

Roosevelt City Corporation  
Duchesne County, Utah

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2011



Roosevelt City Corporation  
**TABLE OF CONTENTS**  
June 30, 2011

	<u>Beginning on page</u>
INDEPENDENT ACCOUNTANT'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Assets - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	44
SUPPLEMENTAL INFORMATION	45
Impact Fees and Insurance Coverage	47

(Continued on next page)

Roosevelt City Corporation  
**TABLE OF CONTENTS**  
June 30, 2011

	<u>Beginning on page</u>
(Continued from previous page)	
COMPLIANCE REPORTS	49
Report on Compliance and on Internal Control over Financial Reporting	51
Report on Compliance with State Fiscal Laws	53
Findings and Recommendations	54

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

---

## Certified Public Accountants

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

### Independent Auditors' Report

Roosevelt City Corporation

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Roosevelt City as of and for the year ended June 30, 2011, 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, 2011, and the respective changes in financial position and, where applicable, 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 22, 2011 on our consideration of the Roosevelt City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budget comparison (see table of contents) 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roosevelt City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The impact fee and insurance coverage supplementary information have 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 22, 2011

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This page intentionally left blank.

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
June 30, 2011

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, 2011.

**FINANCIAL HIGHLIGHTS**

- \*Total net assets for the City as a whole increased by \$3,411,850.
- \*Total unrestricted net assets for the City as a whole increased by \$2,186,765.
- \*Total net assets for governmental activities increased by \$2,943,488.
- \*Total net assets for business-type activities increased by \$468,362.

**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, 2011

**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, 2011

**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	\$ 3,782,414	3,126,316	3,557,275	842,696	7,339,689	3,969,012
Net capital assets	16,919,102	13,746,179	22,167,619	19,918,135	39,086,721	33,664,314
<b>Total assets</b>	<b><u>20,701,516</u></b>	<b><u>16,872,495</u></b>	<b><u>25,724,894</u></b>	<b><u>20,760,831</u></b>	<b><u>46,426,410</u></b>	<b><u>37,633,327</u></b>
Long-term liabilities	2,012,764	1,168,026	7,229,882	4,133,813	9,242,646	5,301,839
Other liabilities	1,466,335	1,425,540	2,055,056	655,424	3,521,390	2,080,964
<b>Total liabilities</b>	<b><u>3,479,098</u></b>	<b><u>2,593,565</u></b>	<b><u>9,284,938</u></b>	<b><u>4,789,238</u></b>	<b><u>12,764,036</u></b>	<b><u>7,382,803</u></b>
Net assets:						
Capital assets, net of debt	14,906,338	12,578,154	14,937,737	15,784,322	29,844,075	28,362,475
Restricted	340,640	1,125,337	1,656,219	1,128,036	1,996,859	2,253,373
Unrestricted	1,975,440	575,440	(154,000)	(940,764)	1,821,440	(365,325)
<b>Total net assets</b>	<b><u>\$ 17,222,418</u></b>	<b><u>14,278,930</u></b>	<b><u>16,439,956</u></b>	<b><u>15,971,593</u></b>	<b><u>33,662,374</u></b>	<b><u>30,250,523</u></b>

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 \$33,662,374, an increase of \$3,411,850 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 \$1,821,440, which represents an increase of \$2,186,765 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, 2011

**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		
<b>Program revenues:</b>						
Charges for services	933,679	807,706	3,182,668	3,307,848	4,116,347	4,115,553
Operating grants	379,444	274,389	-	-	379,444	274,389
Capital grants	2,534,626	29,468	81,855	-	2,616,481	29,468
<b>General revenues:</b>						
Property taxes	846,457	804,828	-	-	846,457	804,828
Sales tax	1,979,099	1,786,542	-	-	1,979,099	1,786,542
Other taxes	722,154	684,745	-	-	722,154	684,745
Other revenues	159,037	135,632	(61,070)	5,921	97,967	141,553
<b>Total revenues</b>	<b><u>7,554,497</u></b>	<b><u>4,523,310</u></b>	<b><u>3,203,452</u></b>	<b><u>3,313,769</u></b>	<b><u>10,757,949</u></b>	<b><u>7,837,078</u></b>
<b>Expenses:</b>						
General government	778,278	749,203	-	-	778,278	749,203
Public safety	1,578,285	1,699,808	-	-	1,578,285	1,699,808
Highways and improvements	786,257	826,932	-	-	786,257	826,932
Parks and recreation	1,441,822	1,322,644	-	-	1,441,822	1,322,644
Interest on long-term debt	26,366	13,368	58,921	43,650	85,288	57,017
Water	-	-	1,418,218	1,430,764	1,418,218	1,430,764
Sewer	-	-	584,026	468,437	584,026	468,437
Garbage	-	-	673,924	660,200	673,924	660,200
Rental	-	-	-	1,238	-	1,238
<b>Total expenses</b>	<b><u>4,611,009</u></b>	<b><u>4,611,955</u></b>	<b><u>2,735,090</u></b>	<b><u>2,604,288</u></b>	<b><u>7,346,099</u></b>	<b><u>7,216,243</u></b>
<b>Change in net assets</b>	<b><u>2,943,488</u></b>	<b><u>(88,645)</u></b>	<b><u>468,362</u></b>	<b><u>709,481</u></b>	<b><u>3,411,850</u></b>	<b><u>620,835</u></b>

For the City as a whole, total revenues increased by \$2,920,871 compared to the previous year, while total expenses increased by \$129,856. The total net change of \$3,411,850 is, in private sector terms, the net income for the year which is \$2,791,015 more than the previous year.

Governmental activities revenues of \$7,554,497 is an increase of \$3,031,187 from the previous year. All significant items of revenue increased. Total grant revenue, operating and capital, increased by \$2,505,158. Governmental activities expenses of \$4,611,009 is a decrease of \$947 from the previous year.

Business-type activities revenue of \$3,203,452 is a decrease of \$110,316 from the previous year. Service revenues decreased by \$169,565. Business-type activities expenses of \$2,735,090 is an increase of \$130,802 from the previous year.

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
June 30, 2011

**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 \$997,108 reflects an increase of \$371,359 from the previous year. Total revenues increased by \$487,681. Tax revenues, including property taxes and sales taxes increased by \$271,595. Intergovernmental revenue increased by \$95,055. All other revenues increased by \$121,031.

Total expenditures, excluding transfers, decreased by \$448,996. Expenditure changes from the previous year, by department: general government increased by \$14,026; public safety decreased by \$124,571; streets and highways decreased by \$42,964; and parks and recreation increased by \$114,122. Capital outlay expenditures decreased by \$418,394 and debt service payments increased \$8,785..

There were no restrictions on fund balances at year end.

*Water Fund*

The change in net assets or equivalent private sector net income was \$455,396. The amount restricted for debt service and construction is \$248,988 and \$998,287, respectively. Unrestricted net assets amount to a deficit of \$1,524,362. This deficit has decreased by \$22,331 from the previous year balance.

*Sewer Fund*

The change in net assets or equivalent private sector net income was \$13,155. The amounts restricted for debt service and construction were \$240,787 and \$168,157, respectively. Unrestricted net assets amount to \$1,308,759.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$3,991,250. This amount was amended in the final budget to \$4,548,650. Actual revenues, excluding transfers, amounted to \$4,885,368.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$3,933,650. This amount was amended in the final budget to \$4,316,850. Actual expenditures amounted to \$3,918,546.

Net transfers for the year were originally budgeted for net transfers in of \$58,600. The final net budget for transfers was for a transfer out of \$232,800. Actual net transfers out were made in the amount of \$600,000.

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
 June 30, 2011

**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		
<b>Net Capital Assets:</b>						
Land and water rights	\$ 800,553	800,553	1,409,807	1,409,807	2,210,360	2,210,360
Buildings	2,933,943	3,005,779	652,328	619,112	3,586,271	3,624,892
Improvements other than buildings	4,516,890	3,930,144	-	-	4,516,890	3,930,144
Equipment	1,686,281	1,756,757	279,284	258,344	1,965,565	2,015,102
Infrastructure	3,692,101	3,647,492	-	-	3,692,101	3,647,492
Water system	-	-	9,298,580	7,686,656	9,298,580	7,686,656
Sewer system	-	-	7,610,051	2,811,061	7,610,051	2,811,061
Work in progress	3,289,335	605,454	2,917,569	7,133,156	6,206,904	7,738,609
<b>Totals</b>	<b>\$ 16,919,102</b>	<b>13,746,179</b>	<b>22,167,619</b>	<b>19,918,135</b>	<b>39,086,721</b>	<b>33,664,314</b>

The total amount of capital assets, net of depreciation, of \$39,086,721 is an increase of \$5,422,406 from the previous year.

Governmental activities capital assets, net of depreciation, of \$16,919,102 is an increase of \$3,172,923 from the previous year.

Business-type activities capital assets, net of depreciation, of \$22,167,619 is an increase of \$2,249,484 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, 2011

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

**Roosevelt City's Outstanding Debt - Revenue Bonds**

	Current Year	Previous Year
<b>Governmental activities:</b>		
Main Street 2004	\$ 60,000	80,000
City Complex 1992A	257,000	315,000
Back-Nine 1992	31,000	38,000
City Complex 1992B	100,000	125,000
MBA Lease 2008	180,000	190,000
Golf Clubhouse 2001B	360,000	380,000
Computer lease 2010	24,764	40,026
Street Revenue 2010:	1,000,000	-
<b>Total governmental</b>	<b>2,012,764</b>	<b>1,168,026</b>
<b>Business-type activities:</b>		
Water 1999B	109,000	120,000
Water 1999A	437,000	475,000
Water 2000	398,000	433,000
Water 2000A	46,000	50,000
Water 2005A	780,000	818,000
Water 1994D	323,000	340,000
Water 2011	350,000	-
Water 2011B	518,000	-
Sewer 2005B	240,000	252,000
Sewer 2006	130,000	136,000
Sewer 2007	996,000	1,055,000
Sewer 2002	134,882	136,813
Sewer 2009B	2,768,000	318,000
<b>Total business-type</b>	<b>7,229,882</b>	<b>4,133,813</b>
<b>Total outstanding debt</b>	<b>\$ 9,242,646</b>	<b>5,301,839</b>

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.

This page intentionally left blank.

## **BASIC FINANCIAL STATEMENTS**

This page intentionally left blank.

Roosevelt City Corporation  
**STATEMENT OF NET ASSETS**  
June 30, 2011

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,803,179	-	1,803,179
Accounts receivable, net of allowances	1,264,836	360,429	1,625,265
Due from (to) other funds	325,544	(325,544)	-
Other assets	46,127	34,449	80,576
<b>Total current assets</b>	<b>3,439,686</b>	<b>69,334</b>	<b>3,509,020</b>
Non-current assets:			
Restricted cash and cash equivalents	340,640	3,412,279	3,752,919
Receivables due after one year	2,089	-	2,089
Unamortized bond issue costs	-	75,662	75,662
Capital assets:			
Not being depreciated	4,089,888	4,327,376	8,417,264
Net of accumulated depreciation	12,829,214	17,840,243	30,669,457
<b>Total non-current assets</b>	<b>17,261,830</b>	<b>25,655,560</b>	<b>42,917,390</b>
<b>Total assets</b>	<b>\$ 20,701,516</b>	<b>25,724,894</b>	<b>46,426,410</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable	\$ 490,974	197,335	688,310
Customer security deposits	-	56,060	56,060
Deferred revenues	723,105	1,700,000	2,423,105
Accrued interest payable	16,419	11,662	28,080
Revenue bonds due within one year	236,000	370,025	606,025
Capital leases due within one year	16,249	-	16,249
<b>Total current liabilities</b>	<b>1,482,747</b>	<b>2,335,082</b>	<b>3,817,829</b>
Non-current liabilities:			
Compensated absences	235,836	89,999	325,835
Revenue bonds due after one year	1,752,000	6,859,858	8,611,858
Capital leases due after one year	8,514	-	8,514
<b>Total non-current liabilities</b>	<b>1,996,351</b>	<b>6,949,857</b>	<b>8,946,207</b>
<b>Total liabilities</b>	<b>3,479,098</b>	<b>9,284,938</b>	<b>12,764,036</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	14,906,338	14,937,737	29,844,075
Restricted:			
Debt service	148,902	489,775	638,677
Construction	191,738	1,166,444	1,358,182
Unrestricted	1,975,440	(154,000)	1,821,440
<b>Total net assets</b>	<b>17,222,418</b>	<b>16,439,956</b>	<b>33,662,374</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,701,516</b>	<b>25,724,894</b>	<b>46,426,410</b>

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, 2011

<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>
<b>Primary government:</b>					
Governmental activities:					
Administration	\$ 778,278	254,571	92,334	2,509,108	2,077,735
Public safety	1,578,285	200,947	71,663	-	(1,305,675)
Streets and highways	607,182	-	215,447	-	(391,735)
Airport	179,076	108,857	-	25,518	(44,700)
Culture and recreation:					
Parks, recreation, cemetery	710,748	135,512	-	-	(575,236)
Golf	731,075	233,792	-	-	(497,283)
Interest on long-term debt	26,366	-	-	-	(26,366)
<b>Total governmental activities</b>	<b><u>4,611,009</u></b>	<b><u>933,679</u></b>	<b><u>379,444</u></b>	<b><u>2,534,626</u></b>	<b><u>(763,259)</u></b>
Business-type activities:					
Water	1,534,098	1,906,344	-	81,855	454,100
Sewer	593,453	602,589	-	-	9,136
Garbage	673,924	673,736	-	-	(189)
Rental Fund	-	-	-	-	-
<b>Total business-type activities</b>	<b><u>2,801,475</u></b>	<b><u>3,182,668</u></b>	<b><u>-</u></b>	<b><u>81,855</u></b>	<b><u>463,048</u></b>
<b>Total primary government</b>	<b><u>\$ 7,412,484</u></b>	<b><u>4,116,347</u></b>	<b><u>379,444</u></b>	<b><u>2,616,481</u></b>	<b><u>(300,212)</u></b>

(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, 2011

	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET ASSETS:</b>			
<b>Net (expense) revenue (from previous page)</b>	<b><u>\$ (763,259)</u></b>	<b><u>463,048</u></b>	<b><u>(300,212)</u></b>
<b>General revenues:</b>			
Property taxes	846,457	-	846,457
Sales tax	1,979,099	-	1,979,099
Other taxes	722,154	-	722,154
Unrestricted investment earnings	12,222	5,315	17,536
Gain on sales of capital assets	26,719	-	26,719
Miscellaneous	<u>120,317</u>	<u>-</u>	<u>120,317</u>
<b>Total general revenues and transfers</b>	<b><u>3,706,747</u></b>	<b><u>5,315</u></b>	<b><u>3,712,062</u></b>
<b>Change in net assets</b>	<b>2,943,488</b>	<b>468,362</b>	<b>3,411,850</b>
Net assets - beginning	<u>14,278,930</u>	<u>15,971,593</u>	<u>30,250,523</u>
<b>Net assets - ending</b>	<b><u><u>\$ 17,222,418</u></u></b>	<b><u><u>16,439,956</u></u></b>	<b><u><u>33,662,374</u></u></b>

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

Roosevelt City Corporation  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
 June 30, 2011

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 740,787	831,743	230,649	1,803,179
Accounts receivable, net of allowances	1,266,925	-	-	1,266,925
Due from other funds	-	325,544	-	325,544
Other assets	46,127	-	-	46,127
Restricted cash and cash equivalents	-	191,738	148,902	340,640
<b>TOTAL ASSETS</b>	<b><u>\$ 2,053,839</u></b>	<b><u>1,349,025</u></b>	<b><u>379,551</u></b>	<b><u>3,782,414</u></b>
 <b>LIABILITIES</b>				
Accounts payable	\$ 328,822	162,152	-	490,974
Deferred revenues	727,909	-	-	727,909
<b>TOTAL LIABILITIES</b>	<b><u>1,056,731</u></b>	<b><u>162,152</u></b>	<b><u>-</u></b>	<b><u>1,218,884</u></b>
 <b>FUND BALANCES:</b>				
Restricted for:				
Construction	-	191,738	-	191,738
Debt service	-	-	148,902	148,902
Committed for:				
Redevelopment agency	-	-	1,466	1,466
Assigned for:				
Construction	-	995,134	-	995,134
Special revenue fund	-	-	7,033	7,033
Debt service	-	-	222,150	222,150
Unassigned	997,108	-	-	997,108
<b>TOTAL FUND BALANCES</b>	<b><u>997,108</u></b>	<b><u>1,186,872</u></b>	<b><u>379,551</u></b>	<b><u>2,563,531</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 2,053,839</u></b>	<b><u>1,349,025</u></b>	<b><u>379,551</u></b>	<b><u>3,782,414</u></b>

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, 2011

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
Property	\$ 846,457	-	-	846,457
Sales	1,979,099	-	-	1,979,099
Other taxes	722,154	-	-	722,154
Licenses and permits	129,703	-	-	129,703
Intergovernmental revenues	379,444	2,534,626	-	2,914,070
Charges for services	684,620	-	54,023	738,643
Fines and forfeitures	65,332	-	-	65,332
Interest	5,262	6,782	178	12,222
Miscellaneous revenue	73,296	73,740	-	147,036
<b>Total revenues</b>	<b><u>4,885,368</u></b>	<b><u>2,615,148</u></b>	<b><u>54,201</u></b>	<b><u>7,554,717</u></b>
<b>EXPENDITURES:</b>				
Current:				
General government	701,915	-	-	701,915
Public safety	1,481,331	-	-	1,481,331
Highways and public improvements	443,105	-	-	443,105
Parks, recreation and public property	1,217,000	-	-	1,217,000
Capital outlay	7,623	3,906,376	-	3,913,999
Debt service:				
Principal	65,262	-	90,000	155,262
Interest	2,309	-	13,165	15,474
<b>Total expenditures</b>	<b><u>3,918,546</u></b>	<b><u>3,906,376</u></b>	<b><u>103,165</u></b>	<b><u>7,928,088</u></b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b><u>966,822</u></b>	<b><u>(1,291,229)</u></b>	<b><u>(48,964)</u></b>	<b><u>(373,371)</u></b>
<b>Other Financing Sources and (Uses):</b>				
Proceeds from sale of bonds	-	1,000,000	-	1,000,000
Special assessment fees	4,538	-	-	4,538
Transfers in	-	500,000	100,000	600,000
Transfers (out)	(600,000)	-	-	(600,000)
<b>Total other financing sources and (uses)</b>	<b><u>(595,462)</u></b>	<b><u>1,500,000</u></b>	<b><u>100,000</u></b>	<b><u>1,004,538</u></b>
<b>Net Change in Fund Balances</b>	<b>371,359</b>	<b>208,772</b>	<b>51,036</b>	<b>631,167</b>
Fund balances - beginning of year	625,748	978,101	328,515	1,932,364
<b>Fund balances - end of year</b>	<b><u>\$ 997,108</u></b>	<b><u>1,186,872</u></b>	<b><u>379,551</u></b>	<b><u>2,563,531</u></b>

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, 2011

<b>Total Fund Balances for Governmental Funds</b>	<b><u>\$ 2,563,531</u></b>
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	27,317,564
Less accumulated depreciation	<u>(10,398,463)</u>
<b>Net capital assets</b>	<b><u>16,919,102</u></b>
Long-term liabilities, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.	
<b>General long-term debt</b>	<b><u>(2,012,764)</u></b>
<b>Interest accrued but not yet paid on long-term debt</b>	<b><u>(16,419)</u></b>
<b>Compensated absences</b>	<b><u>(235,836)</u></b>
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.	
<b>Special assessments deferred</b>	<b><u>4,804</u></b>
<b>Total Net Assets of Governmental Activities</b>	<b><u><u>\$ 17,222,418</u></u></b>

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, 2011

**Net Change in Fund Balances - Total Governmental Funds** **\$ 631,167**

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	3,913,999
Depreciation expense	(741,077)
<b>Net</b>	<b><u>3,172,923</u></b>

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.

<b>Debt issued - bonds</b>	<b><u>(1,000,000)</u></b>
----------------------------	---------------------------

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

<b>Long-term debt principal repayments</b>	<b><u>155,262</u></b>
--	-----------------------

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

<b>Change in accrued interest</b>	<b><u>(10,892)</u></b>
-----------------------------------	------------------------

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.

<b>Change in compensated absence liability</b>	<b><u>(16,615)</u></b>
--	------------------------

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

<b>Change in special assessments receivable</b>	<b><u>(4,757)</u></b>
---	-----------------------

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.

<b>Net revenue of certain activities of internal service funds</b>	<b><u>16,401</u></b>
--	----------------------

**Change in Net Assets of Governmental Activities** **\$ 2,943,488**

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

Roosevelt City Corporation  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND**  
June 30, 2011

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total	Internal Service Fund
<b>ASSETS:</b>						
Current assets:						
Cash and cash equivalents	\$ -	-	-	-	-	-
Accounts receivable, net	255,276	58,305	46,848	-	360,429	-
Due from other funds	-	1,242,865	7,425	61,380	1,311,670	-
Other current assets	29,804	4,645	-	-	34,449	-
<b>Total current assets</b>	<u>285,080</u>	<u>1,305,815</u>	<u>54,273</u>	<u>61,380</u>	<u>1,706,548</u>	<u>-</u>
Non-current assets:						
Restricted cash and cash equivalents	3,003,335	408,944	-	-	3,412,279	-
Deferred bond issue costs	29,533	46,129	-	-	75,662	-
Capital assets:						
Not being depreciated	1,536,737	2,790,639	-	-	4,327,376	-
Net of accumulated depreciation	<u>10,016,686</u>	<u>7,823,557</u>	<u>-</u>	<u>-</u>	<u>17,840,243</u>	<u>-</u>
<b>Total non-current assets</b>	<u>14,586,290</u>	<u>11,069,269</u>	<u>-</u>	<u>-</u>	<u>25,655,560</u>	<u>-</u>
<b>Total assets</b>	<u><b>\$ 14,871,370</b></u>	<u><b>12,375,084</b></u>	<u><b>54,273</b></u>	<u><b>61,380</b></u>	<u><b>27,362,108</b></u>	<u><b>-</b></u>
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	\$ 128,865	14,420	54,051	-	197,335	-
Due to other funds	1,637,214	-	-	-	1,637,214	-
Customer security deposits	56,060	-	-	-	56,060	-
Deferred revenue	1,700,000	-	-	-	1,700,000	-
Accrued interest payable	11,662	-	-	-	11,662	-
Revenue bonds, current portion	147,000	223,025	-	-	370,025	-
<b>Total current liabilities</b>	<u>3,680,801</u>	<u>237,445</u>	<u>54,051</u>	<u>-</u>	<u>3,972,296</u>	<u>-</u>
Non-current liabilities:						
Compensated absences	61,234	28,765	-	-	89,999	-
Revenue bonds, long-term	<u>2,814,000</u>	<u>4,045,858</u>	<u>-</u>	<u>-</u>	<u>6,859,858</u>	<u>-</u>
<b>Total non-current liabilities</b>	<u>2,875,234</u>	<u>4,074,623</u>	<u>-</u>	<u>-</u>	<u>6,949,857</u>	<u>-</u>
<b>Total liabilities</b>	<u><b>6,556,035</b></u>	<u><b>4,312,067</b></u>	<u><b>54,051</b></u>	<u><b>-</b></u>	<u><b>10,922,152</b></u>	<u><b>-</b></u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	8,592,423	6,345,314	-	-	14,937,737	-
Restricted for:						
Debt service	248,988	240,787	-	-	489,775	-
Construction	998,287	168,157	-	-	1,166,444	-
Unrestricted	<u>(1,524,362)</u>	<u>1,308,759</u>	<u>223</u>	<u>61,380</u>	<u>(154,000)</u>	<u>-</u>
<b>Total net assets</b>	<u><b>8,315,336</b></u>	<u><b>8,063,017</b></u>	<u><b>223</b></u>	<u><b>61,380</b></u>	<u><b>16,439,956</b></u>	<u><b>-</b></u>
<b>Total liabilities and net assets</b>	<u><b>\$ 14,871,370</b></u>	<u><b>12,375,084</b></u>	<u><b>54,273</b></u>	<u><b>61,380</b></u>	<u><b>27,362,108</b></u>	<u><b>-</b></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, 2011

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total	Internal Service Fund
<b>Operating income:</b>						
Charges for sales and service	\$ 1,622,918	532,956	647,546	-	2,803,420	17,570
Connection fees	195,355	69,533	-	-	264,888	-
Other operating income	88,070	100	26,190	-	114,360	-
<b>Total operating revenue</b>	<b><u>1,906,344</u></b>	<b><u>602,589</u></b>	<b><u>673,736</u></b>	<b><u>-</u></b>	<b><u>3,182,668</u></b>	<b><u>17,570</u></b>
<b>Operating expenses:</b>						
Personal services	511,278	289,561	-	-	800,839	-
Utilities	3,785	9,902	-	-	13,687	-
Repair & maintenance	263,707	38,788	-	-	302,494	1,168
Contractual services	-	-	647,734	-	647,734	-
Other supplies & expenses	61,247	5,917	26,190	-	93,354	-
Depreciation expense	376,086	239,859	-	-	615,945	-
<b>Total operating expense</b>	<b><u>1,418,218</u></b>	<b><u>584,026</u></b>	<b><u>673,924</u></b>	<b><u>-</u></b>	<b><u>2,676,169</u></b>	<b><u>1,168</u></b>
<b>Net operating income (loss)</b>	<b><u>488,125</u></b>	<b><u>18,562</u></b>	<b><u>(189)</u></b>	<b><u>-</u></b>	<b><u>506,499</u></b>	<b><u>16,401</u></b>
<b>Non-operating income (expense):</b>						
Interest income	1,296	4,019	-	-	5,315	-
Interest on long-term debt	(49,495)	(9,426)	-	-	(58,921)	-
<b>Total non-operating income (expense)</b>	<b><u>(114,584)</u></b>	<b><u>(5,408)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(119,992)</u></b>	<b><u>-</u></b>
<b>Income (loss) before transfers and capital contributions</b>	<b><u>373,542</u></b>	<b><u>13,155</u></b>	<b><u>(189)</u></b>	<b><u>-</u></b>	<b><u>386,507</u></b>	<b><u>16,401</u></b>
Capital contributions	81,855	-	-	-	81,855	-
<b>Change in net assets</b>	<b><u>455,396</u></b>	<b><u>13,155</u></b>	<b><u>(189)</u></b>	<b><u>-</u></b>	<b><u>468,362</u></b>	<b><u>16,401</u></b>
Net assets, beginning	7,859,939	8,049,863	411	61,380	15,971,593	(16,401)
<b>Net assets, ending</b>	<b><u>\$ 8,315,336</u></b>	<b><u>8,063,017</u></b>	<b><u>223</u></b>	<b><u>61,380</u></b>	<b><u>16,439,956</u></b>	<b><u>-</u></b>

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, 2011

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total	Internal Service Fund
<b>Cash flows from operating activities:</b>						
Cash received from customers - service	\$ 1,930,856	607,732	670,503	-	3,209,091	17,570
Cash paid to suppliers	(509,347)	(386,929)	(673,561)	-	(1,569,837)	(19,000)
Cash paid to employees	(505,424)	(285,763)	-	-	(791,186)	-
<b>Net cash provided (used) in operating activities</b>	<b><u>916,085</u></b>	<b><u>(64,960)</u></b>	<b><u>(3,058)</u></b>	<b><u>-</u></b>	<b><u>848,068</u></b>	<b><u>(1,430)</u></b>
<b>Cash flows from noncapital financing activities:</b>						
Change in customer deposits	(3,040)	-	-	-	(3,040)	-
Miscellaneous contributions	-	-	-	-	-	-
Net interfund activity	(61,232)	(445,517)	3,058	-	(503,691)	-
<b>Net cash provided (used) in noncapital financing activities</b>	<b><u>(64,272)</u></b>	<b><u>(445,517)</u></b>	<b><u>3,058</u></b>	<b><u>-</u></b>	<b><u>(506,731)</u></b>	<b><u>-</u></b>
<b>Cash flows from capital and related financing activities:</b>						
Cash received from bonds issued	868,000	2,450,000	-	-	3,318,000	-
Cash received from deferred grants	1,700,000	-	-	-	1,700,000	-
Cash received from capital grants	81,855	-	-	-	81,855	-
Cash payments for capital assets	(778,281)	(2,153,533)	-	-	(2,931,814)	-
Cash payments for long-term debt principal	(143,000)	(78,931)	-	-	(221,931)	-
Cash payments for long-term debt interest	(62,468)	(6,457)	-	-	(68,924)	-
<b>Net cash provided (used) in capital and related financing activities</b>	<b><u>1,666,107</u></b>	<b><u>211,079</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,877,186</u></b>	<b><u>-</u></b>
<b>Cash flows from investing activities:</b>						
Cash received from interest earned	1,296	4,019	-	-	5,315	-
<b>Net cash provided (used) in investing activities</b>	<b><u>1,296</u></b>	<b><u>4,019</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>5,315</u></b>	<b><u>-</u></b>
<b>Net increase (decrease) in cash</b>	<b><u>2,519,216</u></b>	<b><u>(295,379)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,223,837</u></b>	<b><u>(1,430)</u></b>
Cash balance, beginning	484,119	704,323	-	-	1,188,442	1,430
<b>Cash balance, ending</b>	<b><u>\$ 3,003,335</u></b>	<b><u>408,944</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,412,279</u></b>	<b><u>-</u></b>
<b>Cash reported on the balance sheet:</b>						
Cash and cash equivalents	\$ -	-	-	-	-	-
Non-current restricted cash	3,003,335	408,944	-	-	3,412,279	-
<b>Total cash and cash equivalents</b>	<b><u>\$ 3,003,335</u></b>	<b><u>408,944</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,412,279</u></b>	<b><u>-</u></b>

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, 2011

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Non-major Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>Net operating income (expense)</b>	<b>\$ 488,125</b>	<b>18,562</b>	<b>(189)</b>	<b>-</b>	<b>506,499</b>	<b>16,401</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:						
Depreciation and amortization	376,086	239,859	-	-	615,945	-
Changes in assets and liabilities:						
(Increase) decrease in receivables	19,176	(2,897)	(3,232)	-	13,047	-
(Increase) decrease in prepaids	5,336	8,040	-	-	13,376	1,168
Increase (decrease) in payables	<u>27,361</u>	<u>(328,524)</u>	<u>363</u>	<u>-</u>	<u>(300,800)</u>	<u>(19,000)</u>
<b>Net cash provided in operating activity</b>	<b><u>\$ 916,085</u></b>	<b><u>(64,960)</u></b>	<b><u>(3,058)</u></b>	<b><u>-</u></b>	<b><u>848,068</u></b>	<b><u>(1,430)</u></b>

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

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

**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, 2011

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

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

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

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

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

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

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

**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. Use of this fund was discontinued during the year.

**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, 2011

**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, 2011

**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:

<b>Assets</b>	<b>Years</b>
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, 2011

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

**1-E-8. Categories and Classification of Fund Balances**

Components for fund balance classifications are based primarily on the extent to which a government is bound to honor constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications are non-spendable, restricted, committed, assigned, and unassigned. *Non-spendable fund balance* includes amounts that cannot be spent due to their form (e.g. inventory and prepaids) or funds that legally or contractually must be maintained intact. *Restricted fund balance* includes amounts that are mandated for specific purpose (e.g. Class C Road funds and grants) by external parties, constitutional provisions, or enabling legislation. *Committed fund balance* includes amounts that are set aside for a specific purpose by a formal action of the City's highest level of decision making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally. *Assigned fund balance* comprises amounts intended to be used by the City for specific purposes that are neither considered restricted or committed. *Unassigned fund balance* includes all amounts not contained in the previous four classifications. This category provides the resources necessary to meet unexpected expenditures or revenue shortfalls.

**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, 2011, the water fund has positive net assets of \$8,315,336, however, it has a deficit balance of \$1,524,362 in its unrestricted net assets.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2011

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2011 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 4,963
Demand deposits - checking	592,130
Bond reserve bank trust accounts	3,290,733
Deposits - PTIF	1,668,271
<b>Total cash</b>	<b>\$ 5,556,097</b>

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

Cash and cash equivalents (current)	\$ 1,803,179
Restricted cash and cash equivalents (non-current)	3,752,919
<b>Total cash and cash equivalents</b>	<b>\$ 5,556,097</b>

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, 2011

**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, 2011, the City's bank balance of demand and bank trust deposits total \$3,956,803 and the book balance is \$3,882,863. Of these deposits, \$500,000 is covered by FDIC insurance; \$3,382,863 is uninsured and uncollateralized. An additional \$1,668,271 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	Non-major Funds	Water Fund	Sewer Fund	Garbage Fund	Total
Property taxes	\$ 729,119	-	-	-	-	729,119
Intergovernmental	525,763	-	-	-	-	525,763
Customers	7,454	-	255,276	58,305	46,848	367,883
Special assessments:						
Current	2,500	-	-	-	-	2,500
Non-current	2,089	-	-	-	-	2,089
<b>Total receivables</b>	<b><u>\$ 1,266,925</u></b>	<b><u>-</u></b>	<b><u>255,276</u></b>	<b><u>58,305</u></b>	<b><u>46,848</u></b>	<b><u>1,627,354</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2011

**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>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and rights	\$ 800,553	-	-	800,553
Construction in progress	605,454	2,683,881	-	3,289,335
<b>Total capital assets, not being depreciated</b>	<b><u>1,406,007</u></b>	<b><u>2,683,881</u></b>	<b><u>-</u></b>	<b><u>4,089,888</u></b>
Capital assets, being depreciated:				
Buildings	4,553,753	41,050	-	4,594,803
Improvements other than buildings	5,968,501	754,075	-	6,722,576
Machinery and equipment	2,995,853	144,049	-	3,139,902
Infrastructure	8,479,451	290,945	-	8,770,396
<b>Total capital assets, being depreciated</b>	<b><u>21,997,558</u></b>	<b><u>1,230,119</u></b>	<b><u>-</u></b>	<b><u>23,227,677</u></b>
Less accumulated depreciation for:				
Buildings	1,547,973	112,887	-	1,660,860
Improvements other than buildings	2,038,357	167,329	-	2,205,686
Machinery and equipment	1,239,096	214,525	-	1,453,621
Infrastructure	4,831,959	246,336	-	5,078,295
<b>Total accumulated depreciation</b>	<b><u>9,657,386</u></b>	<b><u>741,077</u></b>	<b><u>-</u></b>	<b><u>10,398,463</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>12,340,173</u></b>	<b><u>489,042</u></b>	<b><u>-</u></b>	<b><u>12,829,214</u></b>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 13,746,179</u></b>	<b><u>3,172,923</u></b>	<b><u>-</u></b>	<b><u>16,919,102</u></b>

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

<b>Governmental activities:</b>	
General government	\$ 59,748
Public safety	96,954
Highways and public improvements	359,553
Parks, recreation and public property	224,822
<b>Total</b>	<b><u>\$ 741,077</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

**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>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and water shares	\$ 1,409,807	-	-	1,409,807
Construction in progress	7,133,156	2,878,447	7,094,034	2,917,569
<b>Total capital assets, not being depreciated</b>	<b><u>8,542,962</u></b>	<b><u>2,878,447</u></b>	<b><u>7,094,034</u></b>	<b><u>4,327,376</u></b>
Capital assets, being depreciated:				
Water system	14,621,717	2,074,508	120,617	16,575,607
Sewer system	6,088,707	5,072,892	-	11,161,599
<b>Total capital assets, being depreciated</b>	<b><u>20,710,424</u></b>	<b><u>7,147,400</u></b>	<b><u>120,617</u></b>	<b><u>27,737,206</u></b>
Less accumulated depreciation for:				
Water system	6,237,068	376,086	54,233	6,558,921
Sewer system	3,098,183	239,859	-	3,338,042
<b>Total accumulated depreciation</b>	<b><u>9,335,251</u></b>	<b><u>615,945</u></b>	<b><u>54,233</u></b>	<b><u>9,896,963</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>11,375,173</u></b>	<b><u>6,531,455</u></b>	<b><u>66,385</u></b>	<b><u>17,840,243</u></b>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 19,918,135</u></b>	<b><u>9,409,902</u></b>	<b><u>7,160,419</u></b>	<b><u>22,167,619</u></b>

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

<b>Business-type activities:</b>	
Water	\$ 376,086
Sewer	239,859
<b>Total</b>	<b><u>\$ 615,945</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2011

**3-D. Long-term debt**

	Original Principal	%	6/30/2010	Additions	Reductions	6/30/2011	Due Within One Year
<b><u>Governmental activities:</u></b>							
2010 Dell Computer Lease Matures 8/31/2010	\$ 48,811	6.28	\$ 40,026	-	15,262	24,764	16,249
2004 Main Street Matures 3/31/2014	200,000	-	80,000	-	20,000	60,000	20,000
1992 A City Complex Matures 1/13/2015	1,000,000	3.50	315,000	-	58,000	257,000	61,000
1992 Back-Nine Matures 1/20/2015	125,000	3.00	38,000	-	7,000	31,000	7,000
1992 B City Complex Matures 3/13/2015	500,000	-	125,000	-	25,000	100,000	25,000
2010 Street Revenue Matures 10/1/2020	1,000,000	1.50	-	1,000,000	-	1,000,000	93,000
2008 MBA Lease Revenue Matures 10/1/2028	200,000	-	190,000	-	10,000	180,000	10,000
2001 B Golf Clubhouse Matures 7/31/2029	500,000	-	380,000	-	20,000	360,000	20,000
<b>Total governmental activity long-term liabilities</b>			<b><u>\$1,168,026</u></b>	<b><u>1,000,000</u></b>	<b><u>155,262</u></b>	<b><u>2,012,764</u></b>	<b><u>252,249</u></b>

Debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2012	\$ 252,249	25,539	277,788
2013	249,514	21,456	270,971
2014	245,000	17,315	262,315
2015	228,000	13,325	241,325
2016	129,000	9,270	138,270
2017 - 2021	669,000	23,580	692,580
2022 - 2026	150,000	-	150,000
2027 - 2029	90,000	-	90,000
<b>Total</b>	<b><u>\$2,012,764</u></b>	<b><u>110,485</u></b>	<b><u>2,123,248</u></b>

**Capital lease:**

Computers were acquired under a capital lease during the year ended June 30, 2010, which cost \$48,811. Accumulated depreciation on these assets at June 30, 2011, amounts to \$6,711. Payments remaining on this lease will be paid in 2012 in the amount of \$17,571 and in 2013 of \$8,751. The total interest component of the remaining payments is \$1,558.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2011

**3-D. Long-term debt (continued)**

	Original Principal	%	6/30/2010	Additions	Reductions	6/30/2011	Due Within One Year
<b><u>Business-type activities:</u></b>							
1999 B Water Revenue Matures 12/31/2019	\$ 225,000	1.28	\$ 120,000	-	11,000	109,000	12,000
1999 A Water Revenue Matures 12/31/2020	700,000	2.50	475,000	-	38,000	437,000	39,000
2000 Water Revenue Matures 12/31/2020	711,000	2.50	433,000	-	35,000	398,000	36,000
2000 A Water Revenue Matures 12/31/2021	75,000	2.29	50,000	-	4,000	46,000	4,000
2007 Sewer Contruction Matures 1/1/2028	1,173,000	-	1,055,000	-	59,000	996,000	59,000
2009 Replacement Well Bond Matures 1/1/2030	340,000	-	340,000	-	17,000	323,000	17,000
2009B Sewer Improvements Matures 1/1/2031	2,882,000	-	318,000	2,450,000	-	2,768,000	144,000
2005 A Water Revenue Matures 3/31/2031	970,000	-	818,000	-	38,000	780,000	39,000
2005 B Sewer revenue Matures 3/31/2031	300,000	-	252,000	-	12,000	240,000	12,000
2011 Wtr Revenue Bond Matures 10/1/2031	350,000	-	-	350,000	-	350,000	-
2006 Sewer revenue Matures 12/31/2031	154,000	-	136,000	-	6,000	130,000	6,000
2002 Sewer Revenue RUS Matures 1/10/2042	150,000	4.75	136,813	-	1,931	134,882	2,025
2011B Wtr Revenue Bond Matures 10/1/2042	518,000	-	-	518,000	-	518,000	-
<b>Total business-type activity long-term liabilities</b>			<b><u>\$4,133,813</u></b>	<b><u>3,318,000</u></b>	<b><u>221,931</u></b>	<b><u>7,229,882</u></b>	<b><u>370,025</u></b>

The 2009B Sewer revenue bond is included in the listing above at its issued amount of \$2,882,000. \$114,000 of this amount was not advanced until July, 2011, resulting in the amount in the financial statments of as of June 30, 2011, being \$2,768,000. Thus, the total amount of long-term debt for business-type activity included in the Statement of Net Assets is \$7,229,882; currently due of \$370,025 and due after one year of \$6,889,858.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2011

**3-D. Long-term debt (continued)**

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

	Principal	Interest	Total
2012	\$ 370,025	29,687	399,712
2013	390,123	27,468	417,591
2014	408,226	25,195	433,421
2015	410,334	22,892	433,226
2016	412,448	20,533	432,981
2017 - 2021	2,087,140	65,276	2,152,415
2022 - 2026	1,502,922	24,133	1,527,055
2027 - 2031	1,463,716	19,224	1,482,940
2032 - 2036	132,792	13,148	145,940
2037 - 2041	126,493	5,447	131,940
2042 - 2042	39,665	46	39,711
<b>Total</b>	<b>\$7,343,882</b>	<b>253,049</b>	<b>7,596,932</b>

**Other long-term liabilities:**

	Beginning	Increase (Decrease)	Ending
<b>Compensate absences:</b>			
Governmental	\$ 219,222	16,615	235,836
Business-type	80,346	9,653	89,999
<b>Total</b>	<b>\$ 299,568</b>	<b>26,268</b>	<b>325,835</b>

**3-E. Interfund receivables, payables, and transfers**

Due to/from other funds:

	Payable Funds Water
<u>Receivable Funds:</u>	
Capital Projects	\$ 325,544
Sewer	1,242,865
Sanitation	7,425
Rental	61,380
<b>Total</b>	<b>\$ 1,637,214</b>

Amounts are the result of transaction between funds representing lending/borrowing arrangements due to overdrafts in the accounts of the payable fund..

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2011

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

Interfund transfers:

	<b>Transfers Out:</b>			
	General Fund	Water Fund	Sewer Fund	Total
<b>Transfers In:</b>				
Debt Service	\$ 100,000	-	-	100,000
Capital Projects	500,000	-	-	500,000
<b>Total</b>	<b>\$ 600,000</b>	<b>-</b>	<b>-</b>	<b>600,000</b>

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. Taxes are collected for the agency by Duchesne County. The agency received no taxes during the year ended June 30, 2011.  
     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	\$0

**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, 2011

**4-B. Employee pension and other benefit plans**

**Plan Description:**

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

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

**Funding Policy:**

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective system to which they belong. The City is required to contribute a percent of covered salary to the respective systems: 13.37% to the Noncontributory System and 26.13% to the Public Safety Noncontributory Systems. 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, 2011, 2010 and 2009 respectively were: for the Noncontributory System, \$135,034, \$132,840, and \$132,243, and for the Public Safety Noncontributory \$98,689, \$105,189, and \$103,407, respectively. The contributions were equal to the required contributions for each year.

**Defined Contribution System:**

The City participates in a 401k plan offered through the Utah State Retirement Systems. The City's contributions for the year ended June 30, 2011, amounted to \$10,277.

**REQUIRED SUPPLEMENTAL INFORMATION**  
**(Unaudited)**

This page intentionally left blank.

Roosevelt City Corporation  
**Notes to Required Supplementary Information**  
June 30, 2011

**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, 2011 spending for all departments spending 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, 2011

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget Under (Over)
<b>Revenues</b>				
Taxes	\$ 2,942,081	3,391,600	3,547,710	(156,110)
Licenses and permits	93,419	109,100	129,703	(20,603)
Intergovernmental revenues	239,000	359,900	379,444	(19,544)
Charges for services	583,250	550,650	684,620	(133,970)
Fines and forfeitures	65,000	65,000	65,332	(332)
Interest	3,500	4,000	5,262	(1,262)
Miscellaneous revenue	65,000	68,400	73,296	(4,896)
<b>Total revenues</b>	<b><u>3,991,250</u></b>	<b><u>4,548,650</u></b>	<b><u>4,885,368</u></b>	<b><u>(336,718)</u></b>
<b>Expenditures</b>				
General government	747,450	792,850	701,915	90,935
Public safety	1,626,050	1,645,250	1,488,955	156,295
Highways and public improvements	450,450	518,450	443,105	75,345
Parks and recreation	1,059,700	1,287,300	1,217,000	70,300
Debt Service:				
Principal	50,000	70,000	65,262	4,738
Interest	-	3,000	2,309	691
<b>Total expenditures</b>	<b><u>3,933,650</u></b>	<b><u>4,316,850</u></b>	<b><u>3,918,546</u></b>	<b><u>398,304</u></b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b><u>\$ 57,600</u></b>	<b><u>231,800</u></b>	<b><u>966,822</u></b>	<b><u>(735,022)</u></b>
<b>Other Financing Sources and (Uses)</b>				
Proceeds from sale of bonds	-	-	-	-
Special assessment fees	1,000	1,000	4,538	(3,538)
Transfers in	711,000	367,200	-	367,200
Transfers (out)	769,600	600,000	600,000	-
<b>Total Other Financing Sources and (Uses)</b>	<b><u>(57,600)</u></b>	<b><u>(231,800)</u></b>	<b><u>(595,462)</u></b>	<b><u>363,662</u></b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>371,359</b>	<b>(371,359)</b>
Fund Balances - beginning of year	750,760	750,760	625,748	-
<b>Fund Balances - end of year</b>	<b><u>\$ 750,760</u></b>	<b><u>750,760</u></b>	<b><u>997,108</u></b>	<b><u>(246,348)</u></b>

**SUPPLEMENTAL INFORMATION**

This page intentionally left blank.

Roosevelt City Corporation  
**Supplemental Information**  
 June 30, 2011

**Impact Fees**

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

No impact fees have been collected as of June 30, 2011.

**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, 2011. 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, 2011. 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, 2011:

<u>Description of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>	<u>Expires</u>
Policy #8454102 Position (Treasurer) Fidelity Bond (Exp.3/26/2012)	\$ 225,000	-	3/26/2012
Policy #3F-685-727-02 Blanket Fidelity Bond	40,000	-	3/26/2012
ULGT #13270-GL2011 Comprehensive General Liability-Public Entity	5,000,000	1,000	6/30/2012
ULGT #13270-GL2011 Auto Liability	1,000,000	1,000	6/30/2012
ULGT #ULGT-APDP-2010 Property (Building/Contents) 90% co-insurance	10,632,740	1,000	6/30/2012
USF&G #9CP111521127200 Property (Maintenance equipment)	589,273	1,000	6/30/2012
USF&G #9CP111521127200 Property (Irrigation equipment)	55,000	1,000	6/30/2012
	-	844,737.99	
Old Republic Insurance Company #PR00017717 Airport Operations	1,000,000	-	10/31/2012
Old Republic Insurance Company #PR00017717 Sale Aviation Fuel/Oil			
	30,575	-	10/31/2012
Old Republic Insurance Company #PR00017717 Hangerkeepers	-	-	10/31/2012
One aircraft	50,000	1,000	10/31/2012
One Occurance	250,000	1,000	10/31/2012

This page intentionally left blank.

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

---

## Certified Public Accountants

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

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

Roosevelt City Council

We have audited the financial statements of Roosevelt City as of and for the year ended June 30, 2011, and have issued our report thereon dated December 22, 2011. 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.

#### Compliance

As part of obtaining reasonable assurance about whether Roosevelt City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. These instances are described in a compliance findings letter following this report as 2011-1, 2, 3.

#### Internal Control over Financial Reporting

Management of Roosevelt City is responsible for establishing and maintaining effective 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 Roosevelt City's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting; refer to finding 2011-4. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Report Distribution

This report is intended solely for the information and use of management, the City Council, others within the entity, and applicable government agencies and is not intended to be and should not be used by anyone other than these specified parties.

**Aycock, Miles & Associates, CPAs**

December 22, 2011

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

Certified Public Accountants

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

## Utah State Compliance Report

Roosevelt City Council

We have audited the general purpose financial statements of Roosevelt City, Utah, for the year ended June 30, 2011, and have issued our report thereon dated December 22, 2011. 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	Cash Management
Purchasing Requirements	Budgetary Compliance
Property Tax	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, 2011. 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 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, 2011.

***Aycock, Miles & Associates, CPAs***

December 22, 2011

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

## Certified Public Accountants

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

### Findings and Recommendations

#### 2011-1 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 five 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 that an engineering firm study rates and fees. City Council discussions have taken place throughout the year.

#### 2011-2 Compliance Finding

The City's fidelity bond on its treasurer is inadequate according to Utah State Code Section 51-7-15.

#### Criteria

Utah State Code Section 51-7-15 requires treasurer fidelity bond coverage of 4% of total revenues.

#### Effect

There is inadequate insurance coverage.

#### Recommendation

We recommend updating insurance coverage.

#### City Response

The City will increase fidelity bond coverage at the next premium coverage period.

2011-3 Compliance Finding

- The general fund's fund balance exceeds legal limits established by Utah Code Section 10-6-116.
- The water fund's unrestricted fund balance is a negative amount.

Criteria

Utah State Code Section 10-6-116 has established fund balance limitations on Cities to prevent accumulation of fund balance in the general fund. Deficit balances in any fund are also illegal.

Effect

Fund balance exceeds legal limits and the water fund unrestricted fund balance is in a deficit position.

Recommendation

We recommend that the City modify its budgeted revenues or expenditures in order to return to compliance. We recommend that the water fund manage its cash flow in order to steadily improve the deficit position.

City Response

The City will adjust its revenues and expenditures to reduce the general fund's fund balance. The City will also strive to improve the financial condition of the water fund.

2011-4 Internal Control

Journal entries and billing adjustments are not being approved and documented by management.

Criteria

Changes to the general ledger and accounts receivable may not be correct.

Effect

The financial statements might be misstated.

Recommendation

We recommend that journal entries and other adjustments to the general ledger be reviewed monthly.

City Response

The City's finance director will implement procedures to review journal entries and other adjustments on a monthly basis.