by \$9,529; public safety increased by \$182,391; streets and highways decreased by \$51,585; and parks and recreation decreased by \$21,564. Capital outlay expenditures increased by \$247,913.

Unreserved fund balance amounts to \$982,488.

Water Fund

The change in net assets (net income) was \$1,243,511. The amount restricted for debt service and construction is \$333,781 and \$596,699, respectively. Unrestricted net assets amount to a deficit of \$1,164,301.

Sewer Fund

The change in net assets (net income) was \$653,825. The amounts restricted for debt service and construction were \$86,853 and \$988,840, respectively. Unrestricted net assets amount to \$1,002,569.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$4,358,978. This amount was amended in the final budget to \$4,946,973. Actual revenues, excluding transfers, amounted to \$5,321,148.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$4,449,258. This amount was amended in the final budget to \$4,874,253. Actual expenditures amounted to 4,570,667.

Net transfers for the year were originally budgeted in the amount of \$90,280. The final net budget for transfers was for a transfer out of \$825,000, which was equal to the actual amount.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2009

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	\$ 795,553	855,648	1,409,807	1,409,807	2,205,360	2,265,455
Buildings	3,118,623	2,378,763	636,918	88,058	3,755,541	2,466,822
Improvements other than buildings	3,600,471	2,225,948	-	-	3,600,471	2,225,948
Equipment	1,643,979	1,612,958	247,961	157,399	1,891,940	1,770,357
Infrastructure	3,542,748	3,170,883	-	-	3,542,748	3,170,883
Water system	-	-	6,780,160	4,561,797	6,780,160	4,561,797
Sewer system	-	-	2,619,095	2,501,818	2,619,095	2,501,818
Work in progress	590,211	2,276,726	5,871,679	4,862,623	6,461,890	7,139,349
Totals	\$ 13,291,585	12,520,927	17,565,620	13,581,502	30,857,205	26,102,429

The total amount of capital assets, net of depreciation, of \$30,857,205 is an increase of \$4,754,777 from the previous year.

Governmental activities capital assets, net of depreciation, of \$13,291,585 is an increase of \$770,658 from the previous year.

Business-type activities capital assets, net of depreciation, of \$17,565,620 is an increase of \$3,984,118 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, 2009

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Roosevelt City's Outstanding Debt - Revenue Bonds

	<u>Current Year</u>	<u>Previous Year</u>
Governmental activities:		
Main Street 2004	\$ 100,000	120,000
City Complex 1992A	372,000	428,000
Back-Nine 1992	45,000	52,000
City Complex 1992B	150,000	175,000
MBA Lease 2008	200,000	200,000
Golf Clubhouse 2001B	400,000	420,000
Total governmental	<u>1,267,000</u>	<u>1,395,000</u>
Business-type activities:		
Water 1994D	107,510	211,807
Water 1994E	10,000	19,000
Water 1994F	6,000	12,000
Water 1999B	131,000	142,000
Water 1999A	512,000	548,000
Water 2000	467,000	500,000
Water 2000A	54,000	57,000
Water 2009	340,000	-
Water 2005A	856,000	894,000
Sewer 2005B	264,000	276,000
Sewer 2006	142,000	148,000
Sewer 2007	1,114,000	1,173,000
Sewer 2002	138,655	140,411
Loader Lease 2009	42,054	-
Total business-type	<u>4,184,219</u>	<u>4,121,218</u>
Total outstanding debt	<u>\$ 5,451,219</u>	<u>5,516,218</u>

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 ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 1,941,914	-	1,941,914
Accounts receivable, net of allowances	1,361,915	331,293	1,693,208
Due from (to) other funds	254,752	(254,752)	-
Other assets	22,838	34,449	57,287
Total current assets	3,581,418	110,991	3,692,409
Non-current assets:			
Restricted cash and cash equivalents	245,643	2,059,566	2,305,209
Receivables due after one year	9,521	-	9,521
Unamortized bond issue costs	-	33,422	33,422
Capital assets:			
Not being depreciated	1,385,764	7,281,485	8,667,250
Net of accumulated depreciation	11,905,821	10,284,135	22,189,955
Total non-current assets	13,546,749	19,658,608	33,205,357
Total assets	\$ 17,128,168	19,769,599	36,897,766
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 623,483	142,110	765,593
Customer security deposits	-	53,393	53,393
Deferred revenues	641,171	-	641,171
Accrued interest payable	6,529	15,038	21,567
Revenue bonds due within one year	139,000	368,406	507,406
Total current liabilities	1,410,183	578,948	1,989,130
Non-current liabilities:			
Compensated absences	222,409	112,725	335,134
Revenue bonds due after one year	1,128,000	3,815,813	4,943,813
Total non-current liabilities	1,350,409	3,928,538	5,278,948
Total liabilities	2,760,592	4,507,486	7,268,078
NET ASSETS:			
Invested in capital assets, net of related debt	12,024,585	13,381,401	25,405,986
Restricted:			
Streets and highways	1,373	-	1,373
Debt service	145,570	420,634	566,204
Construction - capital projects	1,223,715	1,585,539	2,809,254
Unrestricted	972,332	(125,461)	846,871
Total net assets	14,367,575	15,262,113	29,629,688
Total liabilities and net assets	\$ 17,128,168	19,769,599	36,897,766

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, 2009

	<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>
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
Administration	\$ 806,595	407,774	-	-	(398,821)
Public safety	1,523,463	161,101	74,605	60,000	(1,227,757)
Streets and highways	629,216	1,912	195,013	267,652	(164,640)
Airport	144,783	59,296	-	-	(85,487)
Culture and recreation:					
Parks, recreation, cemetery	704,750	123,855	-	80,000	(500,895)
Golf	579,142	274,783	-	155,025	(149,335)
Interest on long-term debt	15,508	-	-	-	(15,508)
Total governmental activities	<u>4,403,457</u>	<u>1,028,721</u>	<u>269,618</u>	<u>562,677</u>	<u>(2,542,442)</u>
Business-type activities:					
Water	1,561,967	1,983,394	-	371,312	792,739
Sewer	462,570	759,708	-	-	297,138
Garbage	643,691	643,733	-	-	41
Rental Fund	54,844	160,590	-	-	105,746
Total business-type activities	<u>2,723,072</u>	<u>3,547,425</u>	<u>-</u>	<u>371,312</u>	<u>1,195,664</u>
Total primary government	<u>\$ 7,126,529</u>	<u>4,576,145</u>	<u>269,618</u>	<u>933,989</u>	<u>(1,346,778)</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, 2009

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET ASSETS:			
Net (expense) revenue (from previous page)	<u>\$ (2,542,442)</u>	<u>1,195,664</u>	<u>(1,346,778)</u>
General revenues:			
Property taxes	761,421	-	761,421
Sales tax	2,278,559	-	2,278,559
Other taxes	698,107	-	698,107
Unrestricted investment earnings	26,587	66,999	93,587
Gain on sales of capital assets	545,397	-	545,397
Miscellaneous	76,930	-	76,930
Transfers in (out)	<u>(635,460)</u>	<u>635,460</u>	<u>-</u>
Total general revenues and transfers	<u>3,751,541</u>	<u>702,459</u>	<u>4,454,000</u>
Change in net assets	1,209,099	1,898,123	3,107,222
Net assets - beginning	<u>13,158,477</u>	<u>13,363,990</u>	<u>26,522,467</u>
Net assets - ending	<u><u>\$ 14,367,576</u></u>	<u><u>15,262,113</u></u>	<u><u>29,629,689</u></u>

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

Roosevelt City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2009

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 600,502	1,119,317	220,095	1,939,914
Accounts receivable, net of allowances	1,152,307	219,129	-	1,371,436
Due from other funds	254,752	-	-	254,752
Other assets	21,670	-	-	21,670
Restricted cash and cash equivalents	1,373	98,700	145,570	245,643
TOTAL ASSETS	\$ 2,030,604	1,437,146	365,665	3,833,415
LIABILITIES				
Accounts payable	\$ 393,328	213,431	-	606,759
Deferred revenues	653,414	-	-	653,414
TOTAL LIABILITIES	1,046,743	213,431	-	1,260,174
FUND BALANCES:				
Reserved for:				
Grants	1,373	-	-	1,373
Debt service	-	-	145,570	145,570
Compensated absences	-	-	212,364	212,364
Construction	-	1,223,715	-	1,223,715
Unreserved, reported in:				
General fund	982,488	-	-	982,488
Debt service fund	-	-	(767)	(767)
Redevelopment agency	-	-	1,466	1,466
Other special revenue	-	-	7,033	7,033
TOTAL FUND BALANCES	983,861	1,223,715	365,665	2,573,241
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,030,604	1,437,146	365,665	3,833,415

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, 2009

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 761,421	-	-	761,421
Sales	2,278,559	-	-	2,278,559
Other taxes	698,107	-	-	698,107
Licenses and permits	211,947	-	-	211,947
Intergovernmental revenues	269,618	562,677	-	832,295
Charges for services	661,568	-	56,840	718,408
Fines and forfeitures	98,366	-	-	98,366
Interest	25,127	-	1,461	26,587
Miscellaneous revenue	313,758	491,740	821	806,320
Total revenues	5,318,470	1,054,417	59,122	6,432,009
EXPENDITURES:				
Current:				
General government	730,318	-	1,000	731,318
Public safety	1,444,125	-	-	1,444,125
Highways and public improvements	484,038	-	-	484,038
Parks, recreation and public property	1,083,821	-	-	1,083,821
Capital outlay	788,367	806,959	-	1,595,326
Debt service:				
Principal	40,000	-	88,000	128,000
Interest	-	-	16,540	16,540
Total expenditures	4,570,667	806,959	105,540	5,483,166
Excess (Deficiency) of Revenues over (Under) Expenditures	747,803	247,458	(46,418)	948,843
Other Financing Sources and (Uses):				
Special assessment fees	2,678	-	-	2,678
Transfers in	-	923,100	6,900	930,000
Transfers (out)	(825,000)	(740,460)	-	(1,565,460)
Total other financing sources and (uses)	(822,322)	182,640	6,900	(632,782)
Net Change in Fund Balances	(74,519)	430,098	(39,518)	316,060
Fund balances - beginning of year	1,058,380	793,617	405,184	2,257,181
Fund balances - end of year	\$ 983,861	1,223,715	365,665	2,573,241

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 ASSETS**
 June 30, 2009

Total Fund Balances for Governmental Funds **\$ 2,573,241**

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Capital assets, at cost	22,275,464
Less accumulated depreciation	<u>(8,983,879)</u>
Net capital assets	<u>13,291,585</u>

Long-term liabilities, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.

General long-term debt	<u>(1,267,000)</u>
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Interest accrued but not yet paid on long-term debt	<u>(6,529)</u>
--	-----------------------

Compensated absences	<u>(212,364)</u>
-----------------------------	-------------------------

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.

Special assessments deferred	<u>12,243</u>
-------------------------------------	----------------------

Internal service funds are used by management to charge the cost of certain activities. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.

Internal service fund - net current assets (liabilities)	<u>(23,601)</u>
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Total Net Assets of Governmental Activities **\$ 14,367,575**

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, 2009

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 316,060</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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.</p>	
Capital outlays	1,595,326
Depreciation expense	<u>(640,675)</u>
Net	<u>954,651</u>
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Long-term debt principal repayments	<u>128,000</u>
<p>Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.</p>	
Change in accrued interest	<u>1,032</u>
<p>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.</p>	
Change in compensated absence liability	<u>(25,780)</u>
<p>Governmental funds do not report deferred special assessments as revenue because these revenues are not available for current period expenses.</p>	
Change in special assessments receivable	<u>(2,678)</u>
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of these activities of internal service funds is reported with governmental funds.</p>	
Net revenue of certain activities of internal service funds	<u>21,806</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 1,209,099</u></u>

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

Roosevelt City Corporation
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2009

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total	Internal Service Fund
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ -	-	-	-	-	2,000
Accounts receivable, net	219,417	50,909	60,968	-	331,293	-
Due from other funds	-	962,050	-	61,536	1,023,586	-
Other current assets	29,804	4,645	-	-	34,449	1,168
Total current assets	<u>249,221</u>	<u>1,017,604</u>	<u>60,968</u>	<u>61,536</u>	<u>1,389,328</u>	<u>3,168</u>
Non-current assets:						
Restricted cash and cash equivalents	983,873	1,075,693	-	-	2,059,566	-
Deferred bond issue costs	13,406	20,016	-	-	33,422	-
Capital assets:						
Not being depreciated	2,443,106	4,838,379	-	-	7,281,485	-
Net of accumulated depreciation	7,513,030	2,771,105	-	-	10,284,135	-
Total non-current assets	<u>10,953,415</u>	<u>8,705,193</u>	<u>-</u>	<u>-</u>	<u>19,658,608</u>	<u>-</u>
Total assets	<u>\$ 11,202,636</u>	<u>9,722,797</u>	<u>60,968</u>	<u>61,536</u>	<u>21,047,936</u>	<u>3,168</u>
LIABILITIES:						
Current liabilities:						
Accounts payable	\$ 56,224	7,626	52,138	26,122	142,110	16,723
Due to other funds	1,270,365	-	7,973	-	1,278,338	-
Customer security deposits	53,393	-	-	-	53,393	-
Accrued interest payable	15,038	-	-	-	15,038	-
Revenue bonds, current portion	247,510	120,896	-	-	368,406	-
Total current liabilities	<u>1,642,530</u>	<u>128,522</u>	<u>60,110</u>	<u>26,122</u>	<u>1,857,285</u>	<u>16,723</u>
Non-current liabilities:						
Compensated absences	85,301	27,424	-	-	112,725	10,046
Revenue bonds, long-term	2,236,000	1,579,813	-	-	3,815,813	-
Total non-current liabilities	<u>2,321,301</u>	<u>1,607,237</u>	<u>-</u>	<u>-</u>	<u>3,928,538</u>	<u>10,046</u>
Total liabilities	<u>3,963,831</u>	<u>1,735,760</u>	<u>60,110</u>	<u>26,122</u>	<u>5,785,824</u>	<u>26,769</u>
NET ASSETS:						
Invested in capital assets, net of related debt	7,472,626	5,908,775	-	-	13,381,401	-
Restricted for:						
Debt service	333,781	86,853	-	-	420,634	-
Construction	596,699	988,840	-	-	1,585,539	-
Unrestricted	(1,164,301)	1,002,569	857	35,414	(125,461)	(23,601)
Total net assets	<u>7,238,805</u>	<u>7,987,037</u>	<u>857</u>	<u>35,414</u>	<u>15,262,113</u>	<u>(23,601)</u>
Total liabilities and net assets	<u>\$ 11,202,636</u>	<u>9,722,797</u>	<u>60,968</u>	<u>61,536</u>	<u>21,047,936</u>	<u>3,168</u>

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

Roosevelt City Corporation
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUND
June 30, 2009

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total	Internal Service Fund
Operating income:						
Charges for sales and service	\$ 1,634,601	590,608	618,313	160,520	3,004,041	346,000
Connection fees	266,627	165,000	-	-	431,627	-
Other operating income	82,167	4,100	25,420	70	111,757	-
Total operating revenue	<u>1,983,394</u>	<u>759,708</u>	<u>643,733</u>	<u>160,590</u>	<u>3,547,425</u>	<u>346,000</u>
Operating expenses:						
Personal services	545,386	234,541	-	13,335	793,262	73,179
Utilities	4,153	12,962	-	22,839	39,955	4,906
Repair & maintenance	416,171	47,707	-	18,670	482,548	111,934
Contractual services	-	-	618,271	-	618,271	-
Other supplies & expenses	110,940	18,925	25,420	-	155,285	107,070
Insurance expense	14,845	-	-	-	14,845	27,106
Depreciation expense	329,137	132,945	-	-	462,082	-
Total operating expense	<u>1,515,483</u>	<u>447,080</u>	<u>643,691</u>	<u>54,844</u>	<u>2,661,099</u>	<u>324,194</u>
Net operating income (loss)	<u>467,911</u>	<u>312,628</u>	<u>41</u>	<u>105,746</u>	<u>886,326</u>	<u>21,806</u>
Non-operating income (expense):						
Interest income	8,772	58,227	-	-	66,999	-
Interest on long-term debt	(46,484)	(15,490)	-	-	(61,973)	-
Total non-operating income (expense)	<u>(37,712)</u>	<u>42,737</u>	<u>-</u>	<u>-</u>	<u>5,026</u>	<u>-</u>
Income (loss) before transfers and capital contributions	<u>430,199</u>	<u>355,366</u>	<u>41</u>	<u>105,746</u>	<u>891,351</u>	<u>21,806</u>
Capital contributions	371,312	-	-	-	371,312	-
Transfers in	442,001	298,460	-	-	740,460	-
Transfers (out)	-	-	-	(105,000)	(105,000)	-
Change in net assets	<u>1,243,511</u>	<u>653,825</u>	<u>41</u>	<u>746</u>	<u>1,898,123</u>	<u>21,806</u>
Net assets, beginning	5,995,294	7,333,212	816	34,668	13,363,990	(45,407)
Net assets, ending	<u>\$ 7,238,805</u>	<u>7,987,037</u>	<u>857</u>	<u>35,414</u>	<u>15,262,113</u>	<u>(23,601)</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, 2009

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total	Internal Service Fund
Cash flows from operating activities:						
Cash received from customers - service	\$ 1,982,827	781,169	654,208	160,590	3,578,793	346,000
Cash paid to suppliers	(737,379)	(90,357)	(642,635)	(32,013)	(1,502,384)	(251,849)
Cash paid to employees	(539,693)	(228,427)	-	(13,335)	(781,455)	(73,755)
Net cash provided (used) in operating activities	<u>705,755</u>	<u>462,384</u>	<u>11,573</u>	<u>115,243</u>	<u>1,294,955</u>	<u>20,396</u>
Cash flows from noncapital financing activities:						
Change in customer deposits	8,203	-	-	-	8,203	-
Net interfund activity	834,196	252,522	(11,573)	(166,536)	908,608	(18,397)
Net cash provided (used) in noncapital financing activities	<u>842,398</u>	<u>252,522</u>	<u>(11,573)</u>	<u>(166,536)</u>	<u>916,811</u>	<u>(18,397)</u>
Cash flows from capital and related financing activities:						
Cash received from bonds issued	340,000	120,250	-	-	460,250	-
Cash received from capital grants	371,312	-	-	-	371,312	-
Cash payments for capital assets	(1,447,564)	(2,998,637)	-	-	(4,446,200)	-
Cash payments for long-term debt principal	(240,297)	(156,952)	-	-	(397,249)	-
Cash payments for long-term debt interest	(58,679)	(14,047)	-	-	(72,726)	-
Net cash provided (used) in capital and related financing activities	<u>(1,035,228)</u>	<u>(3,049,386)</u>	<u>-</u>	<u>-</u>	<u>(4,084,614)</u>	<u>-</u>
Cash flows from investing activities:						
Cash received from interest earned	8,772	58,227	-	-	66,999	-
Net cash provided (used) in investing activities	<u>8,772</u>	<u>58,227</u>	<u>-</u>	<u>-</u>	<u>66,999</u>	<u>-</u>
Net increase (decrease) in cash	521,697	(2,276,252)	-	(51,293)	(1,805,849)	2,000
Cash balance, beginning	462,176	3,351,945	-	51,293	3,865,415	-
Cash balance, ending	<u>\$ 983,873</u>	<u>1,075,693</u>	<u>-</u>	<u>-</u>	<u>2,059,566</u>	<u>2,000</u>
Cash reported on the balance sheet:						
Cash and cash equivalents	\$ -	-	-	-	-	2,000
Non-current restricted cash	983,873	1,075,693	-	-	2,059,566	-
Total cash and cash equivalents	<u>\$ 983,873</u>	<u>1,075,693</u>	<u>-</u>	<u>-</u>	<u>2,059,566</u>	<u>2,000</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, 2009

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

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total	Internal Service Fund
Net operating income (expense)	\$ 467,911	312,628	41	105,746	886,326	21,806
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:						
Depreciation and amortization	329,137	132,945	-	-	462,082	-
Changes in assets and liabilities:						
(Increase) decrease in receivables	(567)	21,461	10,475	-	31,368	-
Increase (decrease) in payables	<u>(90,726)</u>	<u>(4,649)</u>	<u>1,056</u>	<u>9,497</u>	<u>(84,821)</u>	<u>(1,410)</u>
Net cash provided in operating activity	<u>\$ 705,755</u>	<u>462,384</u>	<u>11,573</u>	<u>115,243</u>	<u>1,294,955</u>	<u>20,396</u>

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Roosevelt City Corporation (the City), a municipal corporation located in Duchesne County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

Redevelopment Agency - The City's Redevelopment Agency uses tax financing to support redevelopment projects within the City. The Agency's governing body is the same as the City's; therefore the financial data for the Agency is included in the reporting entity using the blended method..

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, 2009

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 City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

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, 2009

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 *other special revenue fund* accounts for other special revenue of the government.

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

The *redevelopment agency fund* accounts for revenues and expenditures of the redevelopment agency.

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 *internal service* fund accounts for vehicle and equipment operation and maintenance services provided to other departments of the City on a cost reimbursement basis.

The City reports the following non-major proprietary funds:

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

The *rental fund* is used to account for the operations of the trailer park .

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, 2009

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

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. 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, 2009

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. Significant or material bond issuance costs are reported as deferred charges.

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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

1-E-8. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation of legally restricted for specified purposes. The General Fund reserve for restricted purposes includes fund balance/net assets resulting from Class C road allotments restricted for eligible road maintenance. Designations of fund balance represent tentative management plans that are subject to change.

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 18% 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.

2-B. Deficit fund net assets

As of June 30, 2009, the water fund has positive net assets of \$7,238,805, however, it has a deficit balance of \$1,164,301 in its unrestricted net assets.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2009 consist of the following:

	Fair Value
Cash on hand	\$ 5,462
Demand deposits - checking	743,800
Bond reserve bank trust accounts	2,708,589
Deposits - PTIF	789,272
Total cash	\$ 4,247,123

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

Cash and cash equivalents (current)	\$ 1,941,914
Restricted cash and cash equivalents (non-current)	2,305,209
Total cash and cash equivalents	\$ 4,247,123

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, 2009

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, 2009, \$500,000 of the City's demand and bank trust deposits are covered by FDIC insurance; \$2,952,389 is uninsured and uncollateralized; \$789,272 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	Capital Projects	Water Fund	Sewer Fund	Garbage Fund	Total
Property taxes	\$ 644,090	-	-	-	-	644,090
Intergovernmental	425,339	-	-	-	-	425,339
Customers	70,635	219,129	219,417	50,909	60,968	621,057
Special assessments:						
Current	2,722	-	-	-	-	2,722
Non-current	9,521	-	-	-	-	9,521
Total receivables	<u>\$ 1,152,307</u>	<u>219,129</u>	<u>219,417</u>	<u>50,909</u>	<u>60,968</u>	<u>1,702,729</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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	\$ 855,648	30,000	90,095	795,553
Construction in progress	2,276,726	(1,686,515)	-	590,211
Total capital assets, not being depreciated	<u>3,132,374</u>	<u>(1,656,515)</u>	<u>90,095</u>	<u>1,385,764</u>
Capital assets, being depreciated:				
Buildings	3,711,974	841,778	-	4,553,753
Improvements other than buildings	3,981,487	1,501,328	11,467	5,471,348
Machinery and equipment	2,948,423	320,363	545,876	2,722,910
Infrastructure	7,553,318	588,371	-	8,141,689
Total capital assets, being depreciated	<u>18,195,202</u>	<u>3,251,840</u>	<u>557,343</u>	<u>20,889,699</u>
Less accumulated depreciation for:				
Buildings	1,333,211	101,919	-	1,435,130
Improvements other than buildings	1,755,539	126,806	11,467	1,870,877
Machinery and equipment	1,335,465	195,444	451,978	1,078,931
Infrastructure	4,382,435	216,506	-	4,598,941
Total accumulated depreciation	<u>8,806,649</u>	<u>640,675</u>	<u>463,446</u>	<u>8,983,879</u>
Total capital assets being depreciated, net	<u>9,388,553</u>	<u>2,611,166</u>	<u>93,898</u>	<u>11,905,821</u>
Governmental activities capital assets, net	<u>\$ 12,520,927</u>	<u>954,651</u>	<u>183,993</u>	<u>13,291,585</u>

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

Governmental activities:	
General government	\$ 51,013
Public safety	88,726
Highways and public improvements	292,338
Parks, recreation and public property	208,598
Total	<u>\$ 640,675</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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	4,862,623	1,009,056	-	5,871,679
Total capital assets, not being depreciated	<u>6,272,430</u>	<u>1,009,056</u>	<u>-</u>	<u>7,281,485</u>
Capital assets, being depreciated:				
Water system	10,337,787	3,081,665	-	13,419,452
Sewer system	5,363,703	454,166	84,240	5,733,630
Total capital assets, being depreciated	<u>15,701,490</u>	<u>3,535,831</u>	<u>84,240</u>	<u>19,153,081</u>
Less accumulated depreciation for:				
Water system	5,577,285	329,137	-	5,906,422
Sewer system	2,829,580	136,455	3,510	2,962,525
Total accumulated depreciation	<u>8,406,865</u>	<u>465,592</u>	<u>3,510</u>	<u>8,868,947</u>
Total capital assets being depreciated, net	<u>7,294,625</u>	<u>3,070,239</u>	<u>80,730</u>	<u>10,284,135</u>
Business-type activities capital assets, net	<u>\$ 13,567,055</u>	<u>4,079,295</u>	<u>80,730</u>	<u>17,565,620</u>

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

Business-type activities:	
Water	\$ 329,137
Sewer	<u>136,455</u>
Total	<u>\$ 465,592</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

3-D. Long-term debt

	Original Principal	% Rate	6/30/2008	Additions	Reductions	6/30/2009	Due Within One Year
Governmental activities:							
2004 Main Street Matures 3/31/2014	\$ 200,000	-	\$ 120,000	-	20,000	100,000	20,000
1992 A City Complex Matures 1/13/2015	1,000,000	3.50	428,000	-	56,000	372,000	57,000
1992 Back-Nine Matures 1/20/2015	125,000	3.00	52,000	-	7,000	45,000	7,000
1992 B City Complex Matures 3/13/2015	500,000	-	175,000	-	25,000	150,000	25,000
2008 MBA Lease Revenue Matures 10/1/2028	200,000	-	200,000	-	-	200,000	10,000
2001 B Golf Clubhouse Matures 7/31/2029	500,000	-	420,000	-	20,000	400,000	20,000
Total governmental activity long-term liabilities			<u>\$1,395,000</u>	<u>-</u>	<u>128,000</u>	<u>1,267,000</u>	<u>139,000</u>

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

	Principal	Interest	Total
2010	\$ 139,000	14,370	153,370
2011	140,000	12,165	152,165
2012	143,000	9,925	152,925
2013	146,000	7,580	153,580
2014	149,000	5,135	154,135
2015 - 2019	250,000	2,585	252,585
2020 - 2024	150,000	-	150,000
2025 - 2029	150,000	-	150,000
2030 - 2029	-	-	-
Total	<u>\$1,267,000</u>	<u>51,760</u>	<u>1,318,760</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

3-D. Long-term debt (continued)

	<u>Original Principal</u>	<u>% Rate</u>	<u>6/30/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2009</u>	<u>Due Within One Year</u>
<u>Business-type activities:</u>							
1994 D Water Revenue Matures 12/31/2009	\$ 1,278,020	2.50	\$ 211,807	-	104,297	107,510	107,510
1994 E Water Revenue Matures 12/31/2009	143,000	-	19,000	-	9,000	10,000	10,000
1994 F Water Revenue Matures 12/31/2009	85,000	-	12,000	-	6,000	6,000	6,000
2009 Loader Lease Matures 5/22/2010	120,250	5.00	-	120,250	78,196	42,054	42,054
1999 B Water Revenue Matures 12/31/2019	225,000	1.28	142,000	-	11,000	131,000	11,000
1999 A Water Revenue Matures 12/31/2020	700,000	2.50	548,000	-	36,000	512,000	37,000
2000 Water Revenue Matures 12/31/2020	711,000	2.50	500,000	-	33,000	467,000	34,000
2000 A Water Revenue Matures 12/31/2021	75,000	2.29	57,000	-	3,000	54,000	4,000
2007 Sewer Construction Matures 1/1/2028	1,173,000	-	1,173,000	-	59,000	1,114,000	59,000
2009 Replacement Well Bond Matures 1/1/2030	340,000	-	-	340,000	-	340,000	-
2005 A Water Revenue Matures 3/31/2031	970,000	-	894,000	-	38,000	856,000	38,000
2005 B Sewer revenue Matures 3/31/2031	300,000	-	276,000	-	12,000	264,000	12,000
2006 Sewer revenue Matures 12/31/2031	154,000	-	148,000	-	6,000	142,000	6,000
2002 Sewer Revenue RUS Matures 1/10/2042	150,000	4.75	<u>140,411</u>	<u>-</u>	<u>1,756</u>	<u>138,655</u>	<u>1,842</u>
Total business-type activity long-term liabilities			<u>\$4,121,218</u>	<u>460,250</u>	<u>397,249</u>	<u>4,184,219</u>	<u>368,406</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

3-D. Long-term debt (continued)

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

	Principal	Interest	Total
2010	\$ 368,406	36,689	405,094
2011	221,931	31,838	253,769
2012	226,025	29,687	255,712
2013	228,123	27,468	255,591
2014	229,226	25,195	254,421
2015 - 2019	1,177,861	90,317	1,268,178
2020 - 2024	853,301	33,422	886,723
2025 - 2029	659,661	21,279	680,940
2030 - 2034	167,187	15,753	182,940
2035 - 2039	33,192	8,748	41,940
2040 - 2042	19,307	1,180	20,487
Total	\$4,184,219	321,576	4,505,795

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensate absences:			
Governmental	\$ 197,206	25,203	222,409
Business-type	100,918	11,807	112,725
Total	\$ 298,124	37,010	335,134

3-E. Interfund receivables, payables, and transfers

Due to/from other funds:

	Payable Funds:		
	Water	Garbage	Total
Receivable Funds:			
General	\$ 254,752	-	254,752
Sewer	962,050	-	962,050
Rental	53,563	7,973	61,536
Total	\$ 1,270,365	7,973	1,278,338

Amounts represent the result of transactions occurring between funds that are representative of lending/borrowing arrangements due to overdrafts in the payable funds.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

3-E. Interfund receivables, payables, and transfers (continued)

Interfund transfers:

	Transfers Out:			Total
	General Fund	Capital Projects	Rental Fund	
Transfers In:				
Debt Service	\$ 6,900	-	-	6,900
Capital Projects	818,100	-	105,000	923,100
Water	-	442,001	-	442,001
Sewer	-	298,460	-	298,460
Total	\$ 825,000	740,461	105,000	1,670,461

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.

3-F. Redevelopment Agency Information

The following information relates to the redevelopment agency:

- (a) the tax increment collected by the agency for each project area. The agency received \$3,500 in taxes, collected for the agency by Duchesne County.
- (b) the amount of tax increment paid to any taxing agency. No taxes were paid by the agency to any other agency.
- (c) the outstanding principal amount for bonds issued or other loans incurred to finance costs associated with the project areas. None.
- (d) the actual amount expended for:

(i) acquisition of property	\$0
(ii) site improvement of preparation costs	\$0
(iii) installation of public utilities or other public improvements	\$0
(iv) administrative cost of agency	\$1,776

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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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: 11.62% to the Noncontributory System and 22.61% to the Public Safety Noncontributory 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, 2009, 2008 and 2007 respectively were: for the Noncontributory System, \$132,243, \$126,026, and \$109,170, and for the Public Safety Noncontributory, \$103,407, \$89,031, and \$72,296, 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, 2009, based on 22.61% of eligible wages, amounted to \$11,121.

REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Roosevelt City Corporation
Notes to Required Supplementary Information
June 30, 2009

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the Town'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, 2009 spending for parks and recreation exceeded appropriations by \$1,072. Spending for all other departments was within the appropriated budget.

Roosevelt City Corporation
**SCHEDULE OF REVENUES, EXPENDITUES AND
 CHANGED IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
(Unaudited)
 For the Year Ended June 30, 2009

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget Under (Over)
Revenues				
Taxes	\$ 3,093,578	3,606,723	3,738,087	(131,364)
Licenses and permits	124,000	154,000	211,947	(57,947)
Intergovernmental revenues	275,000	245,000	269,618	(24,618)
Charges for services	683,600	607,750	661,568	(53,818)
Fines and forfeitures	80,000	80,000	98,366	(18,366)
Interest	63,000	63,000	25,127	37,873
Miscellaneous revenue	38,800	189,500	313,758	(124,258)
Total revenues	<u>4,357,978</u>	<u>4,945,973</u>	<u>5,318,470</u>	<u>(372,497)</u>
Expenditures				
General government	832,700	878,350	762,872	115,478
Public safety	1,348,425	1,580,075	1,475,301	104,774
Highways and public improvements	1,018,083	1,101,483	1,025,577	75,906
Parks and recreation	1,201,550	1,265,845	1,266,917	(1,072)
Debt Service:				
Principal	48,500	48,500	40,000	8,500
Total expenditures	<u>4,449,258</u>	<u>4,874,253</u>	<u>4,570,667</u>	<u>303,586</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (91,280)</u>	<u>71,720</u>	<u>747,803</u>	<u>(676,083)</u>
Other Financing Sources and (Uses)				
Special assessment fees	1,000	1,000	2,678	(1,678)
Transfers in	790,280	752,280	-	752,280
Transfers (out)	(700,000)	(825,000)	(825,000)	-
Total Other Financing Sources and (Uses)	<u>91,280</u>	<u>(71,720)</u>	<u>(822,322)</u>	<u>750,602</u>
Net Change in Fund Balances	-	-	(74,519)	74,519
Fund Balances - beginning of year	1,058,380	1,058,380	1,058,380	-
Fund Balances - end of year	<u>\$ 1,058,380</u>	<u>1,058,380</u>	<u>983,861</u>	<u>74,519</u>

SUPPLEMENTAL INFORMATION

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Roosevelt City Corporation
Supplemental Information
 June 30, 2009

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, 2009. 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, 2009. 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, 2009:

<u>Description of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>	<u>Expires</u>
Policy #3F-685-686-01 Position (Treasurer) Fidelity Bond (Exp.3/26/09)	\$ 226,000	-	3/26/2010
Policy #3F-685-727-02 Blanket Fidelity Bond	40,000	-	3/26/2010
TGL-051 Comprehensive General Liability-Public Entity	2,000,000	1,000	6/30/2010
TLG-051 Auto Liability	1,000,000	1,000	6/30/2010
USF&G #9CP111521127200 Property (Building/Contents) 90% co-insurance	3,694,081	1,000	6/30/2010
USF&G #9CP111521127200 Property (Maintenance equipment)	256,605	1,000	6/30/2010
USF&G #9CP111521127200 Property (Irrigation equipment)	191,400	1,000	6/30/2010
Unigard #BA6000335 Auto physical damage			
ACV Comp/Collision	-	500/1,000	6/30/2010
American Eagle #663-GLA-43-33572 Airport operations	1,000,000	-	10/31/2009
American Eagle #663-GLA-43-33572 Sale Aviation Fuel/Oil	30,575	-	10/31/2009
American Eagle #663-GLA-43-33572 Hangerkeepers:	-	-	10/31/2009
One aircraft	50,000	1,000	10/31/2009
One Occurrence	250,000	1,000	10/31/2009

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AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS
and
UTAH ASSOCIATION
OF CERTIFIED PUBLIC ACCOUNTANTS

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

City Council
Roosevelt, Utah

We have audited the financial statements of Roosevelt City as of and for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 grants, 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 two instances of noncompliance that is required to be reported under Government Auditing Standards. These instances are described in the accompanying schedule of findings letter following this report as 2009-1 and 2009-2.

Internal Control over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. Please refer to finding 2009-2.



AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider finding 2009-2 to be a material weakness.

Report Distribution

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

Aycock, Miles & Associates, CPAs

December 18, 2009



AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

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Utah State Compliance Report

City Council
Roosevelt, Utah

We have audited the general purpose financial statements of Roosevelt City, Utah, for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. Our audit included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Purchasing Requirements
Property Tax

Cash Management
Budgetary Compliance
Other Compliance Requirements

As part of our audit, we have audited Roosevelt City's compliance with the requirements governing types of services allowed or disallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the *State of Utah's Legal Compliance Audit Guide* for the year ended June 30, 2009. The City did not receive any major State assistance programs from the State of Utah.

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

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed three instances of noncompliance. Please refer to the compliance findings letter following this report.

In our opinion, the Roosevelt City, Utah, complied, in all material respects, with the general and major compliance requirements identified above for the year ended June 30, 2009.

Aycock, Miles & Associates, CPAs

December 18, 2009



AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

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Compliance Findings and Recommendations

2009-1 Compliance Finding

The City has not implemented an impact fee according to Utah State Code Section 11-36-102 despite an apparent impact fee currently being charged to utility customers that reside outside Roosevelt City's boundaries. For example, a ¾ inch residential water connection is \$1,500 inside City limits and \$3,500 outside City limits. This finding has been unresolved for three years.

Criteria

Utah State Code Section 11-36-102 (6) requires that hook up fees to make connections to water lines must not exceed the approximate average costs of the services provided to make the connection. Roosevelt City charges two very different connections fees for inside or outside the City's boundaries; however, the costs of the services to provide the connections are similar. Therefore, an apparent impact fee is being charged without the necessary impact fee study, public hearing, and impact fee enactment requirements.

Effect

An impact fee study and fee enactment by location or service area is required.

Recommendation

We recommend that the City Council obtain a written impact fee analysis by service area, hold an impact fee public hearing, and enact an impact fee by resolution.

Town Response

Please see the City's correction plan following this report.

2009-2 Compliance Finding and Internal Control Material Weakness

Significant construction contracts were awarded without competitive sealed bidding according to Utah State Code Section 63G-6-401 and 408. Capital outlay for the unrelated construction projects were classified as expenditures to incorrect accounts and incorrect funds.

Criteria

A contractor was awarded a construction bid. Unrelated constructions projects were later given to the contractor through the change order process without the process of competitive sealed bidding.

Effect

Capital outlay may have exceeded necessary amounts by omitting competitive sealed bidding. Expenditures for the funds were significantly misstated.

Recommendation

We recommend that the City align itself with its purchasing policy and enact certain procedures to improve compliance.

Town Response

Please see the City's correction plan following this report.



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Compliance Findings and Recommendations (continued)

2009-3 Compliance Finding

The general fund's parks and recreation department actual expenditures exceeded budgeted expenditures.

Criteria

Utah Code requires general fund departments to expend within budgeted amounts.

Effect

The City's expenditure exceeded the amount anticipated and communicated to the community.

Recommendation

We recommend that the City follow its budget.

Town Response

Please see the City's correction plan following this report.



Roosevelt City Corporation
255 South State Street (36-8)
Roosevelt, Utah 84066

DATE: 1/5/10

RE: Roosevelt City Corrective Action Plan, 2008-2009 Fiscal Year Audit

Aycock Miles and Associates
58 East 100 North (83-13)
Roosevelt, UT 84066

Mr. Mike Miles,

I am writing this letter in response to your request for an action plan to address noncompliance issues from the 2008-2009 fiscal year audit for Roosevelt City (The City).

2009-1, Finding, The City has not implemented an impact fee. The City agrees with the finding. Corrective action, Horrocks Engineers under contract with The City completed impact fee study fall 2007. The study was presented to the City Council soon after completion. The Council has not yet determined which fees to implement. **The expected completion date is TBD.** The contact for this finding is the City Manager, Brad Hancock. He can be reached at 435.722.5001.

2009-2, Finding, The City used change orders to retain a contractor for unrelated projects. The projects were then expensed to incorrect accounts. The City has already addressed this issue. A staff meeting was held to discuss the required process for bidding projects. All future projects will be bid as outlined in the City policy. Additionally, the City has performed journal entries to reclassify all projects to the correct accounts. Updated financials were sent to the auditors. **All actions are complete for this finding.** The contact for this finding is the City Finance Director, Justin Johnson. He can be reached at 435.725.7207.

2009-3, Finding, The City Parks and Recreation department actual expenditures exceeded budgeted expenditures by \$1,027. The City agrees with the finding. Corrective action, The City has already addressed this issue. In the future the City will adhere to its General Fund budget and make any necessary changes during the budget re-opener. **All actions are complete for this finding.** The contact for this finding is the City Finance Director, Justin Johnson. He can be reached at 435.725.7207.

Thanks,

Justin Johnson
Roosevelt City Finance Director
Office: 435.725.7207
jjohnson@rooseveltcity.com

