

Roosevelt City Corporation
Duchesne County

ANNUAL FINANCIAL REPORT

For the year ending June 30, 2012

Roosevelt City Corporation
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 June 30, 2012

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

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Independent Auditors' Report

City Council
Roosevelt City Corporation

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Roosevelt City as of and for the year ended June 30, 2012, 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, 2012, 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 4, 2012 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.

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

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 4, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2012

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, 2012.

FINANCIAL HIGHLIGHTS

- *Total net assets for the City as a whole increased by \$5,686,706.
- *Total unrestricted net assets for the City as a whole increased by \$1,690,412.
- *Total net assets for governmental activities increased by \$758,977.
- *Total net assets for business-type activities increased by \$4,927,729.

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, 2012

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

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

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

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

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

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

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

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

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

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

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

Roosevelt City Corporation
Management's Discussion and Analysis
 June 30, 2012

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	\$ 3,762,714	3,782,414	2,693,470	3,557,275	6,456,184	7,339,689
Net capital assets	17,310,859	16,919,102	26,005,800	22,167,619	43,316,658	39,086,721
Total assets	<u>21,073,573</u>	<u>20,701,516</u>	<u>28,699,269</u>	<u>25,724,894</u>	<u>49,772,842</u>	<u>46,426,410</u>
Long-term liabilities	1,785,074	2,012,764	6,973,858	7,229,882	8,758,932	9,242,646
Other liabilities	1,307,104	1,466,335	357,727	2,055,056	1,664,831	3,521,390
Total liabilities	<u>3,092,178</u>	<u>3,479,098</u>	<u>7,331,585</u>	<u>9,284,938</u>	<u>10,423,763</u>	<u>12,764,036</u>
Net assets:						
Capital assets, net of debt	15,525,785	14,906,338	19,031,942	14,937,737	34,557,727	29,844,075
Restricted	1,930,804	1,557,924	565,981	1,656,219	2,496,785	3,214,143
Unrestricted	524,806	758,156	1,769,762	(154,000)	2,294,568	604,156
Total net assets	<u>\$ 17,981,395</u>	<u>17,222,418</u>	<u>21,367,685</u>	<u>16,439,956</u>	<u>39,349,080</u>	<u>33,662,374</u>

As noted earlier, net assets may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities at the close of the year by \$39,349,080, an increase of \$5,686,706 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 \$2,294,568, which represents an increase of \$1,690,412 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, 2012

FINANCIAL ANALYSIS (continued)

Roosevelt City's Change in Net Assets

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	1,159,703	933,679	3,847,691	3,182,668	5,007,394	4,116,347
Operating grants	385,898	379,444	-	-	385,898	379,444
Capital grants	477,408	2,534,626	3,712,088	81,855	4,189,496	2,616,481
General revenues:						
Property taxes	866,231	846,457	-	-	866,231	846,457
Sales tax	2,505,054	1,979,099	-	-	2,505,054	1,979,099
Other taxes	769,405	722,154	-	-	769,405	722,154
Other revenues	246,057	159,037	10,686	(61,070)	256,743	97,967
Total revenues	<u>6,409,757</u>	<u>7,554,497</u>	<u>7,570,465</u>	<u>3,203,452</u>	<u>13,980,222</u>	<u>10,757,949</u>
Expenses:						
General government	945,963	778,278	-	-	945,963	778,278
Public safety	1,595,401	1,578,285	-	-	1,595,401	1,578,285
Highways and improvements	1,007,195	786,257	-	-	1,007,195	786,257
Parks and recreation	1,539,969	1,441,822	-	-	1,539,969	1,441,822
Interest on long-term debt	23,632	26,366	54,231	58,921	77,863	85,288
Water	-	-	1,711,051	1,418,218	1,711,051	1,418,218
Sewer	-	-	667,041	584,026	667,041	584,026
Garbage	-	-	749,033	673,924	749,033	673,924
Rental	-	-	-	-	-	-
Total expenses	<u>5,112,160</u>	<u>4,611,009</u>	<u>3,181,355</u>	<u>2,735,090</u>	<u>8,293,516</u>	<u>7,346,099</u>
Excess (deficiency) before transfers	<u>1,297,597</u>	<u>2,943,488</u>	<u>4,389,109</u>	<u>468,362</u>	<u>5,686,706</u>	<u>3,411,850</u>
Transfers in (out)	(538,620)	-	538,620	-	-	-
Change in net assets	<u><u>758,977</u></u>	<u><u>2,943,488</u></u>	<u><u>4,927,729</u></u>	<u><u>468,362</u></u>	<u><u>5,686,706</u></u>	<u><u>3,411,850</u></u>

For the City as a whole, total revenues increased by \$3,222,272 compared to the previous year, while total expenses increased by \$947,417. The total net change of \$5,686,706 is, in private sector terms, the net income for the year which is \$2,274,856 more than the previous year.

Governmental activities revenues of \$6,409,757 is an increase of \$1,144,740 from the previous year. All significant items of revenue increased with the exception of grants. Total grant revenue, operating and capital, decreased by \$2,057,218. Governmental activities expenses of \$5,112,160 is an increase of \$501,151 from the previous year. The significant increases were in general government, highways and streets and parks and recreation.

Business-type activities revenue of \$7,570,465 is an increase of \$4,367,012 from the previous year. Service revenues increased by \$665,023 and capital grants of \$3,712,088 were earned. Business-type activities expenses of \$3,181,355 is an increase of \$446,265 from the previous year. This is due to an overall increase in operation expenses.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2012

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$1,041,564 reflects an increase of \$44,456 from the previous year. Total revenues increased by \$766,921. Tax revenues, including property taxes and sales taxes increased by \$480,980. Intergovernmental revenue increased by \$6,454. All other revenues increased by \$279,488.

Total expenditures increased by \$333,597. Expenditure changes from the previous year, by department: general government increased by \$135,449; public safety increased by \$14,423; streets and highways increased by \$88,318; and parks and recreation increased by \$74,850. Capital outlay expenditures increased by \$18,602. Transfers from the general fund to other funds totaled \$1,609,000.

Unreserved fund balance amounts to \$791,564.

Water Fund

The change in net assets (net income) was \$4,965,654, which included capital grants of \$3,712,088 and a transfer from the general fund in the amount of \$600,000. The amount restricted for debt service is \$256,149. Unrestricted net assets amount to \$339,433.

Sewer Fund

The change in net assets (net income) was \$23,620. The amounts restricted for debt service was \$309,832. Unrestricted net assets amount to \$1,430,271.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$4,151,000. This amount was amended in the final budget to \$5,333,314. Actual revenues, excluding transfers, amounted to \$5,652,289.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$4,095,616. This amount was amended in the final budget to \$4,085,879. Actual expenditures amounted to \$4,252,143.

Transfers out for the year were originally budgeted in the amount of \$105,000. The final budget for transfers out was for the amount of \$1,359,000. Actual net transfers out were made in the amount of \$1,609,000.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

Roosevelt City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land and water rights	\$ 800,553	800,553	1,409,807	1,409,807	2,210,360	2,210,360
Buildings	2,820,073	2,933,943	633,215	652,328	3,453,288	3,586,271
Improvements other than buildings	4,924,833	4,516,890	-	-	4,924,833	4,516,890
Equipment	1,619,359	1,686,281	258,415	279,284	1,877,774	1,965,565
Infrastructure	3,619,988	3,692,101	-	-	3,619,988	3,692,101
Water system	-	-	8,956,157	9,298,580	8,956,157	9,298,580
Sewer system	-	-	10,156,493	7,610,051	10,156,493	7,610,051
Work in progress	3,526,054	3,289,335	4,591,713	2,917,569	8,117,767	6,206,904
Totals	\$ 17,310,859	16,919,102	26,005,800	22,167,619	43,316,658	39,086,721

The total amount of capital assets, net of depreciation, of \$43,316,658 is an increase of \$4,229,938 from the previous year.

Governmental activities capital assets, net of depreciation, of \$17,310,859 is an increase of \$391,757 from the previous year.

Business-type activities capital assets, net of depreciation, of \$26,005,800 is an increase of \$3,838,181 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, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Roosevelt City's Outstanding Debt - Revenue Bonds

	Current Year	Previous Year
Governmental activities:		
City Complex 1992A	\$ 196,000	257,000
Back-Nine 1992	24,000	31,000
City Complex 1992B	75,000	100,000
MBA Lease 2008	170,000	180,000
Main Street 2004	40,000	60,000
Golf Clubhouse 2001B	340,000	360,000
Computer lease 2010	8,514	24,764
2010 Street Revenue	907,000	1,000,000
2012 Golf Cart Lease	24,559	-
Total governmental	1,785,074	2,012,764
Business-type activities:		
Water 1999A	398,000	437,000
Water 1999B	97,000	109,000
Water 2000	362,000	398,000
Water 2000A	42,000	46,000
Water 2005A	741,000	780,000
Water 2009	306,000	323,000
Water 2011	350,000	350,000
Water 2011B	518,000	518,000
Sewer 2002	132,858	134,882
Sewer 2005B	228,000	240,000
Sewer 2006	124,000	130,000
Sewer 2007	937,000	996,000
Sewer 2009B	2,738,000	2,768,000
Total business-type	6,973,858	7,229,882
Total outstanding debt	\$ 6,982,372	7,254,646

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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Roosevelt City Corporation
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 1,371,612	1,206,760	2,578,371
Accounts receivable, net of allowances	1,453,828	481,057	1,934,885
Due from (to) other funds	-	-	-
Other assets	59,139	34,299	93,438
Total current assets	2,884,579	1,722,115	4,606,694
Non-current assets:			
Restricted cash and cash equivalents	876,641	900,127	1,776,768
Receivables due after one year	1,494	-	1,494
Unamortized bond issue costs	-	71,228	71,228
Capital assets:			
Not being depreciated	4,326,607	6,001,520	10,328,126
Net of accumulated depreciation	12,984,252	20,004,280	32,988,532
Total non-current assets	18,188,994	26,977,154	45,166,148
Total assets	\$ 21,073,573	28,699,269	49,772,842
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 311,264	177,132	488,396
Customer security deposits	-	69,392	69,392
Deferred revenues	727,589	-	727,589
Accrued interest payable	14,382	10,601	24,983
Revenue bonds due within one year	241,000	390,123	631,123
Capital leases due within one year	13,582	-	13,582
Total current liabilities	1,307,816	647,248	1,955,065
Non-current liabilities:			
Compensated absences	253,870	100,602	354,472
Revenue bonds due after one year	1,511,000	6,583,735	8,094,735
Capital leases due after one year	19,492	-	19,492
Total non-current liabilities	1,784,362	6,684,336	8,468,698
Total liabilities	3,092,178	7,331,585	10,423,763
NET ASSETS:			
Invested in capital assets, net of related debt	15,525,785	19,031,942	34,557,727
Restricted:			
Debt service	150,569	565,981	716,550
Construction	726,072	-	726,072
Unrestricted	1,578,969	1,769,762	3,348,730
Total net assets	17,981,395	21,367,685	39,349,080
Total liabilities and net assets	\$ 21,073,573	28,699,269	49,772,842

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, 2012

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue (To Next Page)</u>
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
Administration	\$ 945,963	313,425	90,973	322,123	(219,442)
Public safety	1,595,401	179,948	64,185	-	(1,351,268)
Streets and highways	799,648	-	230,741	60,000	(508,907)
Airport	207,547	162,426	-	95,285	50,164
Culture and recreation:					
Parks, recreation, cemetery	784,386	138,424	-	-	(645,962)
Golf	755,582	365,480	-	-	(390,102)
Interest on long-term debt	23,632	-	-	-	(23,632)
Total governmental activities	<u>5,112,160</u>	<u>1,159,703</u>	<u>385,898</u>	<u>477,408</u>	<u>(3,089,151)</u>
Business-type activities:					
Water	1,753,346	2,399,725	-	3,712,088	4,358,467
Sewer	678,124	699,098	-	-	20,975
Garbage	749,033	748,868	-	-	(165)
Total business-type activities	<u>3,180,503</u>	<u>3,847,691</u>	<u>-</u>	<u>3,712,088</u>	<u>4,379,276</u>
Total primary government	<u>\$ 8,292,663</u>	<u>5,007,394</u>	<u>385,898</u>	<u>4,189,496</u>	<u>1,290,126</u>

(continued on next page)

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

Roosevelt City Corporation
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2012

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET ASSETS:			
Net (expense) revenue (from previous page)	<u>\$ (3,089,151)</u>	<u>4,379,276</u>	<u>1,290,126</u>
General revenues:			
Property taxes	866,231	-	866,231
Sales tax	2,505,054	-	2,505,054
Other taxes	769,405	-	769,405
Unrestricted investment earnings	11,982	9,833	21,815
Gain on sales of capital assets	10,199	-	10,199
Miscellaneous	<u>223,876</u>	<u>-</u>	<u>223,876</u>
Total general revenues	4,386,747	9,833	4,396,580
Transfers in (out)	(538,620)	538,620	-
Total general revenues and transfers	<u>3,848,127</u>	<u>548,453</u>	<u>4,396,580</u>
Change in net assets	758,977	4,927,729	5,686,706
Net assets - beginning	<u>17,222,418</u>	<u>16,439,956</u>	<u>33,662,373</u>
Net assets - ending	<u><u>\$ 17,981,394</u></u>	<u><u>21,367,685</u></u>	<u><u>39,349,079</u></u>

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

Roosevelt City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2012

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 317,449	877,324	176,838	1,371,612
Accounts receivable, net of allowances	1,455,322	-	-	1,455,322
Other assets	59,139	-	-	59,139
Restricted cash and cash equivalents	-	726,072	150,569	876,641
TOTAL ASSETS	\$ 1,831,911	1,603,397	327,407	3,762,714
LIABILITIES				
Accounts payable	\$ 311,264	-	-	311,264
Deferred revenues	729,083	-	-	729,083
TOTAL LIABILITIES	1,040,347	-	-	1,040,347
FUND BALANCES:				
Restricted for:				
Construction	-	726,072	-	726,072
Debt service	-	-	150,569	150,569
Assigned for:				
Construction	-	877,324	-	877,324
Debt service	-	-	176,838	176,838
Unassigned	791,564	-	-	791,564
TOTAL FUND BALANCES	791,564	1,603,397	327,407	2,722,368
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,831,911	1,603,397	327,407	3,762,714

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, 2012

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 866,231	-	-	866,231
Sales	2,505,054	-	-	2,505,054
Other taxes	657,405	112,000	-	769,405
Licenses and permits	168,508	-	-	168,508
Intergovernmental revenues	385,898	477,408	-	863,307
Charges for services	856,170	-	61,256	917,426
Fines and forfeitures	73,769	-	-	73,769
Interest	9,802	2,025	156	11,982
Miscellaneous revenue	129,452	143,535	(7,033)	265,953
Total revenues	<u>5,652,289</u>	<u>734,968</u>	<u>54,379</u>	<u>6,441,635</u>
EXPENDITURES:				
Current:				
General government	837,364	20,000	1,466	858,829
Public safety	1,495,754	-	-	1,495,754
Highways and public improvements	531,423	122,776	-	654,199
Parks, recreation and public property	1,291,850	-	-	1,291,850
Capital outlay	26,225	1,141,048	-	1,167,272
Debt service:				
Principal	67,914	-	186,000	253,914
Interest	1,613	-	24,057	25,670
Total expenditures	<u>4,252,143</u>	<u>1,283,823</u>	<u>211,522</u>	<u>5,747,489</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>1,400,146</u>	<u>(548,856)</u>	<u>(157,144)</u>	<u>694,146</u>
Other Financing Sources and (Uses):				
Special assessment fees	3,310	-	-	3,310
Transfers in	-	965,380	105,000	1,070,380
Transfers (out)	(1,609,000)	-	-	(1,609,000)
Total other financing sources and (uses)	<u>(1,605,690)</u>	<u>965,380</u>	<u>105,000</u>	<u>(535,310)</u>
Net Change in Fund Balances	<u>(205,544)</u>	<u>416,524</u>	<u>(52,144)</u>	<u>158,837</u>
Fund balances - beginning of year	997,108	1,186,872	379,551	2,563,531
Fund balances - end of year	<u>\$ 791,564</u>	<u>1,603,397</u>	<u>327,407</u>	<u>2,722,368</u>

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

Roosevelt City Corporation
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS**
 June 30, 2012

Total Fund Balances for Governmental Funds	<u>\$ 2,722,368</u>
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	28,468,087
Less accumulated depreciation	<u>(11,157,228)</u>
Net capital assets	<u>17,310,859</u>
Long-term liabilities, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(1,785,074)</u>
Interest accrued but not yet paid on long-term debt	<u>(14,382)</u>
Compensated absences	<u>(253,870)</u>
Certain revenue is deferred in governmental funds but not in the statement of net assets because it qualifies for recognition under the economic resources measurement focus.	
Special assessments deferred	<u>1,494</u>
Total Net Assets of Governmental Activities	<u>\$ 17,981,395</u>

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

Roosevelt City Corporation
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 158,837</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.</p>	
Capital outlays	1,167,272
Depreciation expense	<u>(769,862)</u>
Net	<u>397,410</u>
<p>Cost of retired assets sold is not reported in government fund statements, while it is reported in the statement of activities.</p>	
Book cost of assets retired	<u>(5,653)</u>
<p>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.</p>	
Debt issued - bonds	<u>(26,225)</u>
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Long-term debt principal repayments	<u>253,914</u>
<p>Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.</p>	
Change in accrued interest	<u>2,037</u>
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.</p>	
Change in compensated absence liability	<u>(18,034)</u>
<p>Governmental funds do not report deferred special assessments as revenue because these revenues are not available for current period expenses.</p>	
Change in special assessments receivable	<u>(3,310)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 758,977</u></u>

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

Roosevelt City Corporation
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2012

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ -	1,200,154	6,605	-	1,206,760
Accounts receivable, net	368,062	57,833	55,162	-	481,057
Due from other funds	-	43,419	-	-	43,419
Other current assets	29,654	4,645	-	-	34,299
Total current assets	<u>397,716</u>	<u>1,306,051</u>	<u>61,767</u>	<u>-</u>	<u>1,765,534</u>
Non-current assets:					
Restricted cash and cash equivalents	468,290	431,837	-	-	900,127
Deferred bond issue costs	28,068	43,160	-	-	71,228
Capital assets:					
Not being depreciated	5,841,706	159,814	-	-	6,001,520
Net of accumulated depreciation	9,657,702	10,346,578	-	-	20,004,280
Total non-current assets	<u>15,995,765</u>	<u>10,981,389</u>	<u>-</u>	<u>-</u>	<u>26,977,154</u>
Total assets	<u>\$ 16,393,481</u>	<u>12,287,440</u>	<u>61,767</u>	<u>-</u>	<u>28,742,688</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 105,072	10,351	61,709	-	177,132
Due to other funds	43,419	-	-	-	43,419
Customer security deposits	69,392	-	-	-	69,392
Accrued interest payable	10,601	-	-	-	10,601
Revenue bonds, current portion	167,000	223,123	-	-	390,123
Total current liabilities	<u>395,483</u>	<u>233,474</u>	<u>61,709</u>	<u>-</u>	<u>690,667</u>
Non-current liabilities:					
Compensated absences	70,008	30,594	-	-	100,602
Revenue bonds, long-term	2,647,000	3,936,735	-	-	6,583,735
Total non-current liabilities	<u>2,717,008</u>	<u>3,967,329</u>	<u>-</u>	<u>-</u>	<u>6,684,336</u>
Total liabilities	<u>3,112,491</u>	<u>4,200,803</u>	<u>61,709</u>	<u>-</u>	<u>7,375,003</u>
NET ASSETS:					
Invested in capital assets, net of related debt	12,685,407	6,346,535	-	-	19,031,942
Restricted for:					
Debt service	256,149	309,832	-	-	565,981
Unrestricted	339,433	1,430,271	58	-	1,769,762
Total net assets	<u>13,280,990</u>	<u>8,086,637</u>	<u>58</u>	<u>-</u>	<u>21,367,685</u>
Total liabilities and net assets	<u>\$ 16,393,481</u>	<u>12,287,440</u>	<u>61,767</u>	<u>-</u>	<u>28,742,688</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, 2012

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total
Operating income:					
Charges for sales and service	\$ 1,768,349	539,565	722,398	-	3,030,312
Connection fees	551,195	155,033	-	-	706,228
Other operating income	80,181	4,500	26,470	-	111,152
Total operating revenue	<u>2,399,725</u>	<u>699,098</u>	<u>748,868</u>	<u>-</u>	<u>3,847,691</u>
Operating expenses:					
Purchased product	201,602	-	-	-	201,602
Personal services	535,679	303,887	-	-	839,565
Utilities	3,493	30,755	-	-	34,248
Repair and maintenance	434,265	56,663	-	-	490,927
Contractual services	-	-	722,459	-	722,459
Other supplies and expenses	114,946	3,076	26,574	-	144,596
Depreciation expense	421,067	272,660	-	-	693,727
Total operating expense	<u>1,711,051</u>	<u>667,041</u>	<u>749,033</u>	<u>-</u>	<u>3,127,125</u>
Net operating income (loss)	<u>688,674</u>	<u>32,057</u>	<u>(165)</u>	<u>-</u>	<u>720,566</u>
Non-operating income (expense):					
Interest income	7,188	2,645	-	-	9,833
Interest on long-term debt	(43,148)	(11,082)	-	-	(54,231)
Gain (loss) on retirement of assets	853	-	-	-	853
Total non-operating income (expense)	<u>(35,108)</u>	<u>(8,437)</u>	<u>-</u>	<u>-</u>	<u>(43,545)</u>
Income (loss) before transfers and capital contributions	<u>653,567</u>	<u>23,620</u>	<u>(165)</u>	<u>-</u>	<u>677,022</u>
Capital contributions	3,712,088	-	-	-	3,712,088
Transfers in	600,000	-	-	-	600,000
Change in net assets	<u>4,965,654</u>	<u>23,620</u>	<u>(165)</u>	<u>(61,380)</u>	<u>4,927,729</u>
Net assets, beginning	8,315,336	8,063,017	223	61,380	16,439,956
Net assets, ending	<u>\$ 13,280,990</u>	<u>8,086,637</u>	<u>58</u>	<u>-</u>	<u>21,367,685</u>

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

Roosevelt City Corporation
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total
Cash flows from operating activities:					
Cash received from customers - service	\$ 2,287,090	699,570	740,554	-	3,727,214
Cash paid to suppliers	(778,098)	(94,563)	(741,374)	-	(1,614,036)
Cash paid to employees	(526,905)	(302,058)	-	-	(828,962)
Net cash provided (used) in operating activities	<u>982,086</u>	<u>302,949</u>	<u>(820)</u>	<u>-</u>	<u>1,284,216</u>
Cash flows from noncapital financing activities:					
Change in customer deposits	13,332	-	-	-	13,332
Miscellaneous contributions	-	-	-	-	-
Net interfund activity	(993,795)	1,199,446	7,425	-	213,076
Net cash provided (used) in noncapital financing activities	<u>(980,464)</u>	<u>1,199,446</u>	<u>7,425</u>	<u>-</u>	<u>226,408</u>
Cash flows from capital and related financing activities:					
Cash received from bonds issued	-	114,000	-	-	114,000
Cash received from deferred grants	(1,700,000)	-	-	-	(1,700,000)
Cash received from capital grants	3,712,088	-	-	-	3,712,088
Cash payments for capital assets	(4,366,199)	(164,856)	-	-	(4,531,055)
Cash payments for long-term debt principal	(147,000)	(223,025)	-	-	(370,025)
Cash payments for long-term debt interest	(42,744)	(8,113)	-	-	(50,857)
Net cash provided (used) in capital and related financing activities	<u>(2,543,855)</u>	<u>(281,994)</u>	<u>-</u>	<u>-</u>	<u>(2,825,849)</u>
Cash flows from investing activities:					
Cash received from interest earned	7,188	2,645	-	-	9,833
Net cash provided (used) in investing activities	<u>7,188</u>	<u>2,645</u>	<u>-</u>	<u>-</u>	<u>9,833</u>
Net increase (decrease) in cash	<u>(2,535,045)</u>	<u>1,223,047</u>	<u>6,605</u>	<u>-</u>	<u>(1,305,393)</u>
Cash balance, beginning	3,003,335	408,944	-	-	3,412,279
Cash balance, ending	<u>\$ 468,290</u>	<u>1,631,991</u>	<u>6,605</u>	<u>-</u>	<u>2,106,886</u>
Cash reported on the balance sheet:					
Cash and cash equivalents	\$ -	1,200,154	6,605	-	1,206,760
Non-current restricted cash	468,290	431,837	-	-	900,127
Total cash and cash equivalents	<u>\$ 468,290</u>	<u>1,631,991</u>	<u>6,605</u>	<u>-</u>	<u>2,106,886</u>

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

Roosevelt City Corporation
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2012

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

	Water Fund	Sewer Fund	Sanitation Fund	Non-major Funds	Total
Net operating income (expense)	\$ 688,674	32,057	(165)	-	720,566
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:					
Depreciation and amortization	421,067	272,660	-	-	693,727
Changes in assets and liabilities:					
(Increase) decrease in receivables	(112,786)	472	(8,314)	-	(120,628)
(Increase) decrease in prepaids	150	-	-	-	150
Increase (decrease) in payables	(15,020)	(2,240)	7,659	-	(9,600)
Net cash provided in operating activity	<u>\$ 982,086</u>	<u>302,949</u>	<u>(820)</u>	<u>-</u>	<u>1,284,216</u>

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

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

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

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012

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

Policy regarding use of restricted resources

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

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental fund:

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

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

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

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

Proprietary funds

The City reports the following major proprietary funds:

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

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

The City reports the following non-major proprietary funds:

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

The *rental fund* is used to account for the operations of the trailer park. Use of this fund was discontinued during the year.

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, 2012

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

1-E-4. Restricted Assets

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

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

1-E-5. Inventories and Prepaid items

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

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

1-E-6. Capital Assets

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

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

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

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

1-E-7. Long-term Obligations

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

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2012 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 43,400
Demand deposits - checking	717,681
Bond reserve bank trust accounts	777,076
Deposits - PTIF	2,816,983
Total cash	\$ 4,355,139

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

Cash and cash equivalents (current)	\$ 2,578,371
Restricted cash and cash equivalents (non-current)	1,776,768
Total cash and cash equivalents	\$ 4,355,139

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, 2012

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, 2012, the City's bank balance of demand and bank trust deposits total \$1,517,919 and the book balance is \$1,494,756. Of these deposits, \$500,000 is covered by FDIC insurance; \$1,017,919 is uninsured and uncollateralized. An additional \$2,813,374 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	\$ 734,381	-	-	-	-	734,381
Intergovernmental	693,251	-	-	-	-	693,251
Customers	26,197	-	368,062	57,833	55,162	507,254
Special assessments:						
Non-current	1,494	-	-	-	-	1,494
Total receivables	\$ 1,455,322	-	368,062	57,833	55,162	1,936,379

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 800,553	-	-	800,553
Construction in progress	3,289,335	236,719	-	3,526,054
Total capital assets, not being depreciated	<u>4,089,888</u>	<u>236,719</u>	<u>-</u>	<u>4,326,607</u>
Capital assets, being depreciated:				
Buildings	4,594,803	-	-	4,594,803
Improvements other than buildings	6,722,576	584,900	-	7,307,476
Machinery and equipment	3,139,902	164,951	16,750	3,288,103
Infrastructure	8,770,396	180,702	-	8,951,097
Total capital assets, being depreciated	<u>23,227,677</u>	<u>930,553</u>	<u>16,750</u>	<u>24,141,480</u>
Less accumulated depreciation for:				
Buildings	1,660,860	113,870	-	1,774,730
Improvements other than buildings	2,205,686	176,957	-	2,382,643
Machinery and equipment	1,453,621	226,220	11,097	1,668,744
Infrastructure	5,078,295	252,815	-	5,331,110
Total accumulated depreciation	<u>10,398,463</u>	<u>769,862</u>	<u>11,097</u>	<u>11,157,228</u>
Total capital assets being depreciated, net	<u>12,829,214</u>	<u>160,691</u>	<u>5,653</u>	<u>12,984,252</u>
Governmental activities capital assets, net	<u>\$ 16,919,102</u>	<u>397,410</u>	<u>5,653</u>	<u>17,310,859</u>

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

Governmental activities:	
General government	\$ 69,100
Public safety	99,648
Highways and public improvements	352,996
Parks, recreation and public property	248,118
Total	<u>\$ 769,862</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

3-C. Capital assets (continued)

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

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and water shares	\$ 1,409,807	-	-	1,409,807
Construction in progress	2,917,569	1,674,144	-	4,591,713
Total capital assets, not being depreciated	<u>4,327,376</u>	<u>1,674,144</u>	<u>-</u>	<u>6,001,520</u>
Capital assets, being depreciated:				
Water system	16,575,607	72,712	25,725	16,622,595
Sewer system	11,161,599	2,795,681	-	13,957,280
Total capital assets, being depreciated	<u>27,737,206</u>	<u>2,868,394</u>	<u>25,725</u>	<u>30,579,875</u>
Less accumulated depreciation for:				
Water system	6,558,921	421,067	15,096	6,964,893
Sewer system	3,338,042	272,660	-	3,610,701
Total accumulated depreciation	<u>9,896,963</u>	<u>693,727</u>	<u>15,096</u>	<u>10,575,594</u>
Total capital assets being depreciated, net	<u>17,840,243</u>	<u>2,174,666</u>	<u>10,629</u>	<u>20,004,280</u>
Business-type activities capital assets, net	<u>\$ 22,167,619</u>	<u>3,848,810</u>	<u>10,629</u>	<u>26,005,800</u>

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

Business-type activities:	
Water	\$ 421,067
Sewer	<u>272,660</u>
Total	<u>\$ 693,727</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

3-D. Long-term debt

	Original Principal	%	6/30/2011	Additions	Reductions	6/30/2012	Due Within One Year
Governmental activities:							
2010 Dell Computer Lease Matures 8/31/2010	\$ 48,811	6.28	\$ 24,764	-	16,249	8,514	8,514
2004 Main Street Matures 3/31/2014	200,000	-	60,000	-	20,000	40,000	20,000
1992 A City Complex Matures 1/13/2015	1,000,000	3.50	257,000	-	61,000	196,000	63,000
1992 Back-Nine Matures 1/20/2015	125,000	3.00	31,000	-	7,000	24,000	8,000
1992 B City Complex Matures 3/13/2015	500,000	-	100,000	-	25,000	75,000	25,000
2012 10 YDRA Golf Carts Lease Matures 4/1/2017	26,225	4.792	-	26,225	1,665	24,559	5,068
2010 Street Revenue Matures 10/1/2020	1,000,000	1.50	1,000,000	-	93,000	907,000	95,000
2008 MBA Lease Revenue Matures 10/1/2028	200,000	-	180,000	-	10,000	170,000	10,000
2001 B Golf Clubhouse Matures 7/31/2029	500,000	-	360,000	-	20,000	340,000	20,000
Total governmental activity long-term liabilities			<u>\$2,012,764</u>	<u>26,225</u>	<u>253,914</u>	<u>1,785,073</u>	<u>254,582</u>

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

	Principal	Interest	Total
2013	\$ 254,582	22,996	277,578
2014	250,170	18,650	268,819
2015	233,276	14,445	247,722
2016	134,388	10,200	144,588
2017	134,658	8,372	143,030
2018 - 2022	568,000	15,795	583,795
2023 - 2027	150,000	-	150,000
2028 - 2029	60,000	-	60,000
Total	<u>\$1,785,074</u>	<u>90,458</u>	<u>1,875,532</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

	Original Principal	%	6/30/2011	Additions	Reductions	6/30/2012	Due Within One Year
<u>Business-type activities:</u>							
1999 B Water Revenue Matures 12/31/2019	\$ 225,000	1.28	\$ 109,000	-	12,000	97,000	12,000
1999 A Water Revenue Matures 12/31/2020	700,000	2.50	437,000	-	39,000	398,000	40,000
2000 Water Revenue Matures 12/31/2020	711,000	2.50	398,000	-	36,000	362,000	37,000
2000 A Water Revenue Matures 12/31/2021	75,000	2.29	46,000	-	4,000	42,000	4,000
2007 Sewer Contruction Matures 1/1/2028	1,173,000	-	996,000	-	59,000	937,000	59,000
2009 Replacement Well Bond Matures 1/1/2030	340,000	-	323,000	-	17,000	306,000	17,000
2009B Sewer Improvements Matures 1/1/2031	2,882,000	-	2,882,000	-	144,000	2,738,000	144,000
2005 A Water Revenue Matures 3/31/2031	970,000	-	780,000	-	39,000	741,000	39,000
2005 B Sewer revenue Matures 3/31/2031	300,000	-	240,000	-	12,000	228,000	12,000
2011 Wtr Revenue Bond Matures 10/1/2031	350,000	-	350,000	-	-	350,000	18,000
2006 Sewer revenue Matures 12/31/2031	154,000	-	130,000	-	6,000	124,000	6,000
2002 Sewer Revenue RUS Matures 1/10/2042	150,000	4.75	134,882	-	2,025	132,858	2,123
2011B Wtr Revenue Bond Matures 10/1/2042	518,000	-	518,000	-	-	518,000	-
Total business-type activity long-term liabilities			<u>\$7,343,882</u>	<u>-</u>	<u>370,025</u>	<u>6,973,858</u>	<u>390,123</u>

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

	Principal	Interest	Total
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	414,566	18,119	432,686
2018 - 2022	1,992,826	52,406	2,045,232
2023 - 2027	1,478,792	23,148	1,501,940
2028 - 2032	1,207,818	18,122	1,225,940
2033 - 2037	117,189	11,751	128,940
2038 - 2042	123,534	3,729	127,263
2043 - 2042	18,000	-	18,000
Total	<u>\$6,973,858</u>	<u>223,362</u>	<u>7,197,220</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

3-D. Long-term debt (continued)

Capital Lease Commitments:

The City has acquired capital assets financed with capital leases.

During fiscal year 2010, the City executed a lease for computers in the amount of \$48,811 payable in annual installments for 3 years. Accumulated amortization (depreciation) on the equipment acquired under this lease was \$11,593 at June 30, 2012.

During fiscal year 2012, The City executed a lease for golf carts in the amount of \$26,225 payable monthly over 5 years. Interest only payments are to be made from November through April of each year. Accumulated amortization (depreciation) on the equipment acquired under this lease was \$612 at June 30, 2012.

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

	Governmental Activities
Asset:	
Machinery and equipment	\$ 75,036
Accumulated amortization	(12,208)
Total	\$ 62,828

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

The following is the present value of future minimum capital lease payments under these leases as of June 30, 2012:

Fiscal Year	
2013	\$ 15,428
2014	6,539
2015	6,433
2016	6,319
2017	4,246
Total minimum lease payments	38,965
Less amounts representing interest	(5,891)
Present value of minimum lease payments	\$ 33,074

Capital lease payable is reported as follows:

Current Portion Capital Leases Payable	\$ 13,582
Long-term Capital Leases Payable	19,492
Total Capital Leases Payable	\$ 33,074

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

3-D. Long-term debt (continued)

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensate absences:			
Governmental	\$ 235,836	18,034	\$ 253,870
Business-type	89,999	10,603	100,602
Total	\$ 325,835	28,636	\$ 354,472

3-E. Interfund receivables, payables, and transfers

Due to/from other funds:

	Payable Fund:	
<u>Receivable Fund:</u>	Water	Total
Sewer	\$ 43,419	\$ 43,419
Total	\$ 43,419	\$ 43,419

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

Interfund transfers:

	Transfers Out:		
<u>Transfers In:</u>	General Fund	Rental Fund	Total
Debt Service	\$ 105,000	-	\$ 105,000
Capital Projects	904,000	61,380	965,380
Water	600,000	-	600,000
Total	\$ 1,609,000	61,380	\$ 1,670,380

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Employee pension and other benefit plans

Plan Description:

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

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

4-B. Employee pension and other benefit plans (continued)

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: 13.77% to the Noncontributory System; 16.27% to the Public Safety Contributory System; and 27.07% to the Public Safety Noncontributory System. The contribution rate is the actuarially determined rate and is approved by the Board as authorized by Chapter 49.

The City's contributions to the various systems for the years ending June 30, 2012, 2011 and 2010 respectively were: for the Noncontributory System, \$158,823, \$135,034, and \$132,840; Public Safety Contributory, \$4,492, \$0, and \$0; and for the Public Safety Noncontributory \$105,302, \$98,689, and \$105,189, respectively. The contributions were equal to the required contributions for each year.

IRC Code Section 401k Plan:

The City participates in a 401k plan offered through the Utah State Retirement Systems. The City's contributions for the year ended June 30, 2012, amounted to \$12,646.

REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Roosevelt City Corporation
Notes to Required Supplementary Information
June 30, 2012

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, 2012, expenditures exceeded appropriations in the following departments:

General Government	\$ 27,502
Public Safety	57,462
Parks and Recreation	88,461
Debt Service Principal	1,665
Debt Service Interest	291

Roosevelt City Corporation
**SCHEDULE OF REVENUES, EXPENDITUES AND
 CHANGED IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
 (Unaudited)

For the Year Ended June 30, 2012

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget Under (Over)
Revenues				
Taxes	\$ 3,052,500	3,844,790	4,028,690	(183,900)
Licenses and permits	99,500	143,500	168,508	(25,008)
Intergovernmental revenues	264,000	383,240	385,898	(2,658)
Charges for services	599,500	771,682	856,170	(84,488)
Fines and forfeitures	65,000	70,000	73,769	(3,769)
Interest	3,500	7,020	9,802	(2,782)
Miscellaneous revenue	67,000	113,082	129,452	(16,370)
Total revenues	4,151,000	5,333,314	5,652,289	(318,975)
Expenditures				
General government	809,850	809,862	837,364	(27,502)
Public safety	1,590,300	1,438,292	1,495,754	(57,462)
Highways and public improvements	461,550	540,540	531,423	9,117
Parks and recreation	1,166,344	1,229,614	1,318,075	(88,461)
Debt Service:				
Principal	66,250	66,249	67,914	(1,665)
Interest	1,322	1,322	1,613	(291)
Total expenditures	4,095,616	4,085,879	4,252,143	(166,264)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 55,384	1,247,435	1,400,146	(152,711)
Other Financing Sources and (Uses)				
Proceeds from sale of bonds	-	-	-	-
Special assessment fees	1,000	-	3,310	(3,310)
Transfers in	-	-	-	-
Transfers (out)	(105,000)	(1,359,000)	(1,609,000)	250,000
Total Other Financing Sources and (Uses)	(104,000)	(1,359,000)	(1,605,690)	246,690
Net Change in Fund Balances	(48,616)	(111,565)	(205,544)	93,979
Fund Balances - beginning of year	-997,108	-997,108	997,108	-
Fund Balances - end of year	\$ 948,492	885,543	791,564	93,979

SUPPLEMENTAL INFORMATION

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Roosevelt City Corporation
Supplemental Information
 June 30, 2012

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, 2012.

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, 2012. 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, 2012. 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, 2012:

<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	-	3/26/2013
Policy #3F-685-727-02 Blanket Fidelity Bond	40,000	-	3/26/2013
ULGT #13270-GL2011 Comprehensive General Liability-Public Entity	5,000,000	1,000	3/26/2013
ULGT #13270-GL2011 Auto Liability	1,000,000	1,000	3/26/2013
ULGT #ULGT-APDP-2010 Property (Building/Contents) 90% co-insurance	10,632,740	1,000	3/26/2013
USF&G #9CP111521127200 Property (Maintenance equipment)	589,273	1,000	3/26/2013
USF&G #9CP111521127200 Property (Irrigation equipment)	55,000	1,000	3/26/2013
	-	(227,689.62)	
Old Republic Insurance Company #PR00017717 Airport Operations	1,000,000	-	10/31/2013
Old Republic Insurance Company #PR00017717 Sale Aviation Fuel/Oil	30,575	-	10/31/2013
Old Republic Insurance Company #PR00017717 Hangerkeepers	-	-	10/31/2013
One aircraft	50,000	1,000	10/31/2013
One Occurance	250,000	1,000	10/31/2013

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COMPLIANCE REPORTS



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

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Roosevelt City Council

We have audited the financial statements of Roosevelt City as of and for the year ended June 30, 2012, and have issued our report thereon dated December 4, 2012. 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.

Internal Control over Financial Reporting

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

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.

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 2012-1 and 2012-2.

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 4, 2012



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

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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, 2012, and have issued our report thereon dated December 4, 2012. Our audit included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Purchasing Requirements
Property Tax

Cash Management
Budgetary Compliance
Other Compliance Requirements

As part of our audit, we have audited Roosevelt City's compliance with the requirements governing types of services allowed or disallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the *State of Utah's Legal Compliance Audit Guide* for the year ended June 30, 2012. 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, 2012.

Aycock, Miles & Associates, CPAs

December 4, 2012



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Findings and Recommendations

2012-1 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. Preliminary rate schedules are being reviewed for final public hearing and City Council approval.

2012-2 Compliance Finding

Various departments of the general fund exceeded legal budgeted amounts.

Criteria

Utah State Code Section 10-6 requires that City departments and funds not exceed their legally established budgets. Fund budgets of governmental fund types may only be increased after the proper public hearing as required by law.

Effect

Cities may not approve increases to budgets without a public hearing. Budgets must be presented in a public hearing. Upon the City Council accepting a set budget, the budget may not be increased again without another public hearing and formal adoption.

Recommendation

We recommend that the City Council amend the annual budget, as necessary, before year-end to cover remaining fiscal year expenses. The City Council may not approve discretionary amounts that might be determined at a later date.

City Response

The City will follow Utah Code Section 1-6 in adopting and/or increasing budgets.

Roosevelt City

Single Audit and Other Government Reports

For the year ending June 30, 2012

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Roosevelt City
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Department	C.F.D.A. Number	Agency or Pass- through	Federal Expenditures
<u>Department of Justice</u>			
Community Policing Services	16.710	DOJ	\$ 90,573
<u>Department of Transportation</u>			
FAA Airport Improvement	20.106	FAA	95,285
<u>Department of Defense</u>			
Army Corp of Engineers	12.114	Army Corp	<u>1,974,719</u>
Total All Programs			<u>\$ 2,160,577</u>

NOTE A: The accompanying schedule of expenditures of federal awards is a summary of the activity of Roosevelt City's Federal Award Programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.



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

City Council
Roosevelt City, Utah

We have audited the financial statements of Roosevelt City as of and for the year ended June 30, 2012, and have issued our report thereon dated December 4, 2012. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Compliance

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2012-1 and 2012-2.

Distribution

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

Aycock, Miles & Associates, CPAs

December 4, 2012



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**Report on Compliance With Requirements That Could Have a Direct and
Material Effect on Each Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

City Council
Roosevelt City, Utah

Compliance

We have audited the compliance of the Roosevelt City, (the City), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year end June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the Roosevelt City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City's compliance with those requirements.

In our opinion, the Roosevelt City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2012, and have issued our report thereon dated December 4, 2012 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Report Distribution

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Aycock, Miles & Associates, CPAs

December 4, 2012

Schedule of Findings and Questioned Costs

This report discusses four key areas: 1) a summary of auditor's results, 2) findings related to the financial statements, 3) findings and questioned costs related to federal awards, and 4) findings related to Utah State compliance requirements.

SUMMARY OF AUDITORS' RESULTS

Financial Statement Opinion

The financial statement opinion for the City was an unqualified opinion.

Internal Control Reportable Conditions

No reportable conditions were noted in the Single Audit Report.

Noncompliance Material to the Financial Statements

We issued an unqualified opinion in regard to compliance requirements, laws, and regulations.

Major Program Internal Controls Over Compliance

We issued an unqualified opinion in regard to internal controls over major program compliance.

Opinion on Compliance for Major Programs

In our opinion, the City complied, in all material respects, with compliance requirements, laws, and regulations applicable to its major programs.

Audit Findings Required to be Disclosed under OMB A-133 § .510(a)

There are no audit findings under OMB A-133 § .510(a).

Major Programs Identified

Based on the high and low-risk criteria and threshold amounts one major program was identified: Army Corp of Engineers CFDA 12.114.

Dollar Threshold Used to Determine Type A & B Programs

The threshold used in this Single Audit was \$300,000 in determining Type A or B programs.

Low-Risk or High-Risk Auditee

The City qualified to be a high-risk auditee.

Findings Related to the Financial Statements—No prior or current year findings in this area.

Findings and Questioned Costs Related to Federal Awards—No prior or current year findings in this area.

Utah State Compliance—No prior or current year findings in this area.



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Independent Auditors' Report on State of Utah Legal Compliance

City Council
Roosevelt City, Utah

We have audited the general purpose financial statements of Roosevelt City, Utah, for the year ended June 30, 2012, and have issued our report thereon dated December 4, 2012. 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, 2012. 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, 2012.

Aycock, Miles & Associates, CPAs

December 4, 2012

Findings, Recommendations & Management Responses

2012-1 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. Preliminary rate schedules are being reviewed for final public hearing and City Council approval.

2012-2 Compliance Finding

Various departments of the general fund exceeded legal budgeted amounts.

Criteria

Utah State Code Section 10-6 requires that City departments and funds not exceed their legally established budgets. Fund budgets of governmental fund types may only be increased after the proper public hearing as required by law.

Effect

Cities may not approve increases to budgets without a public hearing. Budgets must be presented in a public hearing. Upon the City Council accepting a set budget, the budget may not be increased again without another public hearing and formal adoption.

Recommendation

We recommend that the City Council amend the annual budget, as necessary, before year-end to cover remaining fiscal year expenses. The City Council may not approve discretionary amounts that might be determined at a later date.

City Response

The City will follow Utah Code Section 1-6 in adopting and/or increasing budgets.