

Roosevelt City Corporation
Duchesne County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2010

Roosevelt City Corporation
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June 30, 2010

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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, 2010, 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, 2010, 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 7, 2010 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 7, 2010

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2010

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, 2010.

FINANCIAL HIGHLIGHTS

- *Total net assets for the City as a whole increased by \$620,835.
- *Total unrestricted net assets for the City as a whole decreased by \$1,212,196.
- *Total net assets for governmental activities decreased by \$88,645.
- *Total net assets for business-type activities increased by \$709,481.

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, 2010

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, 2010

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	\$ 3,126,316	3,836,582	842,696	2,203,979	3,969,012	6,040,561
Net capital assets	13,746,179	13,291,585	19,918,135	17,565,620	33,664,314	30,857,205
Total assets	<u>16,872,495</u>	<u>17,128,168</u>	<u>20,760,831</u>	<u>19,769,599</u>	<u>37,633,327</u>	<u>36,897,766</u>
Long-term liabilities	1,168,026	1,267,000	4,133,813	4,184,219	5,301,839	5,451,219
Other liabilities	1,425,540	1,493,592	655,424	323,267	2,080,964	1,816,859
Total liabilities	<u>2,593,565</u>	<u>2,760,592</u>	<u>4,789,238</u>	<u>4,507,486</u>	<u>7,382,803</u>	<u>7,268,078</u>
Net assets:						
Capital assets, net of debt	12,578,154	12,024,585	15,784,322	13,381,401	28,362,475	25,405,986
Restricted	1,125,337	1,370,658	1,128,036	2,006,173	2,253,373	3,376,831
Unrestricted	575,440	972,332	(940,764)	(125,461)	(365,325)	846,871
Total net assets	<u>\$ 14,278,930</u>	<u>14,367,575</u>	<u>15,971,593</u>	<u>15,262,113</u>	<u>30,250,523</u>	<u>29,629,688</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 \$30,250,523, an increase of \$620,835 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 a deficit in the amount of \$365,325, which represents a decrease of \$1,212,196 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, 2010

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	807,706	1,028,736	3,307,848	3,547,425	4,115,553	4,576,160
Operating grants	274,389	269,618	-	-	274,389	269,618
Capital grants	29,468	562,677	-	371,312	29,468	933,989
General revenues:						
Property taxes	804,828	761,421	-	-	804,828	761,421
Sales tax	1,786,542	2,278,559	-	-	1,786,542	2,278,559
Other taxes	684,745	698,107	-	-	684,745	698,107
Other revenues	135,632	648,899	5,921	66,999	141,553	715,898
Total revenues	<u>4,523,310</u>	<u>6,248,016</u>	<u>3,313,769</u>	<u>3,985,735</u>	<u>7,837,078</u>	<u>10,233,751</u>
Expenses:						
General government	749,203	806,595	-	-	749,203	806,595
Public safety	1,699,808	1,523,463	-	-	1,699,808	1,523,463
Highways and improvements	826,932	773,999	-	-	826,932	773,999
Parks and recreation	1,322,644	1,283,893	-	-	1,322,644	1,283,893
Interest on long-term debt	13,368	15,508	43,650	61,973	57,017	77,481
Water	-	-	1,430,764	1,515,483	1,430,764	1,515,483
Sewer	-	-	468,437	447,080	468,437	447,080
Garbage	-	-	660,200	643,691	660,200	643,691
Rental	-	-	1,238	54,844	1,238	54,844
Total expenses	<u>4,611,955</u>	<u>4,403,457</u>	<u>2,604,288</u>	<u>2,723,072</u>	<u>7,216,243</u>	<u>7,126,529</u>
Excess (deficiency) before transfers	<u>(88,645)</u>	<u>1,844,559</u>	<u>709,481</u>	<u>1,262,663</u>	<u>620,835</u>	<u>3,107,222</u>
Transfers in (out)	<u>-</u>	<u>(635,460)</u>	<u>-</u>	<u>635,460</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(88,645)</u>	<u>1,209,099</u>	<u>709,481</u>	<u>1,898,123</u>	<u>620,835</u>	<u>3,107,222</u>

For the City as a whole, total revenues decreased by \$2,396,673 compared to the previous year, while total expenses increased by \$89,714. The total net change of \$620,835 is, in private sector terms, the net income for the year which is \$2,486,387 less than the previous year.

Governmental activities revenues of \$4,523,310 is a decrease of \$1,724,706 from the previous year. All items of revenue decreased during the year. Governmental activities expenses of \$4,611,955 is an increase of \$208,498 from the previous year. Spending for all departments increased with the exception of general government.

Business-type activities revenue of \$3,313,769 is a decrease of \$671,967 from the previous year. All sources of revenue, including charges for services and capital grants, decreased during the year. Business-type activities expenses of \$2,604,288 is a decrease of \$118,784 from the previous year. While water and rental expenses decreased during the year, sewer and garbage expenses increased.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2010

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 \$625,748 reflects a decrease of \$358,113 from the previous year. Total revenues decreased by \$920,784. Tax revenues, including property taxes and sales taxes decreased by \$461,972. Intergovernmental revenue increased by \$14,771. Charges for services decreased by \$223,319. All other revenues decreased by \$250,264.

Total expenditures, excluding transfers, decreased by \$203,127. Expenditure changes from the previous year, by department: general government decreased by \$42,429; public safety increased by \$161,777; streets and highways increased by \$2,031; and parks and recreation increased by \$19,058. Capital outlay expenditures decreased by \$362,350 and principal paid on debt increased by \$18,786.

There were no restrictions on fund balance at year end.

Water Fund

The change in net assets (net income) was \$621,134. The amount restricted for debt service and construction is \$225,413 and \$199,606, respectively. Unrestricted net assets amount to a deficit of \$1,546,693.

Sewer Fund

The change in net assets (net income) was \$177,218. The amounts restricted for debt service and construction were \$115,853 and \$587,164, respectively. Unrestricted net assets amount to \$544,137.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$4,337,271. This amount was amended in the final budget to \$4,388,200. Actual revenues, excluding transfers, amounted to \$4,397,687.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$4,598,295. This amount was amended in the final budget to \$4,448,450. Actual expenditures amounted to \$4,367,542.

Net transfers for the year were originally budgeted in the amount of \$577,383. The final net budget for transfers was for a transfer out of \$439,750, which was equal to the actual amount.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2010

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	\$ 800,553	795,553	1,409,807	1,409,807	2,210,360	2,205,360
Buildings	3,005,779	3,118,623	619,112	636,918	3,624,892	3,755,541
Improvements other than buildings	3,930,144	3,600,471	-	-	3,930,144	3,600,471
Equipment	1,756,757	1,643,979	258,344	247,961	2,015,102	1,891,940
Infrastructure	3,647,492	3,542,748	-	-	3,647,492	3,542,748
Water system	-	-	7,686,656	6,780,160	7,686,656	6,780,160
Sewer system	-	-	2,811,061	2,619,095	2,811,061	2,619,095
Work in progress	605,454	590,211	7,133,156	5,871,679	7,738,609	6,461,890
Totals	<u>\$ 13,746,179</u>	<u>13,291,585</u>	<u>19,918,135</u>	<u>17,565,620</u>	<u>33,664,314</u>	<u>30,857,205</u>

The total amount of capital assets, net of depreciation, of \$33,664,314 is an increase of \$2,807,109 from the previous year.

Governmental activities capital assets, net of depreciation, of \$13,746,179 is an increase of \$454,594 from the previous year.

Business-type activities capital assets, net of depreciation, of \$19,918,135 is an increase of \$2,352,515 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, 2010

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Roosevelt City's Outstanding Debt - Revenue Bonds

	<u>Current Year</u>	<u>Previous Year</u>
Governmental activities:		
Computer Lease 2010	\$ 40,026	-
Main Street 2004	80,000	100,000
City Complex 1992A	315,000	372,000
Back-Nine 1992	38,000	45,000
City Complex 1992B	125,000	150,000
MBA Lease 2008	190,000	200,000
Golf Clubhouse 2001B	380,000	400,000
Total governmental	<u>1,168,026</u>	<u>1,267,000</u>
Business-type activities:		
Water 1994D	-	107,510
Water 1994E	-	10,000
Water 1994F	-	6,000
Water 1999B	120,000	131,000
Water 1999A	475,000	512,000
Water 2000	433,000	467,000
Water 2000A	50,000	54,000
Water 2009	340,000	340,000
Water 2005A	818,000	856,000
Sewer 2005B	252,000	264,000
Sewer 2006	136,000	142,000
Sewer 2007	1,055,000	1,114,000
Sewer 2002	136,813	138,655
Sewer 2009B	318,000	-
Loader Lease 2009	-	42,054
Total business-type	<u>4,133,813</u>	<u>4,184,219</u>
Total outstanding debt	<u>\$ 5,301,839</u>	<u>5,451,219</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, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 843,897	1,306	845,203
Accounts receivable, net of allowances	1,180,009	373,477	1,553,485
Due from (to) other funds	829,235	(829,235)	-
Other assets	20,526	47,825	68,351
Total current assets	2,873,666	(406,628)	2,467,039
Non-current assets:			
Restricted cash and cash equivalents	245,936	1,187,136	1,433,072
Receivables due after one year	6,714	-	6,714
Unamortized bond issue costs	-	62,188	62,188
Capital assets:			
Not being depreciated	1,406,007	8,542,962	9,948,969
Net of accumulated depreciation	12,340,173	11,375,173	23,715,346
Total non-current assets	13,998,829	21,167,459	35,166,288
Total assets	\$ 16,872,495	20,760,831	37,633,327
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 501,711	507,788	1,009,498
Customer security deposits	-	59,100	59,100
Deferred revenues	699,081	-	699,081
Accrued interest payable	5,527	8,191	13,717
Revenue bonds due within one year	140,000	221,931	361,931
Capital leases due within one year	15,262	-	15,262
Total current liabilities	1,361,580	797,009	2,158,590
Non-current liabilities:			
Compensated absences	219,222	80,346	299,568
Revenue bonds due after one year	988,000	3,911,882	4,899,882
Capital leases due after one year	24,764	-	24,764
Total non-current liabilities	1,231,985	3,992,229	5,224,214
Total liabilities	2,593,565	4,789,238	7,382,803
NET ASSETS:			
Invested in capital assets, net of related debt	12,578,154	15,784,322	28,362,475
Restricted:			
Debt service	147,236	341,266	488,502
Construction - capital projects	978,101	786,770	1,764,871
Unrestricted	575,440	(940,764)	(365,325)
Total net assets	14,278,930	15,971,593	30,250,523
Total liabilities and net assets	\$ 16,872,495	20,760,831	37,633,327

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, 2010

<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	\$ 749,203	237,463	-	19,468	(492,273)
Public safety	1,699,808	174,015	75,275	10,000	(1,440,519)
Streets and highways	671,427	-	199,114	-	(472,313)
Airport	155,506	99,318	-	-	(56,188)
Culture and recreation:					
Parks, recreation, cemetery	703,408	145,319	-	-	(558,088)
Golf	619,236	151,591	-	-	(467,645)
Interest on long-term debt	13,368	-	-	-	(13,368)
Total governmental activities	<u>4,611,955</u>	<u>807,706</u>	<u>274,389</u>	<u>29,468</u>	<u>(3,500,393)</u>
Business-type activities:					
Water	1,468,396	1,975,234	-	-	506,839
Sewer	474,454	645,655	-	-	171,200
Garbage	660,200	659,754	-	-	(446)
Rental Fund	1,238	27,205	-	-	25,966
Total business-type activities	<u>2,604,288</u>	<u>3,307,848</u>	<u>-</u>	<u>-</u>	<u>703,560</u>
Total primary government	<u>\$ 7,216,243</u>	<u>4,115,553</u>	<u>274,389</u>	<u>29,468</u>	<u>(2,796,834)</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, 2010

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET ASSETS:			
Net (expense) revenue (from previous page)	<u>\$ (3,500,393)</u>	<u>703,560</u>	<u>(2,796,834)</u>
General revenues:			
Property taxes	804,828	-	804,828
Sales tax	1,786,542	-	1,786,542
Other taxes	684,745	-	684,745
Unrestricted investment earnings	4,101	8,429	12,530
Gain (loss) on sales of capital assets	57,923	(2,508)	55,415
Miscellaneous	73,609	-	73,609
Total general revenues	<u>3,411,748</u>	<u>5,921</u>	<u>3,417,669</u>
Change in net assets	(88,645)	709,481	620,835
Net assets - beginning	<u>14,367,575</u>	<u>15,262,113</u>	<u>29,629,688</u>
Net assets - ending	<u>\$ 14,278,930</u>	<u>15,971,593</u>	<u>30,250,523</u>

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

Roosevelt City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2010

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 331,239	329,949	181,279	842,467
Accounts receivable, net of allowances	1,186,722	-	-	1,186,722
Due from other funds	-	829,235	-	829,235
Other assets	19,358	-	-	19,358
Restricted cash and cash equivalents	-	98,700	147,236	245,936
TOTAL ASSETS	<u>\$ 1,537,319</u>	<u>1,257,884</u>	<u>328,515</u>	<u>3,123,718</u>
LIABILITIES				
Accounts payable	\$ 202,927	279,783	-	482,711
Deferred revenues	708,643	-	-	708,643
TOTAL LIABILITIES	<u>911,570</u>	<u>279,783</u>	<u>-</u>	<u>1,191,354</u>
FUND BALANCES:				
Restricted for:				
Debt service	-	-	147,236	147,236
Committed for:				
Redevelopment agency	-	-	1,466	1,466
Assigned for:				
Construction	-	978,101	-	978,101
Special revenue fund	-	-	7,033	7,033
Debt service	-	-	172,780	172,780
Unassigned	625,748	-	-	625,748
TOTAL FUND BALANCES	<u>625,748</u>	<u>978,101</u>	<u>328,515</u>	<u>1,932,364</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,537,319</u>	<u>1,257,884</u>	<u>328,515</u>	<u>3,123,718</u>

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, 2010

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 804,828	-	-	804,828
Sales	1,786,542	-	-	1,786,542
Other taxes	684,745	-	-	684,745
Licenses and permits	97,323	-	-	97,323
Intergovernmental revenues	284,389	19,468	-	303,856
Charges for services	575,630	-	59,144	634,774
Fines and forfeitures	75,609	-	-	75,609
Interest	3,625	-	475	4,101
Miscellaneous revenue	84,996	49,396	-	134,392
Total revenues	<u>4,397,687</u>	<u>68,864</u>	<u>59,619</u>	<u>4,526,170</u>
EXPENDITURES:				
Current:				
General government	687,889	-	-	687,889
Public safety	1,605,902	-	-	1,605,902
Highways and public improvements	486,069	-	-	486,069
Parks, recreation and public property	1,102,879	-	-	1,102,879
Capital outlay	426,017	747,628	-	1,173,645
Debt service:				
Principal	58,786	-	89,000	147,786
Interest	-	-	14,370	14,370
Total expenditures	<u>4,367,542</u>	<u>747,628</u>	<u>103,370</u>	<u>5,218,540</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>30,145</u>	<u>(678,764)</u>	<u>(43,751)</u>	<u>(692,370)</u>
Other Financing Sources and (Uses):				
Proceeds from sale of bonds	48,811	-	-	48,811
Special assessment fees	2,681	-	-	2,681
Transfers in	-	433,150	6,600	439,750
Transfers (out)	(439,750)	-	-	(439,750)
Total other financing sources and (uses)	<u>(388,258)</u>	<u>433,150</u>	<u>6,600</u>	<u>51,492</u>
Net Change in Fund Balances	<u>(358,113)</u>	<u>(245,614)</u>	<u>(37,151)</u>	<u>(640,877)</u>
Fund balances - beginning of year	983,861	1,223,715	365,665	2,573,241
Fund balances - end of year	<u>\$ 625,748</u>	<u>978,101</u>	<u>328,515</u>	<u>1,932,364</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 ASSETS**
 June 30, 2010

Total Fund Balances for Governmental Funds	<u>\$ 1,932,364</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	23,403,565
Less accumulated depreciation	<u>(9,657,386)</u>
Net capital assets	<u>13,746,179</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>(1,168,026)</u>
Interest accrued but not yet paid on long-term debt	<u>(5,527)</u>
Compensated absences	<u>(219,222)</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>9,562</u>
<p>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.</p>	
Internal service fund - net current assets (liabilities)	<u>(16,401)</u>
Total Net Assets of Governmental Activities	<u>\$ 14,278,930</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, 2010

Net Change in Fund Balances - Total Governmental Funds **\$ (640,877)**

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	1,173,645
Depreciation expense	<u>(716,190)</u>
Net	<u>457,455</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	<u>(2,861)</u>
------------------------------------	-----------------------

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	<u>(48,811)</u>
----------------------------	------------------------

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	<u>147,786</u>
--	-----------------------

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	<u>1,002</u>
-----------------------------------	---------------------

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	<u>(6,858)</u>
--	-----------------------

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	<u>(2,681)</u>
---	-----------------------

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.

Net revenue of certain activities of internal service funds	<u>7,200</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ (88,645)</u></u>
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The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2010

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total	Internal Service Fund
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ -	1,306	-	-	1,306	1,430
Accounts receivable, net	274,453	55,408	43,616	-	373,477	-
Due from other funds	-	797,348	10,483	61,380	869,211	-
Other current assets	35,140	12,685	-	-	47,825	1,168
Total current assets	309,593	866,747	54,099	61,380	1,291,819	2,598
Non-current assets:						
Restricted cash and cash equivalents	484,119	703,017	-	-	1,187,136	-
Deferred bond issue costs	13,089	49,098	-	-	62,188	-
Capital assets:						
Not being depreciated	2,832,964	5,709,998	-	-	8,542,962	-
Net of accumulated depreciation	8,384,649	2,990,524	-	-	11,375,173	-
Total non-current assets	11,714,821	9,452,638	-	-	21,167,459	-
Total assets	\$ 12,024,414	10,319,385	54,099	61,380	22,459,277	2,598
LIABILITIES:						
Current liabilities:						
Accounts payable	\$ 107,358	346,742	53,687	-	507,788	19,000
Due to other funds	1,698,446	-	-	-	1,698,446	-
Customer security deposits	59,100	-	-	-	59,100	-
Accrued interest payable	8,191	-	-	-	8,191	-
Revenue bonds, current portion	143,000	78,931	-	-	221,931	-
Total current liabilities	2,016,095	425,674	53,687	-	2,495,455	19,000
Non-current liabilities:						
Compensated absences	55,380	24,967	-	-	80,346	-
Revenue bonds, long-term	2,093,000	1,818,882	-	-	3,911,882	-
Total non-current liabilities	2,148,380	1,843,849	-	-	3,992,229	-
Total liabilities	4,164,474	2,269,522	53,687	-	6,487,684	19,000
NET ASSETS:						
Invested in capital assets, net of related debt	8,981,613	6,802,709	-	-	15,784,322	-
Restricted for:						
Debt service	225,413	115,853	-	-	341,266	-
Construction	199,606	587,164	-	-	786,770	-
Unrestricted	(1,546,693)	544,137	411	61,380	(940,764)	(16,401)
Total net assets	7,859,939	8,049,863	411	61,380	15,971,593	(16,401)
Total liabilities and net assets	\$ 12,024,414	10,319,385	54,099	61,380	22,459,277	2,598

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, 2010

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total	Internal Service Fund
Operating income:						
Charges for sales and service	\$ 1,677,044	517,655	642,552	27,205	2,864,455	253,000
Connection fees	212,787	128,000	-	-	340,787	-
Other operating income	85,404	-	17,203	-	102,606	-
Total operating revenue	<u>1,975,234</u>	<u>645,655</u>	<u>659,754</u>	<u>27,205</u>	<u>3,307,848</u>	<u>253,000</u>
Operating expenses:						
Personal services	509,214	260,445	-	-	769,659	37,309
Utilities	2,421	16,970	-	938	20,330	4,116
Repair & maintenance	363,587	44,056	-	300	407,944	95,150
Contractual services	-	-	634,373	-	634,373	976
Other supplies & expenses	88,649	11,307	25,826	-	125,782	108,308
Insurance expense	14,936	-	-	-	14,936	(59)
Depreciation expense	347,247	135,658	-	-	482,905	-
Total operating expense	<u>1,430,764</u>	<u>468,437</u>	<u>660,200</u>	<u>1,238</u>	<u>2,560,639</u>	<u>245,800</u>
Net operating income (loss)	<u>544,470</u>	<u>177,218</u>	<u>(446)</u>	<u>25,966</u>	<u>747,209</u>	<u>7,200</u>
Non-operating income (expense):						
Interest income	2,404	6,025	-	-	8,429	-
Interest on long-term debt	(37,632)	(6,018)	-	-	(43,650)	-
Total non-operating income (expense)	<u>(37,736)</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>(37,729)</u>	<u>-</u>
Income (loss) before transfers and capital contributions	<u>506,734</u>	<u>177,225</u>	<u>(446)</u>	<u>25,966</u>	<u>709,481</u>	<u>7,200</u>
Transfers in	114,400	-	-	-	114,400	-
Transfers (out)	-	(114,400)	-	-	(114,400)	-
Change in net assets	621,134	62,825	(446)	25,966	709,481	7,200
Net assets, beginning	7,238,805	7,987,037	857	35,414	15,262,113	(23,601)
Net assets, ending	<u>\$ 7,859,939</u>	<u>8,049,863</u>	<u>411</u>	<u>61,380</u>	<u>15,971,593</u>	<u>(16,401)</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, 2010

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total	Internal Service Fund
Cash flows from operating activities:						
Cash received from customers - service	\$ 1,914,863	633,115	677,106	27,205	3,252,288	253,000
Cash paid to suppliers	(523,168)	266,782	(658,650)	(27,361)	(942,397)	(206,215)
Cash paid to employees	(539,136)	(262,902)	-	-	(802,038)	(47,354)
Net cash provided (used) in operating activities	<u>852,559</u>	<u>636,995</u>	<u>18,456</u>	<u>(156)</u>	<u>1,507,853</u>	<u>(569)</u>
Cash flows from noncapital financing activities:						
Change in customer deposits	5,707	-	-	-	5,707	-
Net interfund activity	542,481	50,301	(18,456)	156	574,483	-
Net cash provided (used) in noncapital financing activities	<u>548,188</u>	<u>50,301</u>	<u>(18,456)</u>	<u>156</u>	<u>580,190</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Cash received from bonds issued	-	318,000	-	-	318,000	-
Cash payments for capital assets	(1,611,232)	(1,226,696)	-	-	(2,837,928)	-
Cash payments for long-term debt principal	(247,510)	(120,896)	-	-	(368,406)	-
Cash payments for long-term debt interest	(44,163)	(35,100)	-	-	(79,263)	-
Net cash provided (used) in capital and related financing activities	<u>(1,902,905)</u>	<u>(1,064,692)</u>	<u>-</u>	<u>-</u>	<u>(2,967,597)</u>	<u>-</u>
Cash flows from investing activities:						
Cash received from interest earned	2,404	6,025	-	-	8,429	-
Net cash provided (used) in investing activities	<u>2,404</u>	<u>6,025</u>	<u>-</u>	<u>-</u>	<u>8,429</u>	<u>-</u>
Net increase (decrease) in cash	<u>(499,754)</u>	<u>(371,370)</u>	<u>-</u>	<u>-</u>	<u>(871,124)</u>	<u>(569)</u>
Cash balance, beginning	983,873	1,075,693	-	-	2,059,566	2,000
Cash balance, ending	<u>\$ 484,119</u>	<u>704,323</u>	<u>-</u>	<u>-</u>	<u>1,188,442</u>	<u>1,430</u>
Cash reported on the balance sheet:						
Cash and cash equivalents	\$ -	1,306	-	-	1,306	1,430
Non-current restricted cash	484,119	703,017	-	-	1,187,136	-
Total cash and cash equivalents	<u>\$ 484,119</u>	<u>704,323</u>	<u>-</u>	<u>-</u>	<u>1,188,442</u>	<u>1,430</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, 2010

**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)	\$ 544,470	177,218	(446)	25,966	747,209	7,200
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:						
Depreciation and amortization	347,247	135,658	-	-	482,905	-
Changes in assets and liabilities:						
(Increase) decrease in receivables	(55,036)	(4,499)	17,352	-	(42,183)	-
Increase (decrease) in payables	21,213	336,658	1,549	(26,122)	333,299	(7,769)
Net cash provided in operating activity	<u>\$ 852,559</u>	<u>636,995</u>	<u>18,456</u>	<u>(156)</u>	<u>1,507,853</u>	<u>(569)</u>

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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, 2010

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, 2010

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, 2010

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, 2010

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, 2010

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

1-E-8. Fund Equity

Government-wide Financial Statements

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

Invested in capital assets, net of related debt - 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 assets - Net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested" in capital assets, net of relation det."

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

Restricted fund balance - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

Assigned fund balance - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.

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, 2010

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, 2010, the water fund has positive net assets of \$7,859,939, however, it has a deficit balance of \$1,546,693 in its unrestricted net assets.

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Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2010 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 4,139
Demand deposits - checking	183,266
Bond reserve bank trust accounts	1,191,205
Deposits - PTIF	899,664
Total cash	\$ 2,278,275

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

Cash and cash equivalents (current)	\$ 845,203
Restricted cash and cash equivalents (non-current)	1,433,072
Total cash and cash equivalents	\$ 2,278,275

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, 2010

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, 2010, \$500,000 of the City's demand and bank trust deposits are covered by FDIC insurance; \$1,024,582 is uninsured and uncollateralized; \$899,664 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	\$ 702,994	-	-	-	702,994
Intergovernmental	456,403	-	-	-	456,403
Customers	17,764	274,453	55,408	43,616	391,241
Special assessments:					
Current	2,848	-	-	-	2,848
Non-current	6,714	-	-	-	6,714
Total receivables	<u>\$ 1,186,722</u>	<u>274,453</u>	<u>55,408</u>	<u>43,616</u>	<u>1,560,199</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 795,553	5,000	-	800,553
Construction in progress	590,211	15,242	-	605,454
Total capital assets, not being depreciated	1,385,764	20,242	-	1,406,007
Capital assets, being depreciated:				
Buildings	4,553,753	-	-	4,553,753
Improvements other than buildings	5,471,348	497,153	-	5,968,501
Machinery and equipment	2,722,910	318,488	45,544	2,995,853
Infrastructure	8,141,689	337,762	-	8,479,451
Total capital assets, being depreciated	20,889,699	1,153,403	45,544	21,997,558
Less accumulated depreciation for:				
Buildings	1,435,130	112,844	-	1,547,973
Improvements other than buildings	1,870,877	167,480	-	2,038,357
Machinery and equipment	1,078,931	202,848	42,683	1,239,096
Infrastructure	4,598,941	233,018	-	4,831,959
Total accumulated depreciation	8,983,879	716,190	42,683	9,657,386
Total capital assets being depreciated, net	11,905,821	437,212	2,861	12,340,173
Governmental activities capital assets, net	\$ 13,291,585	457,455	2,861	13,746,179

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

Governmental activities:	
General government	\$ 54,888
Public safety	96,868
Highways and public improvements	341,572
Parks, recreation and public property	222,861
Total	\$ 716,190

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

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	5,871,679	1,261,477	-	7,133,156
Total capital assets, not being depreciated	<u>7,281,485</u>	<u>1,261,477</u>	<u>-</u>	<u>8,542,962</u>
Capital assets, being depreciated:				
Water system	13,419,452	1,221,374	19,109	14,621,717
Sewer system	5,733,630	355,078	-	6,088,707
Total capital assets, being depreciated	<u>19,153,081</u>	<u>1,576,452</u>	<u>19,109</u>	<u>20,710,424</u>
Less accumulated depreciation for:				
Water system	5,906,422	347,247	16,601	6,237,068
Sewer system	2,962,525	135,658	-	3,098,183
Total accumulated depreciation	<u>8,868,947</u>	<u>482,905</u>	<u>16,601</u>	<u>9,335,251</u>
Total capital assets being depreciated, net	<u>10,284,135</u>	<u>1,093,547</u>	<u>2,508</u>	<u>11,375,173</u>
Business-type activities capital assets, net	<u>\$ 17,565,620</u>	<u>2,355,024</u>	<u>2,508</u>	<u>19,918,135</u>

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

Business-type activities:	
Water	\$ 347,247
Sewer	135,658
Total	<u>\$ 482,905</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

3-D. Long-term debt

	Original Principal	%	6/30/2009	Additions	Reductions	6/30/2010	Due Within One Year
Governmental activities:							
2010 Dell Computer Lease Matures 8/31/2010	\$ 48,811	6.28	-	48,811	8,786	40,026	15,262
2004 Main Street Matures 3/31/2014	200,000	-	100,000	-	20,000	80,000	20,000
1992 A City Complex Matures 1/13/2015	1,000,000	3.50	372,000	-	57,000	315,000	58,000
1992 Back-Nine Matures 1/20/2015	125,000	3.00	45,000	-	7,000	38,000	7,000
1992 B City Complex Matures 3/13/2015	500,000	-	150,000	-	25,000	125,000	25,000
2008 MBA Lease Revenue Matures 10/1/2028	200,000	-	200,000	-	10,000	190,000	10,000
2001 B Golf Clubhouse Matures 7/31/2029	500,000	-	400,000	-	20,000	380,000	20,000
Total governmental activity long-term liabilities			<u>\$1,267,000</u>	<u>48,811</u>	<u>147,786</u>	<u>1,168,026</u>	<u>155,262</u>

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

	Principal	Interest	Total
2011	\$ 155,262	14,474	169,736
2012	159,249	11,247	170,496
2013	154,514	7,851	162,366
2014	149,000	5,135	154,135
2015	130,000	2,585	132,585
2016 - 2020	150,000	-	150,000
2021 - 2025	150,000	-	150,000
2026 - 2029	120,000	-	120,000
Total	<u>\$1,168,026</u>	<u>41,292</u>	<u>1,209,318</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

3-D. Long-term debt (continued)

	Original Principal	%	6/30/2009	Additions	Reductions	6/30/2010	Due Within One Year
Business-type activities:							
1994 D Water Revenue Matures 12/31/2009	\$ 1,278,020	2.50	\$ 107,510	-	107,510	-	-
1994 E Water Revenue Matures 12/31/2009	143,000	-	10,000	-	10,000	-	-
1994 F Water Revenue Matures 12/31/2009	85,000	-	6,000	-	6,000	-	-
2009 Loader Lease Matures 5/22/2010	120,250	5.00	42,054	-	42,054	-	-
1999 B Water Revenue Matures 12/31/2019	225,000	1.28	131,000	-	11,000	120,000	11,000
1999 A Water Revenue Matures 12/31/2020	700,000	2.50	512,000	-	37,000	475,000	38,000
2000 Water Revenue Matures 12/31/2020	711,000	2.50	467,000	-	34,000	433,000	35,000
2000 A Water Revenue Matures 12/31/2021	75,000	2.29	54,000	-	4,000	50,000	4,000
2007 Sewer Construction Matures 1/1/2028	1,173,000	-	1,114,000	-	59,000	1,055,000	59,000
2009 Replacement Well Bond Matures 1/1/2030	340,000	-	340,000	-	-	340,000	17,000
2009B Sewer Improvements Matures 1/1/2031	2,882,000	-	-	318,000	-	318,000	-
2005 A Water Revenue Matures 3/31/2031	970,000	-	856,000	-	38,000	818,000	38,000
2005 B Sewer revenue Matures 3/31/2031	300,000	-	264,000	-	12,000	252,000	12,000
2006 Sewer revenue Matures 12/31/2031	154,000	-	142,000	-	6,000	136,000	6,000
2002 Sewer Revenue RUS Matures 1/10/2042	150,000	4.75	138,655	-	1,842	136,813	1,931
Total business-type activity long-term liabilities			<u>\$4,184,219</u>	<u>318,000</u>	<u>368,406</u>	<u>4,133,813</u>	<u>221,931</u>
2009B Sewer Improvements Unadvanced						2,564,000	
Net business-type activity long-term debt issued						<u>2,564,000</u>	
						<u>6,697,813</u>	

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

3-D. Long-term debt (continued)

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

	Principal	Interest	Total
2011	\$ 221,931	31,838	253,769
2012	370,025	29,687	399,712
2013	372,123	27,468	399,591
2014	373,226	25,195	398,421
2015	375,334	22,892	398,226
2016 - 2020	1,911,485	77,967	1,989,452
2021 - 2025	1,445,092	27,518	1,472,611
2026 - 2030	1,342,664	20,276	1,362,940
2031 - 2035	239,459	14,481	253,940
2036 - 2040	34,803	7,137	41,940
2041 - 2042	11,671	428	12,099
Total	<u>\$6,697,813</u>	<u>284,887</u>	<u>6,982,701</u>

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensate absences:			
Governmental	\$ 222,409	(3,188)	219,222
Business-type	112,725	(32,379)	80,346
Total	<u>\$ 335,134</u>	<u>(35,567)</u>	<u>299,568</u>

3-E. Interfund receivables, payables, and transfers

Due to/from other funds:

	Payable Funds:
	Water
Receivable Funds:	
Capital projects	\$ 829,235
Sewer	797,348
Sanitation	10,483
Rental	61,380
Total	<u>\$ 1,698,446</u>

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, 2010

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

Interfund transfers:

	Transfers Out:		
	General Fund	Sewer Fund	Total
Transfers In:			
Debt Service	\$ 6,600	-	6,600
Capital Projects	433,150	-	433,150
Water	-	114,400	114,400
Total	\$ 439,750	114,400	554,150

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, 2010

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: 11.66% to the Noncontributory System and 23.34% 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, 2010, 2009 and 2008 respectively were: for the Noncontributory System, \$132,840, \$132,243, and \$126,026, and for the Public Safety Noncontributory, \$105,189, \$103,407, and \$89,031, 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, 2010, based on 21.64% of eligible wages, amounted to \$12,086.

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REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Roosevelt City Corporation
Notes to Required Supplementary Information
June 30, 2010

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, 2010 spending for 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, 2010

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 3,346,771	3,228,200	3,276,115	47,915
Licenses and permits	128,250	93,450	97,323	3,873
Intergovernmental revenues	84,000	285,400	284,389	(1,012)
Charges for services	585,250	621,975	575,630	(46,345)
Fines and forfeitures	65,000	73,500	75,609	2,109
Interest	63,000	3,300	3,625	325
Miscellaneous revenue	65,000	82,375	84,996	2,621
Total revenues	<u>4,337,271</u>	<u>4,388,200</u>	<u>4,397,687</u>	<u>9,487</u>
Expenditures				
General government	925,570	756,100	725,879	30,221
Public safety	1,532,975	1,665,000	1,650,969	14,031
Highways and public improvements	973,300	837,200	823,831	13,369
Parks and recreation	1,116,450	1,140,150	1,108,077	32,073
Debt Service:				
Principal	50,000	50,000	58,786	(8,786)
Total expenditures	<u>4,598,295</u>	<u>4,448,450</u>	<u>4,367,542</u>	<u>80,908</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (261,024)</u>	<u>(60,250)</u>	<u>30,145</u>	<u>(71,421)</u>
Other Financing Sources and (Uses)				
Proceeds from sale of bonds	-	-	48,811	48,811
Special assessment fees	1,000	-	2,681	2,681
Transfers in	101,000	-	-	-
Transfers (out)	(577,383)	(439,750)	(439,750)	-
Total Other Financing Sources and (Uses)	<u>(475,383)</u>	<u>(439,750)</u>	<u>(388,258)</u>	<u>51,492</u>
Net Change in Fund Balances	<u>(736,407)</u>	<u>(500,000)</u>	<u>(358,113)</u>	<u>141,887</u>
Fund Balances - beginning of year	983,861	983,861	983,861	-
Fund Balances - end of year	<u>\$ 247,454</u>	<u>483,861</u>	<u>625,748</u>	<u>141,887</u>

SUPPLEMENTAL INFORMATION

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Roosevelt City Corporation
Supplemental Information
June 30, 2010

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, 2010. 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, 2010. 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, 2010:

<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.3/26/10)	\$ 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: One aircraft	50,000	1,000	10/31/2009
One Occurrence	250,000	1,000	10/31/2009

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COMPLIANCE REPORTS



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

CERTIFIED PUBLIC ACCOUNTANTS

Members of
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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**

City Council
Roosevelt, Utah

We have audited the financial statements of Roosevelt City as of and for the year ended June 30, 2010, and have issued our report thereon dated December 7, 2010. 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 one instance of noncompliance that is required to be reported under Government Auditing Standards. These instances are described in a compliance findings letter following this report as 2010-1.

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 2010-2.



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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 7, 2010



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, 2010, and have issued our report thereon dated December 7, 2010. 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, 2010. 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 two 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, 2010.

Aycock, Miles & Associates, CPAs

December 7, 2010

Compliance Findings and Recommendations

2010-1 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 four 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.

City Response

The City agrees with auditor recommendations. The City has requested an engineering firm to begin an impact fee study.

2010-2 Internal Control

Purchase order dates were after invoice dates (purchases were made and then purchase orders were completed afterward).

Criteria

The approval process is being completed after the purchase is completed.

Effect

Expenditures may be unnecessary without approval through the City's purchasing policy.

Recommendation

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

City Response

We believe that it is very important to safeguard the City's assets. The City will investigate ways to improve, modify its purchasing policy, if necessary, and educate City employees of the City's purchasing policy.

2010-3 Internal Control

Key accounting procedures do not separate general ledger recording and management approval.

Criteria

Bank reconciliations and expenditures under \$500 are not approved by an individual independent of the general ledger recording process.

Effect

Errors and misstatements may exist.

Recommendation

We recommend that the City assign an individual to perform review and approval procedures that does not have access to the general ledger recording process.

City Response

We believe that it is very important to safeguard the City's assets. The City will implement improved approval procedures.

