

Roosevelt City Corporation  
Duchesne County, Utah

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2013

Roosevelt City Corporation  
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June 30, 2013

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

Certified Public Accountants

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

## Independent Auditors' Report

City Council  
Roosevelt City Corporation

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Roosevelt City, as of and for the year ended June 30, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Roosevelt City as of June 30, 2013, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### Required Supplementary Information

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

### Supplementary & Other Information

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

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

The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Aycock, Miles & Associates, CPAs*

November 5, 2013

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

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Roosevelt City Corporation  
**Management's Discussion and Analysis**  
June 30, 2013

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, 2013.

**FINANCIAL HIGHLIGHTS**

- \*Total net position for the City as a whole increased by \$6,702,879.
- \*Total unrestricted net position for the City as a whole increased by \$1,017,275.
- \*Total net position for governmental activities increased by \$1,209,504.
- \*Total net position for business-type activities increased by \$5,493,375.

**BASIC FINANCIAL STATEMENTS**

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

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

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

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

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

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
June 30, 2013

**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, 2013

**FINANCIAL ANALYSIS**

**Roosevelt City's Net Position**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 5,037,041	3,762,714	8,172,840	2,693,470	13,209,881	6,456,184
Net capital assets	17,134,706	17,310,859	26,082,490	26,005,800	43,217,196	43,316,658
<b>Total assets</b>	<b><u>22,171,747</u></b>	<b><u>21,073,573</u></b>	<b><u>34,255,330</u></b>	<b><u>28,699,269</u></b>	<b><u>56,427,077</u></b>	<b><u>49,772,842</u></b>
Long-term liabilities	1,529,638	1,785,074	7,083,735	6,973,858	8,613,372	8,758,932
Other liabilities	683,289	579,515	310,535	357,727	993,824	937,242
Deferred inflow of resources	767,922	727,589	-	-	767,922	727,589
<b>Total liabilities</b>	<b><u>2,980,848</u></b>	<b><u>3,092,178</u></b>	<b><u>7,394,270</u></b>	<b><u>7,331,585</u></b>	<b><u>10,375,118</u></b>	<b><u>10,423,763</u></b>
Net position:						
Net investment in capital assets	15,605,068	15,525,785	18,998,755	19,031,942	34,603,824	34,557,727
Restricted	1,075,895	876,641	6,006,235	565,981	7,082,130	1,442,622
Unrestricted	2,509,936	1,578,969	1,856,070	1,769,762	4,366,005	3,348,730
<b>Total net position</b>	<b><u>\$ 19,190,899</u></b>	<b><u>17,981,395</u></b>	<b><u>26,861,060</u></b>	<b><u>21,367,685</u></b>	<b><u>46,051,959</u></b>	<b><u>39,349,080</u></b>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities and deferred inflows of resources at the close of the year by \$46,051,959, an increase of \$6,702,879 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$4,366,005, which represents an increase of \$1,017,275 from the previous year. Unrestricted net position 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 liabilities 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, 2013

**FINANCIAL ANALYSIS (continued)**

**Roosevelt City's Change in Net Position**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Program revenues:</b>						
Charges for services	1,268,433	1,159,703	3,838,479	3,847,691	5,106,912	5,007,394
Operating grants	404,583	385,898	-	-	404,583	385,898
Capital grants	7,885	477,408	5,062,000	3,712,088	5,069,885	4,189,496
<b>General revenues:</b>						
Property taxes	932,694	866,231	-	-	932,694	866,231
Sales tax	2,827,918	2,505,054	-	-	2,827,918	2,505,054
Other taxes	879,799	769,405	-	-	879,799	769,405
Other revenues	292,609	246,057	6,435	10,686	299,044	256,743
<b>Total revenues</b>	<b><u>6,613,920</u></b>	<b><u>6,409,757</u></b>	<b><u>8,906,914</u></b>	<b><u>7,570,465</u></b>	<b><u>15,520,834</u></b>	<b><u>13,980,222</u></b>
<b>Expenses:</b>						
General government	874,560	945,963	-	-	874,560	945,963
Public safety	1,644,804	1,595,401	-	-	1,644,804	1,595,401
Highways and improvements	1,285,107	1,007,195	-	-	1,285,107	1,007,195
Parks and recreation	1,589,526	1,539,969	-	-	1,589,526	1,539,969
Interest on long-term debt	10,420	23,632	118,281	54,231	128,701	77,863
Water	-	-	1,730,868	1,711,051	1,730,868	1,711,051
Sewer	-	-	786,374	667,041	786,374	667,041
Garbage	-	-	778,015	749,033	778,015	749,033
Rental	-	-	-	-	-	-
<b>Total expenses</b>	<b><u>5,404,417</u></b>	<b><u>5,112,160</u></b>	<b><u>3,413,539</u></b>	<b><u>3,181,355</u></b>	<b><u>8,817,956</u></b>	<b><u>8,293,516</u></b>
<b>Excess (deficiency) before transfers</b>	<b><u>1,209,504</u></b>	<b><u>1,297,597</u></b>	<b><u>5,493,375</u></b>	<b><u>4,389,109</u></b>	<b><u>6,702,879</u></b>	<b><u>5,686,706</u></b>
Transfers in (out)	<u>-</u>	<u>(538,620)</u>	<u>-</u>	<u>538,620</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<b><u>1,209,504</u></b>	<b><u>758,977</u></b>	<b><u>5,493,375</u></b>	<b><u>4,927,729</u></b>	<b><u>6,702,879</u></b>	<b><u>5,686,706</u></b>

For the City as a whole, total revenues increased by \$1,540,613 compared to the previous year, while total expenses increased by \$524,440. The total net change of \$6,702,879 is, in private sector terms, the net income for the year which is \$1,016,173 more than the previous year.

Governmental activities revenues of \$6,613,920 is an increase of \$204,163 from the previous year. All significant items of revenue increased with the exception of grants. Total grant revenue, operating and capital, decreased by \$450,838. Governmental activities expenses of \$5,404,417 is an increase of \$292,257 from the previous year. The significant increases were in public safety and highways and improvements.

Business-type activities revenue of \$8,906,914 is an increase of \$1,336,449 from the previous year. Revenue from capital grants of increased by \$1,349,912. Business-type activities expenses of \$3,413,539 is an increase of \$232,184 from the previous year. This is due to an overall increase in operation expenses, with the largest increase occurring in the sewer fund.

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
June 30, 2013

**BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS**

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

*General Fund*

The fund balance of \$1,381,926 reflects an increase of \$590,362 from the previous year. Total revenues increased by \$648,037. Tax revenues, including property taxes and sales taxes increased by \$491,720. Intergovernmental revenue increased by \$18,685. Special assessment fees increased by \$57,881. All other revenues increased by \$79,751.

Total expenditures increased by \$312,791. Expenditure changes from the previous year, by department: general government decreased by \$69,330; public safety increased by \$42,860; streets and highways increased by \$320,911; and parks and recreation increased by \$48,213. Capital outlay expenditures decreased by \$26,225. Debt service expenditures decreased by \$3,638. Transfers from the general fund to other funds totaled \$1,148,340.

The unassigned fund balance amounts to \$1,330,400.

*Water Fund*

The change in net position (net income) was \$5,541,706, which included capital grants of \$4,850,000. The amounts restricted for debt service and construction are \$284,022 and \$5,351,997, respectively. Unrestricted net position amounts to \$630,106.

*Sewer Fund*

The change in net position (net loss) was \$48,328. The amount restricted for debt service was \$370,216. Unrestricted net position amounts to \$1,225,909.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$4,589,239. This amount was amended in the final budget to \$6,357,554. Actual revenues, excluding transfers, amounted to \$6,303,636.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$4,323,063. This amount was amended in the final budget to \$4,930,763. Actual expenditures amounted to \$4,564,934.

Transfers out for the year were originally budgeted in the amount of \$358,587. The final budget for transfers out was for the amount of \$1,148,340. Actual net transfers out were made in the amount of \$1,148,340.

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
June 30, 2013

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Roosevelt City's Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Net Capital Assets:</b>						
Land and water rights	\$ 800,553	800,553	1,409,807	1,409,807	2,210,360	2,210,360
Buildings	2,714,606	2,820,073	614,103	633,215	3,328,709	3,453,288
Improvements other than buildings	4,801,464	4,924,833	-	-	4,801,464	4,924,833
Equipment	1,573,437	1,619,359	288,936	258,415	1,862,373	1,877,774
Infrastructure	6,843,679	3,619,988	-	-	6,843,679	3,619,988
Water system	-	-	10,527,986	8,956,157	10,527,986	8,956,157
Sewer system	-	-	10,053,348	10,156,493	10,053,348	10,156,493
Work in progress	400,967	3,526,054	3,188,311	4,591,713	3,589,278	8,117,767
<b>Totals</b>	<b>\$ 17,134,706</b>	<b>17,310,859</b>	<b>26,082,490</b>	<b>26,005,800</b>	<b>43,217,196</b>	<b>43,316,658</b>

The total amount of capital assets, net of depreciation, of \$43,217,196 is a decrease of \$99,463 from the previous year.

Governmental activities capital assets, net of depreciation, of \$17,134,706 is an decrease of \$176,153 from the previous year.

Business-type activities capital assets, net of depreciation, of \$26,082,490 is an increase of \$76,690 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, 2013

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

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

	Current Year	Previous Year
<b>Governmental activities:</b>		
Computer lease 2010	\$ -	8,514
Main Street 2004	20,000	40,000
City Complex 1992A	133,000	196,000
Back-Nine 1992	16,000	24,000
City Complex 1992B	50,000	75,000
2012 Golf Cart Lease	18,638	24,559
2010 Street Revenue	812,000	907,000
MBA Lease 2008	160,000	170,000
Golf Clubhouse 2001B	320,000	340,000
<b>Total governmental</b>	<b>1,529,638</b>	<b>1,785,074</b>
<b>Business-type activities:</b>		
Water 1999A	358,000	398,000
Water 1999B	85,000	97,000
Water 2000	325,000	362,000
Water 2000A	38,000	42,000
Water 2005A	702,000	741,000
Water 2009	289,000	306,000
Water 2011	332,000	350,000
Water 2011B	518,000	518,000
Water 2013	500,000	-
Sewer 2002	130,735	132,858
Sewer 2005B	216,000	228,000
Sewer 2006	118,000	124,000
Sewer 2007	878,000	937,000
Sewer 2009B	2,594,000	2,738,000
<b>Total business-type</b>	<b>7,083,735</b>	<b>6,973,858</b>
<b>Total outstanding debt</b>	<b>\$ 8,613,372</b>	<b>8,758,932</b>

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

**REQUESTS FOR INFORMATION**

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

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## **BASIC FINANCIAL STATEMENTS**

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Roosevelt City Corporation  
**STATEMENT OF NET ASSETS**  
June 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 2,345,352	1,534,745	3,880,096
Accounts receivable, net of allowances	1,485,844	393,522	1,879,365
Other assets	60,116	35,148	95,264
Total current assets	3,891,312	1,963,414	5,854,726
Non-current assets:			
Restricted cash and cash equivalents	1,075,895	6,209,426	7,285,321
Receivables due after one year	69,834	-	69,834
Capital assets:			
Not being depreciated	1,201,520	4,598,117	5,799,637
Net of accumulated depreciation	15,933,186	21,484,373	37,417,559
Total non-current assets	18,280,435	32,291,916	50,572,351
<b>Total assets</b>	<b>\$ 22,171,747</b>	<b>34,255,330</b>	<b>56,427,077</b>
<b>LIABILITIES AND DEFERRED INFLOW OF RESOURCES:</b>			
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 395,831	109,745	505,576
Customer security deposits	-	76,717	76,717
Accrued interest payable	11,487	9,517	21,004
Revenue bonds due within one year	245,000	408,226	653,226
Capital leases due within one year	4,315	-	4,315
Total current liabilities	656,633	604,204	1,260,838
Non-current liabilities:			
Compensated absences	275,971	114,557	390,528
Revenue bonds due after one year	1,266,000	6,675,508	7,941,508
Capital leases due after one year	14,322	-	14,322
Total non-current liabilities	1,556,293	6,790,066	8,346,359
Total liabilities	2,212,926	7,394,270	9,607,196
Deferred inflow of resources	767,922	-	767,922
<b>Total liabilities and deferred inflow of resources</b>	<b>2,980,848</b>	<b>7,394,270</b>	<b>10,375,118</b>
<b>NET POSITION:</b>			
Net investment in capital assets	15,605,068	18,998,755	34,603,824
Restricted:			
Debt service	152,235	654,238	806,473
Construction	923,660	5,351,997	6,275,657
Unrestricted	2,509,936	1,856,070	4,366,005
<b>Total net position</b>	<b>19,190,899</b>	<b>26,861,060</b>	<b>46,051,959</b>
<b>Total liabilities, deferred inflow of resources, and net position</b>	<b>\$ 22,171,747</b>	<b>34,255,330</b>	<b>56,427,077</b>

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

Roosevelt City Corporation  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2013

<b><u>FUNCTIONS/PROGRAMS:</u></b>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue (To Next Page)</u>
<b>Primary government:</b>					
Governmental activities:					
Administration	\$ 874,560	328,434	103,068	-	(443,057)
Public safety	1,644,804	178,782	64,562	-	(1,401,461)
Streets and highways	1,026,355	-	236,953	-	(789,402)
Airport	258,752	185,845	-	7,885	(65,022)
Culture and recreation:					
Parks, recreation, cemetery	776,872	168,656	-	-	(608,215)
Golf	812,654	406,716	-	-	(405,939)
Interest on long-term debt	10,420	-	-	-	(10,420)
<b>Total governmental activities</b>	<b><u>5,404,417</u></b>	<b><u>1,268,433</u></b>	<b><u>404,583</u></b>	<b><u>7,885</u></b>	<b><u>(3,723,516)</u></b>
Business-type activities:					
Water	1,799,725	2,275,313	-	5,062,000	5,537,588
Sewer	835,799	785,154	-	-	(50,645)
Garbage	778,015	778,012	-	-	(3)
<b>Total business-type activities</b>	<b><u>3,413,539</u></b>	<b><u>3,838,479</u></b>	<b><u>-</u></b>	<b><u>5,062,000</u></b>	<b><u>5,486,940</u></b>
<b>Total primary government</b>	<b><u>\$ 8,817,956</u></b>	<b><u>5,106,912</u></b>	<b><u>404,583</u></b>	<b><u>5,069,885</u></b>	<b><u>1,763,424</u></b>

(continued on next page)

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

Roosevelt City Corporation  
**STATEMENT OF ACTIVITIES (continued)**  
For the Year Ended June 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET POSITION:</b>			
<b>Net (expense) revenue (from previous page)</b>	<b><u>\$ (3,723,516)</u></b>	<b><u>5,486,940</u></b>	<b><u>1,763,424</u></b>
<b>General revenues:</b>			
Property taxes	932,694	-	932,694
Sales tax	2,827,918	-	2,827,918
Other taxes	879,799	-	879,799
Special assessments	137,706	-	137,706
Unrestricted investment earnings	22,666	6,435	29,101
Gain on sales of capital assets	27,742	-	27,742
Miscellaneous	<u>104,495</u>	<u>-</u>	<u>104,495</u>
<b>Total general revenues</b>	<b><u>4,933,020</u></b>	<b><u>6,435</u></b>	<b><u>4,939,454</u></b>
<b>Change in net position</b>	<b>1,209,504</b>	<b>5,493,375</b>	<b>6,702,879</b>
Net position - beginning	<u>17,981,395</u>	<u>21,367,685</u>	<u>39,349,080</u>
<b>Net position - ending</b>	<b><u>\$ 19,190,899</u></b>	<b><u>26,861,060</u></b>	<b><u>46,051,958</u></b>

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

Roosevelt City Corporation  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
 June 30, 2013

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 861,580	1,344,526	139,246	2,345,352
Accounts receivable, net of allowances	1,555,678	-	-	1,555,678
Other assets	60,116	-	-	60,116
Restricted cash and cash equivalents	51,526	872,134	152,235	1,075,895
<b>TOTAL ASSETS</b>	<b>\$ 2,528,901</b>	<b>2,216,659</b>	<b>291,481</b>	<b>5,037,041</b>
 <b>LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>				
Liabilities:				
Accounts payable	\$ 301,043	94,788	-	395,831
Unearned revenue	78,010	-	-	78,010
Total liabilities	379,053	94,788	-	473,840
Deferred inflow of resources	767,922	-	-	767,922
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<b>1,146,975</b>	<b>94,788</b>	<b>-</b>	<b>1,241,762</b>
 <b>FUND BALANCES:</b>				
Restricted for:				
Construction	51,526	872,134	-	923,660
Debt service	-	-	152,235	152,235
Assigned for:				
Construction	-	1,249,738	-	1,249,738
Debt service	-	-	139,246	139,246
Unassigned	1,330,400	-	-	1,330,400
<b>TOTAL FUND BALANCES</b>	<b>1,381,926</b>	<b>2,121,872</b>	<b>291,481</b>	<b>3,795,279</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,528,901</b>	<b>2,216,659</b>	<b>291,481</b>	<b>5,037,041</b>

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

Roosevelt City Corporation  
**STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2013

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
Property	\$ 932,694	-	-	932,694
Sales	2,827,918	-	-	2,827,918
Other taxes	759,798	120,000	-	879,799
Licenses and permits	166,279	-	-	166,279
Intergovernmental revenues	404,583	7,885	-	412,468
Charges for services	949,263	-	58,184	1,007,447
Fines and forfeitures	94,707	-	-	94,707
Interest	17,678	4,841	146	22,666
Miscellaneous revenue	89,525	49,264	-	138,789
<b>Total revenues</b>	<b>6,242,445</b>	<b>181,990</b>	<b>58,330</b>	<b>6,482,766</b>
<b>EXPENDITURES:</b>				
Current:				
General government	768,034	7,890	-	775,923
Public safety	1,538,614	-	-	1,538,614
Highways and public improvements	852,334	-	-	852,334
Parks, recreation and public property	1,340,063	-	-	1,340,063
Capital outlay	-	695,360	-	695,360
Debt service:				
Principal	64,436	-	191,000	255,436
Interest	1,453	-	11,861	13,314
<b>Total expenditures</b>	<b>4,564,934</b>	<b>703,250</b>	<b>202,861</b>	<b>5,471,046</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>1,677,511</b>	<b>(521,260)</b>	<b>(144,531)</b>	<b>1,011,720</b>
<b>Other Financing Sources and (Uses):</b>				
Special assessment fees	61,191	-	-	61,191
Transfers in	-	1,039,735	108,605	1,148,340
Transfers (out)	(1,148,340)	-	-	(1,148,340)
<b>Total other financing sources and (uses)</b>	<b>(1,087,149)</b>	<b>1,039,735</b>	<b>108,605</b>	<b>61,191</b>
<b>Net Change in Fund Balances</b>	<b>590,362</b>	<b>518,475</b>	<b>(35,926)</b>	<b>1,072,911</b>
Fund balances - beginning of year	791,564	1,603,397	327,407	2,722,368
<b>Fund balances - end of year</b>	<b>\$ 1,381,926</b>	<b>2,121,872</b>	<b>291,481</b>	<b>3,795,279</b>

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

Roosevelt City Corporation  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION**  
 For the Year Ended June 30, 2013

<b>Total Fund Balances for Governmental Funds</b>	<b><u>\$ 3,795,279</u></b>
<p>Total net position reported for governmental activities in the statement is different because:</p>	
<p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.</p>	
Capital assets, at cost	29,144,947
Less accumulated depreciation	<u>(12,010,241)</u>
<b>Net capital assets</b>	<b><u>17,134,706</u></b>
<p>Long-term liabilities, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.</p>	
<b>General long-term debt</b>	<b><u>(1,529,638)</u></b>
<b>Interest accrued but not yet paid on long-term debt</b>	<b><u>(11,487)</u></b>
<b>Compensated absences</b>	<b><u>(275,971)</u></b>
<p>Certain revenue is reported as unearned in governmental funds, but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.</p>	
<b>Unearned special assessments</b>	<b><u>78,010</u></b>
<b>Total Net Position of Governmental Activities</b>	<b><u><u>\$ 19,190,899</u></u></b>

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

Roosevelt City Corporation  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2013

**Net Change in Fund Balances - Total Governmental Funds** **\$ 1,072,911**

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

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

Capital outlays	695,360
Depreciation expense	<u>(864,961)</u>
<b>Net</b>	<b><u>(169,601)</u></b>

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

<b>Book cost of assets retired</b>	<b><u>(6,552)</u></b>
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

<b>Long-term debt principal repayments</b>	<b><u>255,436</u></b>
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Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.

<b>Change in accrued interest</b>	<b><u>2,894</u></b>
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

<b>Change in compensated absence liability</b>	<b><u>(22,101)</u></b>
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Governmental funds do not report unearned special assessments as revenue because these revenues are not available for current period expenses.

<b>Change in special assessments receivable</b>	<b><u>76,516</u></b>
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**Change in Net Position of Governmental Activities** **\$ 1,209,504**

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

Roosevelt City Corporation  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
June 30, 2013

	Water Fund	Sewer Fund	Sanitation Fund	Total
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 331,070	1,204,420	(745)	1,534,745
Accounts receivable, net	264,949	63,890	64,683	393,522
Other current assets	29,804	5,344	-	35,148
<b>Total current assets</b>	<b>625,823</b>	<b>1,273,654</b>	<b>63,938</b>	<b>1,963,414</b>
Non-current assets:				
Restricted cash and cash equivalents	5,839,210	370,216	-	6,209,426
Deferred bond issue costs	-	-	-	-
Capital assets:				
Not being depreciated	4,439,212	158,905	-	4,598,117
Net of accumulated depreciation	11,264,359	10,220,013	-	21,484,373
<b>Total non-current assets</b>	<b>21,542,782</b>	<b>10,749,134</b>	<b>-</b>	<b>32,291,916</b>
<b>Total assets</b>	<b>\$ 22,168,604</b>	<b>12,022,788</b>	<b>63,938</b>	<b>34,255,330</b>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	\$ 33,532	12,330	63,883	109,745
Customer security deposits	76,717	-	-	76,717
Accrued interest payable	9,517	-	-	9,517
Revenue bonds, current portion	185,000	223,226	-	408,226
<b>Total current liabilities</b>	<b>304,766</b>	<b>235,556</b>	<b>63,883</b>	<b>604,204</b>
Non-current liabilities:				
Compensated absences	79,142	35,415	-	114,557
Revenue bonds, long-term	2,962,000	3,713,508	-	6,675,508
<b>Total non-current liabilities</b>	<b>3,041,142</b>	<b>3,748,923</b>	<b>-</b>	<b>6,790,066</b>
<b>Total liabilities</b>	<b>3,345,908</b>	<b>3,984,479</b>	<b>63,883</b>	<b>7,394,270</b>
<b>NET POSITION:</b>				
Net investment in capital assets	12,556,572	6,442,184	-	18,998,755
Restricted for:				
Debt service	284,022	370,216	-	654,238
Construction	5,351,997	-	-	5,351,997
Unrestricted	630,106	1,225,909	55	1,856,070
<b>Total net position</b>	<b>18,822,696</b>	<b>8,038,309</b>	<b>55</b>	<b>26,861,060</b>
<b>Total liabilities and net position</b>	<b>\$ 22,168,604</b>	<b>12,022,788</b>	<b>63,938</b>	<b>34,255,330</b>

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

Roosevelt City Corporation  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUNDS**  
For the Year Ended June 30, 2013

	Water Fund	Sewer Fund	Sanitation Fund	Total
<b>Operating income:</b>				
Charges for sales and service	\$ 2,075,932	583,528	750,508	3,409,969
Connection fees	107,053	158,064	-	265,117
Other operating income	92,327	43,562	27,504	163,393
<b>Total operating revenue</b>	<b><u>2,275,313</u></b>	<b><u>785,154</u></b>	<b><u>778,012</u></b>	<b><u>3,838,479</u></b>
<b>Operating expenses:</b>				
Purchased product	208,348	-	-	208,348
Personnel services	620,144	327,716	-	947,860
Utilities	3,209	25,961	-	29,169
Repair and maintenance	289,112	76,482	-	365,595
Contractual services	-	-	750,511	750,511
Other supplies and expenses	111,400	11,342	27,504	150,246
Insurance expense	27,751	28,150	-	55,901
Depreciation expense	470,904	316,723	-	787,627
<b>Total operating expense</b>	<b><u>1,730,868</u></b>	<b><u>786,374</u></b>	<b><u>778,015</u></b>	<b><u>3,295,258</u></b>
<b>Net operating income (loss)</b>	<b><u>544,444</u></b>	<b><u>(1,220)</u></b>	<b><u>(3)</u></b>	<b><u>543,221</u></b>
<b>Non-operating income (expense):</b>				
Impact fees	212,000	-	-	212,000
Interest income	4,119	2,316	-	6,435
Interest on long-term debt	(68,857)	(49,425)	-	(118,281)
<b>Total non-operating income (expense)</b>	<b><u>147,262</u></b>	<b><u>(47,108)</u></b>	<b><u>-</u></b>	<b><u>100,154</u></b>
<b>Income (loss) before transfers and capital contributions</b>	<b>691,706</b>	<b>(48,328)</b>	<b>(3)</b>	<b>643,375</b>
Capital contributions	4,850,000	-	-	4,850,000
<b>Change in net position</b>	<b>5,541,706</b>	<b>(48,328)</b>	<b>(3)</b>	<b>5,493,375</b>
Net position, beginning	13,280,990	8,086,637	58	21,367,685
<b>Net position, ending</b>	<b><u>\$ 18,822,696</u></b>	<b><u>8,038,309</u></b>	<b><u>55</u></b>	<b><u>26,861,060</u></b>

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

Roosevelt City Corporation  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Year Ended June 30, 2013

	Water Fund	Sewer Fund	Sanitation Fund	Total
<b>Cash flows from operating activities:</b>				
Cash received from customers - service	\$ 2,378,276	778,398	768,492	3,925,165
Cash paid to suppliers	(711,360)	(139,956)	(775,842)	(1,627,158)
Cash paid to employees	(611,010)	(322,895)	-	(933,905)
<b>Net cash provided (used) in operating activities</b>	<b><u>1,055,906</u></b>	<b><u>315,547</u></b>	<b><u>(7,350)</u></b>	<b><u>1,364,103</u></b>
<b>Cash flows from noncapital financing activities:</b>				
Change in customer deposits	7,325	-	-	7,325
Net interfund activity	(43,419)	43,419	-	-
<b>Net cash provided (used) in noncapital financing activities</b>	<b><u>(36,094)</u></b>	<b><u>43,419</u></b>	<b><u>-</u></b>	<b><u>7,325</u></b>
<b>Cash flows from capital and related financing activities:</b>				
Cash received from bonds issued	500,000	-	-	500,000
Cash received from impact fees	212,000	-	-	212,000
Cash received from capital grants	4,850,000	-	-	4,850,000
Cash payments for capital assets	(675,068)	(189,249)	-	(864,317)
Cash payments for long-term debt principal	(167,000)	(223,123)	-	(390,123)
Cash payments for long-term debt interest	(41,873)	(6,265)	-	(48,138)
<b>Net cash provided (used) in capital and related financing activities</b>	<b><u>4,678,059</u></b>	<b><u>(418,637)</u></b>	<b><u>-</u></b>	<b><u>4,259,422</u></b>
<b>Cash flows from investing activities:</b>				
Cash received from interest earned	4,119	2,316	-	6,435
<b>Net cash provided (used) in investing activities</b>	<b><u>4,119</u></b>	<b><u>2,316</u></b>	<b><u>-</u></b>	<b><u>6,435</u></b>
<b>Net increase (decrease) in cash</b>	<b>5,701,990</b>	<b>(57,355)</b>	<b>(7,350)</b>	<b>5,637,284</b>
Cash balance, beginning	468,290	1,631,991	6,605	2,106,886
<b>Cash balance, ending</b>	<b><u>\$ 6,170,280</u></b>	<b><u>1,574,636</u></b>	<b><u>(745)</u></b>	<b><u>7,744,171</u></b>
<b>Cash reported on the balance sheet:</b>				
Cash and cash equivalents	\$ 331,070	1,204,420	(745)	1,534,745
Non-current restricted cash	5,839,210	370,216	-	6,209,426
<b>Total cash and cash equivalents</b>	<b><u>\$ 6,170,280</u></b>	<b><u>1,574,636</u></b>	<b><u>(745)</u></b>	<b><u>7,744,171</u></b>

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

Roosevelt City Corporation  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (continued)**  
For the Year Ended June 30, 2013

**Reconciliation of Operating Income to Net  
Cash Provided (Used) in Operating Activities:**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
<b>Net operating income (loss)</b>	<b>\$ 544,444</b>	<b>(1,220)</b>	<b>(3)</b>	<b>543,221</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	470,904	316,723	-	787,627
Changes in assets and liabilities:				
(Increase) decrease in receivables	103,113	(6,057)	(9,521)	87,535
(Increase) decrease in prepaids	(150)	(699)	-	(849)
Increase (decrease) in payables	<u>(62,405)</u>	<u>6,799</u>	<u>2,173</u>	<u>(53,432)</u>
<b>Net cash provided (used) in operating activities</b>	<b><u>\$ 1,055,906</u></b>	<b><u>315,547</u></b>	<b><u>(7,350)</u></b>	<b><u>1,364,103</u></b>

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

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**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 position and the statement of changes in net position 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, 2013

**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, 2013

**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 funds:**

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

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

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

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

*Proprietary funds*

**The City reports the following major proprietary funds:**

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

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

**The City reports the following non-major proprietary funds:**

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

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

**1-E-1. Deposit and Investments**

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

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**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, 2013

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

**1-E-6. Capital Assets**

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

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

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

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

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

**1-E-7. Long-term Obligations**

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

**1-E-8. Fund Equity**

*Government-wide Financial Statements*

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

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
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**1-E. Assets, Liabilities, and Net Position or Equity (continued)**

**1-E-8. Fund Equity (continued)**

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

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

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

*Fund Financial Statements*

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

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

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

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

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

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

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

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

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

**1-E-9. Estimates**

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

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

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

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2-A. Budgetary data**

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund.. The level of the City's budgetary control (the level at which the City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 25% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the City Council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2013 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 38,185
Demand deposits - checking	762,121
Bond reserve bank trust accounts	749,246
Deposits - PTIF	<u>9,615,865</u>
<b>Total cash</b>	<b><u>\$ 11,165,417</u></b>

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

Cash and cash equivalents (current)	\$ 3,880,096
Restricted cash and cash equivalents (non-current)	<u>7,285,321</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 11,165,417</u></b>

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

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

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

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2013

**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, 2013, the City's bank balance of demand and bank trust deposits totaled \$1,806,919 and the book balance is \$1,511,367. Of these deposits, \$500,000 is covered by FDIC insurance; \$1,306,919 is uninsured and uncollateralized. An additional \$9,615,865 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	\$ 768,998	-	-	-	-	768,998
Intergovernmental	701,351	-	-	-	-	701,351
Customers	7,319	-	264,949	63,890	64,683	400,841
Special assessments:						
Non-current	69,834	-	-	-	-	69,834
<b>Total receivables</b>	<b><u>\$ 1,555,678</u></b>	<b><u>-</u></b>	<b><u>264,949</u></b>	<b><u>63,890</u></b>	<b><u>64,683</u></b>	<b><u>1,949,200</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2013

**3-C. Capital Assets**

Capital asset activity for the governmental activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and rights	\$ 800,553	-	-	800,553
Construction in progress	3,526,054	425,299	3,550,386	400,967
<b>Total capital assets, not being depreciated</b>	<b><u>4,326,607</u></b>	<b><u>425,299</u></b>	<b><u>3,550,386</u></b>	<b><u>1,201,520</u></b>
Capital assets, being depreciated:				
Buildings	4,594,803	8,421	-	4,603,224
Improvements other than buildings	7,307,476	63,218	-	7,370,694
Machinery and equipment	3,288,103	191,437	18,500	3,461,040
Infrastructure	8,951,097	3,557,372	-	12,508,469
<b>Total capital assets, being depreciated</b>	<b><u>24,141,480</u></b>	<b><u>3,820,447</u></b>	<b><u>18,500</u></b>	<b><u>27,943,427</u></b>
Less accumulated depreciation for:				
Buildings	1,774,730	113,888	-	1,888,618
Improvements other than buildings	2,382,643	186,587	-	2,569,230
Machinery and equipment	1,668,744	230,807	11,948	1,887,603
Infrastructure	5,331,110	333,681	-	5,664,790
<b>Total accumulated depreciation</b>	<b><u>11,157,228</u></b>	<b><u>864,961</u></b>	<b><u>11,948</u></b>	<b><u>12,010,241</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>12,984,252</u></b>	<b><u>2,955,486</u></b>	<b><u>6,552</u></b>	<b><u>15,933,186</u></b>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 17,310,859</u></b>	<b><u>3,380,785</u></b>	<b><u>3,556,938</u></b>	<b><u>17,134,706</u></b>

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

<b>Governmental activities:</b>	
General government	\$ 76,536
Public safety	106,190
Highways and public improvements	432,773
Parks, recreation and public property	249,463
<b>Total</b>	<b><u>\$ 864,961</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**3-C. Capital assets (continued)**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and water shares	\$ 1,409,807	-	-	1,409,807
Construction in progress	4,591,713	791,254	2,194,656	3,188,311
<b>Total capital assets, not being depreciated</b>	<b><u>6,001,520</u></b>	<b><u>791,254</u></b>	<b><u>2,194,656</u></b>	<b><u>4,598,117</u></b>
Capital assets, being depreciated:				
Water system	16,622,595	2,077,561	-	18,700,156
Sewer system	13,957,280	190,158	-	14,147,438
<b>Total capital assets, being depreciated</b>	<b><u>30,579,875</u></b>	<b><u>2,267,719</u></b>	<b><u>-</u></b>	<b><u>32,847,594</u></b>
Less accumulated depreciation for:				
Water system	6,964,893	470,904	-	7,435,796
Sewer system	3,610,701	316,723	-	3,927,425
<b>Total accumulated depreciation</b>	<b><u>10,575,594</u></b>	<b><u>787,627</u></b>	<b><u>-</u></b>	<b><u>11,363,221</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>20,004,280</u></b>	<b><u>1,480,093</u></b>	<b><u>-</u></b>	<b><u>21,484,373</u></b>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 26,005,800</u></b>	<b><u>2,271,347</u></b>	<b><u>2,194,656</u></b>	<b><u>26,082,490</u></b>

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

<b>Business-type activities:</b>	
Water	\$ 470,904
Sewer	316,723
<b>Total</b>	<b><u>\$ 787,627</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

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

	Original Principal	%	6/30/2012	Additions	Reductions	6/30/2013	Due Within One Year
<b><u>Governmental activities:</u></b>							
2010 Dell Computer Lease Matures 8/31/2010	\$ 48,811	6.28	\$ 8,514	-	8,514	-	-
2004 Main Street Matures 3/31/2014	200,000	-	40,000	-	20,000	20,000	20,000
1992 A City Complex Matures 1/13/2015	1,000,000	3.50	196,000	-	63,000	133,000	66,000
1992 Back-Nine Matures 1/20/2015	125,000	3.00	24,000	-	8,000	16,000	8,000
1992 B City Complex Matures 3/13/2015	500,000	-	75,000	-	25,000	50,000	25,000
2012 10 YDRA Golf Carts Lease Matures 4/1/2017	26,225	4.792	24,559	-	5,922	18,638	4,315
2010 Street Revenue Matures 10/1/2020	1,000,000	1.50	907,000	-	95,000	812,000	96,000
2008 MBA Lease Revenue Matures 10/1/2028	200,000	-	170,000	-	10,000	160,000	10,000
2001 B Golf Clubhouse Matures 7/31/2029	500,000	-	340,000	-	20,000	320,000	20,000
<b>Total governmental activity long-term liabilities</b>			<b><u>\$1,785,073</u></b>	<b><u>-</u></b>	<b><u>255,436</u></b>	<b><u>1,529,638</u></b>	<b><u>249,315</u></b>

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

	Principal	Interest	Total
2014	\$ 249,315	18,526	267,841
2015	233,276	14,445	247,722
2016	134,388	10,200	144,588
2017	134,658	8,372	143,030
2018	132,000	6,270	138,270
2019 - 2023	466,000	9,525	475,525
2024 - 2028	150,000	-	150,000
2029 - 2029	30,000	-	30,000
<b>Total</b>	<b><u>\$1,529,638</u></b>	<b><u>67,338</u></b>	<b><u>1,596,975</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

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

	Original Principal	%	6/30/2012	Additions	Reductions	6/30/2013	Due Within One Year
<b><u>Business-type activities:</u></b>							
1999 B Water Revenue Matures 12/31/2019	\$ 225,000	1.28	\$ 97,000	-	12,000	85,000	12,000
1999 A Water Revenue Matures 12/31/2020	700,000	2.50	398,000	-	40,000	358,000	41,000
2000 Water Revenue Matures 12/31/2020	711,000	2.50	362,000	-	37,000	325,000	37,000
2000 A Water Revenue Matures 12/31/2021	75,000	2.29	42,000	-	4,000	38,000	4,000
2007 Sewer Contruction Matures 1/1/2028	1,173,000	-	937,000	-	59,000	878,000	59,000
2009 Replacement Well Bond Matures 1/1/2030	340,000	-	306,000	-	17,000	289,000	17,000
2009B Sewer Improvements Matures 1/1/2031	2,882,000	-	2,738,000	-	144,000	2,594,000	144,000
2005 A Water Revenue Matures 3/31/2031	970,000	-	741,000	-	39,000	702,000	39,000
2005 B Sewer revenue Matures 3/31/2031	300,000	-	228,000	-	12,000	216,000	12,000
2011 Wtr Revenue Bond Matures 10/1/2031	350,000	-	350,000	-	18,000	332,000	18,000
2006 Sewer revenue Matures 12/31/2031	154,000	-	124,000	-	6,000	118,000	6,000
2002 Sewer Revenue RUS Matures 1/10/2042	150,000	4.75	132,858	-	2,123	130,735	2,226
2011B Wtr Revenue Bond Matures 10/1/2042	518,000	-	518,000	-	-	518,000	17,000
2013 Water Improvements Matures 10/1/2043	500,000	-	-	500,000	-	500,000	-
<b>Total business-type activity long-term liabilities</b>			<b><u>\$6,973,858</u></b>	<b><u>500,000</u></b>	<b><u>390,123</u></b>	<b><u>7,083,735</u></b>	<b><u>408,226</u></b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2013

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

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

	Principal	Interest	Total
2014	\$ 408,226	25,195	433,421
2015	427,334	22,892	450,226
2016	429,448	20,533	449,981
2017	431,566	18,119	449,686
2018	433,691	15,649	449,340
2019 - 2023	1,956,546	41,734	1,998,280
2024 - 2028	1,677,704	22,236	1,699,940
2029 - 2033	905,975	16,965	922,940
2034 - 2038	204,655	10,285	214,940
2039 - 2043	201,589	2,286	203,875
2044 - 2043	7,000	-	7,000
<b>Total</b>	<b>\$7,083,735</b>	<b>195,894</b>	<b>7,279,629</b>

**Capital Lease Commitments:**

The City has acquired capital assets financed with capital leases.

During fiscal year 2012, the City executed a lease for golf carts in the amount of \$26,225 payable monthly over 5 years. Interest only payments are to be made from November through April of each year. Accumulated amortization (depreciation) on the equipment acquired under this lease was \$2,710 at June 30, 2013.

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, 2013:

<u>Fiscal Year</u>		
2014		\$ 5,561
2015		6,432
2016		6,319
2017		4,245
Total minimum lease payments		22,557
Less amounts representing interest		(3,919)
Present value of minimum lease payments		\$ 18,638

Capital lease payable is reported as follows:

Current Portion Capital Leases Payable	\$ 5,170
Long-term Capital Leases Payable	13,468
Total Capital Leases Payable	\$ 18,638

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2013

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

**Operating Leases:**

During fiscal year 2013, the City executed an operating lease for golf carts. Total cost for the lease for the year ended June 30, 2013 was \$13,844. The future minimum lease payments are as follows:

<u>Fiscal Year</u>	
2014	\$ 26,111
2015	30,309
2016	29,899
2017	29,463
2018	19,780
Total	<u><u>\$ 135,562</u></u>

**Other long-term liabilities:**

	<u>Beginning</u>	<u>Increase (Decrease)</u>	<u>Ending</u>
<b>Compensate absences:</b>			
Governmental	\$ 253,870	22,101	\$ 275,971
Business-type	100,602	13,955	114,557
<b>Total</b>	<u><u>\$ 354,472</u></u>	<u><u>36,056</u></u>	<u><u>\$ 390,528</u></u>

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

Interfund transfers:

	<b>Transfers Out:</b>
	<u>General Fund</u>
<b>Transfers In:</b>	
Debt Service	\$ 108,605
Capital Projects	<u>1,039,735</u>
<b>Total</b>	<u><u>\$ 1,748,340</u></u>

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

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

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

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

**Funding Policy:**

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective system to which they belong. The City is required to contribute a percent of covered salary to the respective systems: 16.04% to the Noncontributory System; 12.74% to the Contributory System; 19.25% to the Public Safety Contributory System; and 30.45% 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, 2013, 2012 and 2011 respectively were: for the Contributory System, \$6,349, \$1,061 and \$0; for the Noncontributory System, \$194,662, \$158,823, and \$135,034; for the Public Safety Contributory, \$11,029, \$4,492, and \$0; and for the Public Safety Noncontributory, \$114,298, \$105,302, and \$98,689. 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 years ending June 30, 2013, 2012 and 2011 amounted to \$12,821, \$12,246 and \$10,277, respectively.

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

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Roosevelt City Corporation  
**Notes to Required Supplementary Information**  
June 30, 2013

**Budgetary Comparison Schedules**

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

**Budgeting and Budgetary Control**

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

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

**Current Year Excess of Expenditures over Appropriations**

For the year ended June 30, 2013, spending within all departments was within the appropriated budget.

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

For the Year Ended June 30, 2013

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 3,379,489	4,506,179	4,520,410	14,231
Licenses and permits	102,100	158,500	166,279	7,779
Intergovernmental revenues	367,500	398,500	404,583	6,083
Charges for services	604,775	904,470	949,263	44,793
Fines and forfeitures	68,250	90,000	94,707	4,707
Interest	3,675	17,800	17,678	(122)
Miscellaneous revenue	63,450	227,063	89,525	(137,538)
<b>Total revenues</b>	<b><u>4,589,239</u></b>	<b><u>6,302,512</u></b>	<b><u>6,242,445</u></b>	<b><u>(60,067)</u></b>
<b>Expenditures</b>				
General government	810,200	821,385	768,034	53,351
Public safety	1,611,327	1,643,985	1,538,614	105,371
Highways and public improvements	541,950	889,725	852,334	37,391
Parks and recreation	1,300,800	1,500,285	1,340,063	160,222
Debt Service:				
Principal	58,514	72,808	64,436	8,372
Interest	272	2,575	1,453	1,122
<b>Total expenditures</b>	<b><u>4,323,063</u></b>	<b><u>4,930,763</u></b>	<b><u>4,564,934</u></b>	<b><u>365,829</u></b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b><u>\$ 266,176</u></b>	<b><u>1,371,749</u></b>	<b><u>1,677,511</u></b>	<b><u>307,762</u></b>
<b>Other Financing Sources and (Uses)</b>				
Special assessment fees	-	55,042	61,191	6,149
Transfers (out)	(358,587)	(1,148,340)	(1,148,340)	-
<b>Total Other Financing Sources and (Uses)</b>	<b><u>(358,587)</u></b>	<b><u>(1,093,298)</u></b>	<b><u>(1,087,149)</u></b>	<b><u>6,149</u></b>
<b>Net Change in Fund Balances</b>	<b><u>(92,411)</u></b>	<b><u>278,451</u></b>	<b><u>590,362</u></b>	<b><u>311,911</u></b>
Fund Balances - beginning of year	791,564	791,564	791,564	-
<b>Fund Balances - end of year</b>	<b><u>\$ 699,153</u></b>	<b><u>1,070,015</u></b>	<b><u>1,381,926</u></b>	<b><u>311,911</u></b>

**SUPPLEMENTAL INFORMATION**

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Roosevelt City Corporation  
**Supplemental Information**  
 June 30, 2013

**Impact Fees**

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

The City collected \$212,000 in water impact fees during the year ended June 30, 2013.

**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, 2013. 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, 2013. 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, 2013:

<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	-	3/26/2014
Policy #3F-685-727-02 Blanket Fidelity Bond	40,000	-	3/26/2014
ULGT #13270-GL2011 Comprehensive General Liability-Public Entity	5,000,000	1,000	3/26/2014
ULGT #13270-GL2011 Auto Liability	1,000,000	1,000	3/26/2014
ULGT #ULGT-APDP-2010 Property (Building/Contents) 90% co-insurance	10,632,740	1,000	3/26/2014
USF&G #9CP111521127200 Property (Maintenance equipment)	589,273	1,000	3/26/2014
USF&G #9CP111521127200 Property (Irrigation equipment)	55,000	1,000	3/26/2014
	-	(255,436.34)	
Old Republic Insurance Company #PR00017717 Airport Operations	1,000,000	-	10/31/2014
Old Republic Insurance Company #PR00017717 Sale Aviation Fuel/Oil	30,575	-	10/31/2014
Old Republic Insurance Company #PR00017717 Hangerkeepers	-	-	10/31/2014
One aircraft	50,000	1,000	10/31/2014
One Occurance	250,000	1,000	10/31/2014

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

Certified Public Accountants

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

## **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, 2013, and have issued our report thereon dated November 5, 2013. 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### 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*

November 5, 2013

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

Certified Public Accountants

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

## Utah State Compliance Report

Roosevelt City Council

We have audited the general purpose financial statements of Roosevelt City, Utah, for the year ended June 30, 2013, and have issued our report thereon dated November 5, 2013. 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, 2013. 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 no instances of noncompliance.

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, 2013.

*Aycock, Miles & Associates, CPAs*

November 5, 2013