

Roosevelt City Corporation
Roosevelt, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

Roosevelt City Corporation
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June 30, 2015

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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

Roosevelt City Town Council
Roosevelt, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Roosevelt City, as of and for the year ended June 30, 2015, which collectively comprise Roosevelt 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, 2015, and the respective changes in financial position and, if applicable, cash flows 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, budget comparison, and pension schedules 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 Roosevelt City's basic financial statements. The supplemental schedule of impact fees and insurance coverage is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of federal awards is the responsibility of management and was 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 schedule of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplemental schedule of impact fees and insurance coverage 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 on our consideration of Roosevelt City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roosevelt City's internal control over financial reporting and compliance.

Aycock, Miles & Associates, CPAs

December 14, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2015

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, 2015.

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$5,309,252.
- *Total unrestricted net position for the City as a whole increased by \$298,143.
- *Total net position for governmental activities increased by \$4,058,746.
- *Total net position for business-type activities increased by \$1,250,505.

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, liabilities, and deferred inflows, with the difference between the two 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 position 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, 2015

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, 2015

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	\$ 8,236,024	6,358,641	3,741,723	5,919,266	11,977,747	12,277,907
Net capital assets	19,479,028	17,053,480	32,156,467	29,285,643	51,635,496	46,339,124
Deferred outflows of resources	156,876	127,164	60,759	49,251	217,635	176,415
Total assets and deferred outflows	27,871,928	23,539,285	35,958,950	35,254,160	63,830,878	58,793,446
Long-term liabilities	1,047,046	1,280,322	6,248,174	6,675,508	7,295,220	7,955,831
Other liabilities	1,711,119	1,478,146	484,035	649,589	2,195,153	2,127,735
Deferred inflows of resources	1,068,682	794,482	47,173	-	1,115,855	794,482
Total liabilities and deferred inflows	3,826,847	3,552,950	6,779,382	7,325,097	10,606,228	10,878,047
Net position:						
Net investment in capital assets	18,431,983	15,773,158	25,908,293	22,610,135	44,340,276	38,383,293
Restricted	5,276,564	3,739,773	961,581	3,444,246	6,238,145	7,184,019
Unrestricted	336,535	473,404	2,309,694	1,874,682	2,646,229	2,348,086
Total net position	\$ 24,045,082	19,986,335	29,179,568	27,929,063	53,224,650	47,915,398

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$53,224,650, an increase of \$5,309,252 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 are \$2,646,229, which represents an increase of \$298,143 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other assets due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2015

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		
Program revenues:						
Charges for services	1,138,728	1,259,077	3,981,241	3,982,813	5,119,969	5,241,889
Operating grants	431,167	360,598	-	-	431,167	360,598
Capital grants	1,852,311	87,673	726,518	1,065,106	2,578,828	1,152,779
General revenues:						
Property taxes	1,004,656	938,391	-	-	1,004,656	938,391
Sales tax	2,730,570	2,960,423	-	-	2,730,570	2,960,423
Other taxes	757,810	878,723	-	-	757,810	878,723
Other revenues	1,778,852	714,732	5,804	25,915	1,784,656	740,647
Total revenues	<u>9,694,094</u>	<u>7,199,617</u>	<u>4,713,563</u>	<u>5,073,834</u>	<u>14,407,657</u>	<u>12,273,450</u>
Expenses:						
General government	836,845	953,071	-	-	836,845	953,071
Public safety	1,710,117	1,699,554	-	-	1,710,117	1,699,554
Highways and improvements	1,357,153	1,304,294	-	-	1,357,153	1,304,294
Parks and recreation	1,719,066	1,666,688	-	-	1,719,066	1,666,688
Interest on long-term debt	12,167	16,269	41,816	44,767	53,983	61,037
Water	-	-	1,848,936	2,075,051	1,848,936	2,075,051
Sewer	-	-	772,525	789,568	772,525	789,568
Garbage	-	-	799,781	800,424	799,781	800,424
Rental	-	-	-	-	-	-
Total expenses	<u>5,635,348</u>	<u>5,639,876</u>	<u>3,463,058</u>	<u>3,709,810</u>	<u>9,098,406</u>	<u>9,349,685</u>
Change in net position	<u>4,058,746</u>	<u>1,559,741</u>	<u>1,250,505</u>	<u>1,364,024</u>	<u>5,309,252</u>	<u>2,923,765</u>

For the City as a whole, total revenues increased by \$2,134,207 compared to the previous year, while total expenses decreased by \$251,280. The total net change of \$5,309,252 is, in private sector terms, the net income for the year which is \$2,385,487 more than the previous year.

Governmental activities revenues of \$9,694,094 is an increase of \$2,494,478 from the previous year. All significant items of revenue increased. Total grant revenue, operating and capital, increased by \$1,835,207. Governmental activities expenses of \$5,635,348 is a decrease of \$4,528 from the previous year. While public safety and highways and improvement expenses increased, general government and parks and recreation expenses decreased.

Business-type activities revenue of \$4,713,563 is a decrease of \$360,271 from the previous year. Service revenues decreased by \$121,262 and capital grants decreased by \$338,588. Business-type activities expenses of \$3,463,058 is a decrease of \$246,752 from the previous year. This is due to an overall decrease in operation expenses.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2015

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$1,366,527 reflects a decrease of \$240,445 from the previous year. Total revenues decreased by \$279,496. Tax revenues, including property taxes and sales taxes decreased by \$274,940. All other revenues decreased by a total of \$4,556.

Total expenditures decreased by \$8,830. General government expenditures decreased by \$148,280; public safety expenditures increased by \$73,189; streets and highways expenditures increased by \$13,390; and parks and recreation expenditures increased by \$72,000. There was \$1,463,320 transferred to the capital projects fund and \$63,480 to the debt service fund making a total of \$1,526,800 transferred from the general fund to other funds.

Fund balance restricted for construction amounts to \$164,095, resulting in an unassigned fund balance of \$1,202,432.

Water Fund

The change in net position (net income) was \$1,316,365, which included capital grants of \$726,518. The amount restricted for debt service is \$318,634. Unrestricted net position amounts to \$1,406,781.

Sewer Fund

The change in net position (net loss) was \$65,878. The amounts restricted for debt service was \$456,526. Unrestricted net position amounts to \$902,718.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$6,142,355. This amount was amended in the final budget to \$6,135,952. Actual revenues, excluding transfers, amounted to \$6,052,933.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$5,062,710. This amount was amended in the final budget to \$5,218,072. Actual expenditures amounted to \$4,766,578.

Transfers out for the year were originally budgeted in the amount of \$1,200,000. The final budget for transfers out was for the amount of \$1,000,000. Actual net transfers out were made in the amount of \$1,526,800.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Roosevelt City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land and water rights	\$ 1,222,680	869,093	1,409,807	1,409,807	2,632,487	2,278,900
Buildings	2,569,404	2,600,315	575,878	594,990	3,145,282	3,195,305
Improvements other than buildings	6,476,866	4,670,316	-	-	6,476,866	4,670,316
Equipment	1,388,475	1,420,346	310,578	300,043	1,699,053	1,720,389
Infrastructure	7,066,518	6,774,499	-	-	7,066,518	6,774,499
Water system	-	-	13,657,860	13,696,821	13,657,860	13,696,821
Sewer system	-	-	9,710,601	9,759,419	9,710,601	9,759,419
Work in progress	755,084	718,913	6,491,745	3,524,563	7,246,829	4,243,476
Totals	\$ 19,479,028	17,053,480	32,156,467	29,285,643	51,635,496	46,339,124

The total amount of capital assets, net of depreciation, of \$51,635,496 is an increase of \$5,296,372 from the previous year.

Governmental activities capital assets, net of depreciation, of \$19,479,028 is an increase of \$2,425,548 from the previous year.

Business-type activities capital assets, net of depreciation, of \$32,156,467 is an increase of \$2,870,824 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, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Roosevelt City's Outstanding Debt - Revenue Bonds

	<u>Current Year</u>	<u>Previous Year</u>
Governmental activities:		
City Complex 1992A	\$ -	67,000
Back-Nine 1992	-	8,000
City Complex 1992B	-	25,000
2012 Golf Cart Lease	9,046	14,322
2010 Street Revenue	618,000	716,000
MBA Lease 2008	140,000	150,000
Golf Clubhouse 2001B	280,000	300,000
Total governmental	<u>1,047,046</u>	<u>1,280,322</u>
Business-type activities:		
Water 1999A	275,000	317,000
Water 1999B	61,000	73,000
Water 2000	250,000	288,000
Water 2000A	30,000	34,000
Water 2005A	624,000	663,000
Water 2009	255,000	272,000
Water 2011	296,000	314,000
Water 2011B	484,000	501,000
Water 2013	483,000	500,000
Sewer 2002	126,174	128,508
Sewer 2005B	192,000	204,000
Sewer 2006	106,000	112,000
Sewer 2007	760,000	819,000
Sewer 2009B	2,306,000	2,450,000
Total business-type	<u>6,248,174</u>	<u>6,675,508</u>
Total outstanding debt	<u>\$ 7,295,220</u>	<u>7,955,831</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy is expected to deepen in a tough position due to impacts of energy prices and the ramifications of such. This economic impact is expected to result in an overall 30% to 35% drop in revenue leading to reductions in next year's budget.

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 POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 2,927,805	2,380,429	5,308,234
Accounts receivable, net of allowances	1,572,106	364,292	1,936,399
Other assets	18,991	34,449	53,440
Total current assets	<u>4,518,903</u>	<u>2,779,170</u>	<u>7,298,073</u>
Non-current assets:			
Restricted cash and cash equivalents	3,666,537	961,581	4,628,118
Receivables due after one year	48,074	-	48,074
Capital assets:			
Not being depreciated	1,977,764	7,901,551	9,879,315
Net of accumulated depreciation	17,501,264	24,254,916	41,756,180
Net pension asset	2,510	972	3,482
Total non-current assets	<u>23,196,150</u>	<u>33,119,021</u>	<u>56,315,170</u>
Total assets	<u>27,715,052</u>	<u>35,898,191</u>	<u>63,613,243</u>
Deferred outflows of resources - pensions	156,876	60,759	217,635
Total assets and deferred outflows of resources	<u>\$ 27,871,928</u>	<u>35,958,950</u>	<u>63,830,878</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 715,806	53,379	769,186
Customer security deposits	-	77,200	77,200
Accrued interest payable	6,953	7,296	14,249
Revenue bonds due within one year	129,000	429,448	558,448
Capital leases due within one year	5,388	-	5,388
Total current liabilities	<u>857,147</u>	<u>567,323</u>	<u>1,424,470</u>
Non-current liabilities:			
Compensated absences	284,344	73,489	357,833
Revenue bonds due after one year	909,000	5,818,727	6,727,727
Capital leases due after one year	3,658	-	3,658
Net pension liability	704,016	272,670	976,686
Total non-current liabilities	<u>1,901,018</u>	<u>6,164,886</u>	<u>8,065,903</u>
Total liabilities	<u>2,758,165</u>	<u>6,732,209</u>	<u>9,490,373</u>
Deferred inflows of resources - property taxes	946,885	-	946,885
Deferred inflows of resources - pensions	121,797	47,173	168,970
Total liabilities and deferred inflows of resources	<u>3,826,847</u>	<u>6,779,382</u>	<u>10,606,228</u>
NET POSITION:			
Net investment in capital assets	18,431,983	25,908,293	44,340,276
Restricted:			
Debt service	153,904	775,160	929,064
Construction	3,512,633	186,421	3,699,054
Unrestricted	1,946,562	2,309,694	4,256,256
Total net position	<u>24,045,082</u>	<u>29,179,568</u>	<u>53,224,650</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 27,871,928</u>	<u>35,958,950</u>	<u>63,830,878</u>

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, 2015

<u>FUNCTIONS/PROGRAMS:</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue (To Next Page)</u>
Primary government:					
Governmental activities:					
Administration	\$ 836,845	279,070	124,480	762,196	328,901
Public safety	1,710,117	223,489	63,682	-	(1,422,947)
Streets and highways	1,154,482	-	243,006	-	(911,476)
Airport	202,671	138,123	-	1,090,115	1,025,567
Culture and recreation:					
Parks, recreation, cemetery	777,805	174,139	-	-	(603,667)
Golf	941,261	323,907	-	-	(617,354)
Interest on long-term debt	12,167	-	-	-	(12,167)
Total governmental activities	<u>5,635,348</u>	<u>1,138,728</u>	<u>431,167</u>	<u>1,852,311</u>	<u>(2,213,142)</u>
Business-type activities:					
Water	1,884,604	2,470,238	-	726,518	1,312,151
Sewer	778,672	711,205	-	-	(67,468)
Garbage	799,781	799,799	-	-	18
Total business-type activities	<u>3,463,058</u>	<u>3,981,241</u>	<u>-</u>	<u>726,518</u>	<u>1,244,701</u>
Total primary government	<u>\$ 9,098,406</u>	<u>5,119,969</u>	<u>431,167</u>	<u>2,578,828</u>	<u>(968,441)</u>

(continued on next page)

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

Roosevelt City Corporation
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2015

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	<u>\$ (2,213,142)</u>	<u>1,244,701</u>	<u>(968,441)</u>
General revenues:			
Property taxes	1,004,656	-	1,004,656
Sales tax	2,730,570	-	2,730,570
Other taxes	757,810	-	757,810
Unrestricted investment earnings	38,853	5,804	44,657
Gain on sales of capital assets	-	-	-
Miscellaneous	1,741,373	-	1,741,373
Total general revenues	<u>6,271,888</u>	<u>5,804</u>	<u>6,277,693</u>
Change in net position	4,058,746	1,250,505	5,309,252
Net position - beginning, restated	<u>19,986,335</u>	<u>27,929,063</u>	<u>47,915,398</u>
Net position - ending	<u><u>\$ 24,045,082</u></u>	<u><u>29,179,568</u></u>	<u><u>53,224,650</u></u>

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

Roosevelt City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 902,064	2,025,741	-	2,927,805
Accounts receivable, net of allowances	1,620,181	-	-	1,620,181
Other assets	18,991	-	-	18,991
Restricted cash and cash equivalents	164,095	3,348,538	153,904	3,666,537
TOTAL ASSETS	\$ 2,705,331	5,374,279	153,904	8,233,514
 LIABILITIES AND DEFERRED INFLOW OF RESOURCES				
Accounts payable	\$ 300,092	415,714	-	715,806
Deferred inflows of resources - property tax	1,038,712	-	-	1,038,712
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,338,804	415,714	-	1,754,518
 FUND BALANCES:				
Restricted for:				
Construction	164,095	3,348,538	-	3,512,633
Debt service	-	-	153,904	153,904
Assigned for:				
Construction	-	1,610,027	-	1,610,027
Debt service	-	-	-	-
Unassigned	1,202,432	-	-	1,202,432
TOTAL FUND BALANCES	1,366,527	4,958,565	153,904	6,478,996
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,705,331	5,374,279	153,904	8,233,514

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, 2015

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 967,854	-	-	967,854
Sales	2,730,570	-	-	2,730,570
Other taxes	688,754	69,057	-	757,811
Licenses and permits	145,266	-	-	145,266
Intergovernmental revenues	431,167	1,852,311	-	2,283,478
Charges for services	865,662	-	56,840	922,502
Fines and forfeitures	70,960	-	-	70,960
Interest	26,493	12,244	115	38,853
Miscellaneous revenue	112,771	1,628,602	-	1,741,373
Total revenues	6,039,497	3,562,213	56,955	9,658,665
EXPENDITURES:				
Current:				
General government	723,658	30,243	-	753,901
Public safety	1,661,512	-	-	1,661,512
Highways and public improvements	860,293	40,000	-	900,293
Parks, recreation and public property	1,484,684	-	-	1,484,684
Capital outlay	-	3,337,844	-	3,337,844
Debt service:				
Principal	35,276	-	198,000	233,276
Interest	1,155	-	13,290	14,445
Total expenditures	4,766,578	3,408,087	211,290	8,385,955
Excess (Deficiency) of Revenues over (Under) Expenditures	1,272,919	154,126	(154,335)	1,272,710
Other Financing Sources and (Uses):				
Special assessment fees	13,436	-	-	13,436
Transfers in	-	1,463,320	63,480	1,526,800
Transfers (out)	(1,526,800)	-	-	(1,526,800)
Total other financing sources and (uses)	(1,513,364)	1,463,320	63,480	13,436
Net Change in Fund Balances	(240,445)	1,617,446	(90,855)	1,286,146
Fund balances - beginning of year	1,606,971	3,341,119	244,759	5,192,849
Fund balances - end of year	\$ 1,366,527	4,958,565	153,904	6,478,996

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**
 June 30, 2015

Total Fund Balances for Governmental Funds	<u>\$ 6,478,996</u>
Total net assets reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Capital assets, at cost	33,301,927
Less accumulated depreciation	<u>(13,822,898)</u>
Net capital assets	<u>19,479,028</u>
Net pension assets are not financial resources and, therefore, are not reported in the funds.	
	<u>2,510</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	
	<u>156,876</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(1,047,046)</u>
Interest accrued but not yet paid on long-term debt	<u>(6,953)</u>
Compensated absences	<u>(284,344)</u>
Net pension liability	<u>(704,016)</u>
Deferred inflows of resources - pensions	<u>(121,797)</u>
Certain revenue is deferred in governmental funds but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.	
Special assessments deferred	<u>55,025</u>
Delinquent property tax deferred	<u>36,802</u>
Total Net Position of Governmental Activities	<u><u>\$ 24,045,082</u></u>

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

Roosevelt City Corporation
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds **\$ 1,286,146**

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

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

Capital outlays	3,337,844
Depreciation expense	<u>(912,296)</u>
Net	<u>2,425,548</u>

The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.	<u>97,877</u>
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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 assets. Long-term debt principal repayments	<u>233,276</u>
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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. Change in accrued interest	<u>2,279</u>
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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. Change in compensated absence liability	<u>(8,373)</u>
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Governmental funds do not report certain deferred inflows as revenue because these revenues are not available for current period expenses. Change in special assessments receivable Change in delinquent property tax	<u>(14,809)</u> <u>36,802</u>
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Change in Net Position of Governmental Activities **\$ 4,058,746**

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

Roosevelt City Corporation
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2015

	Water Fund	Sewer Fund	Sanitation Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,499,843	943,612	(63,026)	2,380,429
Accounts receivable, net	234,381	66,690	63,221	364,292
Other current assets	29,804	4,645	-	34,449
Total current assets	1,764,028	1,014,947	195	2,779,170
Non-current assets:				
Restricted cash and cash equivalents	505,055	456,526	-	961,581
Capital assets:				
Not being depreciated	7,742,646	158,905	-	7,901,551
Net of accumulated depreciation	14,422,644	9,832,273	-	24,254,916
Net pension asset	660	312	-	972
Total non-current assets	22,671,004	10,448,016	-	33,119,021
Total assets	24,435,032	11,462,964	195	35,898,191
Deferred outflows of resources - pensions	41,234	19,525	-	60,759
Total assets and deferred outflows of resources	\$ 24,476,266	11,482,489	195	35,958,950
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 53,151	228	-	53,379
Customer security deposits	77,200	-	-	77,200
Accrued interest payable	7,296	-	-	7,296
Revenue bonds, current portion	206,000	223,448	-	429,448
Total current liabilities	343,647	223,676	-	567,323
Non-current liabilities:				
Compensated absences	44,433	29,056	-	73,489
Revenue bonds, long-term	2,552,000	3,266,727	-	5,818,727
Net pension liability	185,047	87,623	-	272,670
Total non-current liabilities	2,781,479	3,383,406	-	6,164,886
Total liabilities	3,125,127	3,607,082	-	6,732,209
Deferred inflows of resources - pensions	32,014	15,159	-	47,173
Total liabilities and deferred inflows of resources	3,157,140	3,622,241	-	6,779,382
NET POSITION:				
Net investment in capital assets	19,407,290	6,501,004	-	25,908,293
Restricted for:				
Debt service	318,634	456,526	-	775,160
Unrestricted	1,406,781	902,718	195	2,309,694
Total net position	21,319,126	7,860,248	195	29,179,568
Total liabilities, deferred inflows of resources, and net position	\$ 24,476,266	11,482,489	195	35,958,950

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 FUND
June 30, 2015

	Water Fund	Sewer Fund	Sanitation Fund	Total
Operating income:				
Charges for sales and service	\$ 2,236,192	622,205	769,957	3,628,353
Connection fees	144,804	89,000	-	233,804
Other operating income	89,242	-	29,843	119,084
Total operating revenue	<u>2,470,238</u>	<u>711,205</u>	<u>799,799</u>	<u>3,981,241</u>
Operating expenses:				
Purchased product	194,662	-	-	194,662
Personal services	668,611	354,598	-	1,023,209
Utilities	5,609	14,397	-	20,006
Repair and maintenance	250,470	57,422	-	307,891
Contractual services	-	-	769,938	769,938
Other supplies and expenses	114,042	1,755	29,843	145,640
Insurance expense	30,341	30,222	-	60,564
Depreciation expense	585,201	314,131	-	899,332
Total operating expense	<u>1,848,936</u>	<u>772,525</u>	<u>799,781</u>	<u>3,421,242</u>
Net operating income (loss)	<u>621,302</u>	<u>(61,321)</u>	<u>18</u>	<u>560,000</u>
Non-operating income (expense):				
Interest income	4,215	1,590	-	5,804
Interest on long-term debt	(35,669)	(6,147)	-	(41,816)
Total non-operating income (expense)	<u>(31,454)</u>	<u>(4,558)</u>	<u>-</u>	<u>(36,012)</u>
Income (loss) before transfers and capital contributions	589,848	(65,878)	18	523,988
Capital contributions	726,518	-	-	726,518
Change in net position	1,316,365	(65,878)	18	1,250,505
Net position - beginning, restated	20,002,761	7,926,126	176	27,929,063
Net position - ending	<u>\$ 21,319,126</u>	<u>7,860,248</u>	<u>195</u>	<u>29,179,568</u>

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

Roosevelt City Corporation
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

	Water Fund	Sewer Fund	Sanitation Fund	Total
Cash flows from operating activities:				
Cash received from customers - service	\$ 2,516,909	711,790	800,976	4,029,675
Cash paid to suppliers	(629,585)	(113,048)	(799,781)	(1,542,414)
Cash paid to employees	(729,047)	(373,138)	-	(1,102,185)
Net cash provided (used) in operating activities	<u>1,158,277</u>	<u>225,603</u>	<u>1,195</u>	<u>1,385,076</u>
Cash flows from noncapital financing activities:				
Change in customer deposits	(6,814)	-	-	(6,814)
Net cash provided (used) in noncapital financing activities	<u>(6,814)</u>	<u>-</u>	<u>-</u>	<u>(6,814)</u>
Cash flows from capital and related financing activities:				
Cash received from capital grants	726,518	-	-	726,518
Cash payments for capital assets	(3,526,417)	(243,740)	-	(3,770,156)
Cash payments for long-term debt principal	(204,000)	(223,334)	-	(427,334)
Cash payments for long-term debt interest	(36,792)	(6,147)	-	(42,939)
Net cash provided (used) in capital and related financing activities	<u>(3,040,691)</u>	<u>(473,221)</u>	<u>-</u>	<u>(3,513,912)</u>
Cash flows from investing activities:				
Cash received from interest earned	4,215	1,590	-	5,804
Net cash provided (used) in investing activities	<u>4,215</u>	<u>1,590</u>	<u>-</u>	<u>5,804</u>
Net increase (decrease) in cash	(1,885,013)	(246,028)	1,195	(2,129,847)
Cash balance, beginning	3,889,911	1,646,167	(64,221)	5,471,856
Cash balance, ending	<u>\$ 2,004,898</u>	<u>1,400,138</u>	<u>(63,026)</u>	<u>3,342,010</u>
Cash reported on the balance sheet:				
Cash and cash equivalents	\$ 1,499,843	943,612	(63,026)	2,380,429
Non-current restricted cash	505,055	456,526	-	961,581
Total cash and cash equivalents	<u>\$ 2,004,898</u>	<u>1,400,138</u>	<u>(63,026)</u>	<u>3,342,010</u>

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

Roosevelt City Corporation
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2015

**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>
Net operating income (expense)	\$ 621,302	(61,321)	18	560,000
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	585,201	314,131	-	899,332
Changes in assets and liabilities:				
(Increase) decrease in receivables	46,672	586	1,177	48,434
(Increase) decrease in non-current assets	(501)	(237)	-	(738)
(Increase) decrease in deferred outflows	(7,810)	(3,698)	-	(11,508)
Increase (decrease) in payables	(118,600)	(39,017)	-	(157,617)
Increase (decrease) in deferred inflows	<u>32,014</u>	<u>15,159</u>	<u>-</u>	<u>47,173</u>
Net cash provided (used) in operating activities	<u>\$ 1,158,277</u>	<u>225,603</u>	<u>1,195</u>	<u>1,385,076</u>

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 Six Member Council form of government with a six elected council members.

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

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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.

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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental fund:

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

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

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

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

Proprietary funds

The City reports the following major proprietary funds:

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

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

The City reports the following non-major proprietary funds:

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

1-E. Assets, Liabilities, and Net Position 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.

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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

1-E-3. *Receivables and Payables (continued)*

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either *due to or due from other funds*.

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

1-E-4. *Restricted Assets*

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

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

1-E-5. *Inventories and Prepaid items*

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.

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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

1-E-6. Capital Assets (continued)

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

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

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

1-E-7. Long-term Obligations

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

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

1-E-8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-9. 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
June 30, 2015

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

1-E-9. 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, 2015

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

1-E-10. 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-11. 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 reports deferred outflows of resources related to pensions as required by GASB 68.

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. 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. The City also reports deferred inflows of resources related to pensions as required by GASB 68.

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 current year's actual revenues must be appropriated within the following two years.

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2015 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 250
Demand deposits - checking	1,070,521
Bond reserve bank trust accounts	743,550
Deposits - PTIF	8,122,031
Total cash	\$ 9,936,352

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

Cash and cash equivalents (current)	\$ 5,308,234
Restricted cash and cash equivalents (non-current)	4,628,118
Total cash and cash equivalents	\$ 9,936,352

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, 2015

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, 2015, the City's bank balance of demand and bank trust deposits total \$1,430,493 and the book balance is \$870,114. Of these deposits, \$500,000 is covered by FDIC insurance; \$930,493 is uninsured and uncollateralized. An additional \$9,139,385 is deposited in PTIF.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

3-B. Receivables

The allowance policy is described in Note 1-E-3. Accounts not expected to be received within one year are captioned as non-current receivables. Receivables as of year end for the City's funds are shown below. All receivables are deemed collectible.

	General Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Property taxes	\$ 986,578	-	-	-	986,578
Intergovernmental	532,333	-	-	-	532,333
Customers	46,245	234,381	66,690	63,221	410,537
Special assessments:					
Non-current	48,074	-	-	-	48,074
Total receivables	<u>\$ 1,620,181</u>	<u>234,381</u>	<u>66,690</u>	<u>63,221</u>	<u>1,984,473</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 869,093	353,587	-	1,222,680
Construction in progress	718,913	36,172	-	755,084
Total capital assets, not being depreciated	<u>1,588,006</u>	<u>389,759</u>	<u>-</u>	<u>1,977,764</u>
Capital assets, being depreciated:				
Buildings	4,603,224	83,555	-	4,686,779
Improvements other than buildings	7,428,163	1,997,750	-	9,425,913
Machinery and equipment	3,541,566	208,179	-	3,749,745
Infrastructure	12,803,124	658,602	-	13,461,726
Total capital assets, being depreciated	<u>28,376,077</u>	<u>2,948,086</u>	<u>-</u>	<u>31,324,162</u>
Less accumulated depreciation for:				
Buildings	2,002,909	114,465	-	2,117,375
Improvements other than buildings	2,757,847	191,200	-	2,949,047
Machinery and equipment	2,121,220	240,049	-	2,361,269
Infrastructure	6,028,625	366,582	-	6,395,207
Total accumulated depreciation	<u>12,910,602</u>	<u>912,296</u>	<u>-</u>	<u>13,822,898</u>
Total capital assets being depreciated, net	<u>15,465,475</u>	<u>2,035,789</u>	<u>-</u>	<u>17,501,264</u>
Governmental activities capital assets, net	<u>\$ 17,053,480</u>	<u>2,425,548</u>	<u>-</u>	<u>19,479,028</u>

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

Governmental activities:	
General government	\$ 85,850
Public safety	109,305
Highways and public improvements	464,466
Parks, recreation and public property	252,675
Total	<u>\$ 912,296</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

3-C. Capital assets (continued)

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

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and water shares	\$ 1,409,807	-	-	1,409,807
Construction in progress	<u>3,524,563</u>	<u>2,967,181</u>	-	<u>6,491,745</u>
Total capital assets, not being depreciated	<u>4,934,370</u>	<u>2,967,181</u>	-	<u>7,901,551</u>
Capital assets, being depreciated:				
Water system	22,447,118	559,235	-	23,006,354
Sewer system	<u>14,147,438</u>	<u>243,740</u>	-	<u>14,391,178</u>
Total capital assets, being depreciated	<u>36,594,556</u>	<u>802,975</u>	-	<u>37,397,531</u>
Less accumulated depreciation for:				
Water system	7,998,509	585,201	-	8,583,710
Sewer system	<u>4,244,774</u>	<u>314,131</u>	-	<u>4,558,905</u>
Total accumulated depreciation	<u>12,243,282</u>	<u>899,332</u>	-	<u>13,142,615</u>
Total capital assets being depreciated, net	<u>24,351,274</u>	<u>(96,357)</u>	-	<u>24,254,917</u>
Business-type activities capital assets, net	<u>\$ 29,285,644</u>	<u>2,870,824</u>	-	<u>32,156,468</u>

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

Business-type activities:	
Water	\$ 585,201
Sewer	<u>314,131</u>
Total	<u>\$ 899,332</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

3-D. Long-term debt

	Original Principal	% Rate	6/30/2014	Additions	Reductions	6/30/2015	Due Within One Year
Governmental activities:							
1992 A City Complex Matures 1/13/2015	\$ 1,000,000	3.50	\$ 67,000	-	67,000	-	-
1992 Back-Nine Matures 1/20/2015	125,000	3.00	8,000	-	8,000	-	-
1992 B City Complex Matures 3/13/2015	500,000	-	25,000	-	25,000	-	-
2012 10 YDRA Golf Carts Lease Matures 4/1/2017	26,225	4.792	14,322	-	5,276	9,046	5,388
2010 Street Revenue Matures 10/1/2020	1,000,000	1.50	716,000	-	98,000	618,000	99,000
2008 MBA Lease Revenue Matures 10/1/2028	200,000	-	150,000	-	10,000	140,000	10,000
2001 B Golf Clubhouse Matures 7/31/2029	500,000	-	300,000	-	20,000	280,000	20,000
Total governmental activity long-term liabilities			<u>\$1,280,322</u>	<u>-</u>	<u>233,276</u>	<u>1,047,046</u>	<u>134,388</u>

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

	Principal	Interest	Total
2016	\$ 134,388	10,200	144,588
2017	134,658	8,372	143,030
2018	132,000	6,270	138,270
2019	134,000	4,740	138,740
2020	135,000	3,180	138,180
2021 - 2025	257,000	1,605	258,605
2026 - 2029	120,000	-	120,000
Total	<u>\$1,047,046</u>	<u>34,367</u>	<u>1,081,413</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

	Original Principal	%	6/30/2014	Additions	Reductions	6/30/2015	Due Within One Year
Business-type activities:							
1999 B Water Revenue Matures 12/31/2019	\$ 225,000	1.28	\$ 73,000	-	12,000	61,000	12,000
1999 A Water Revenue Matures 12/31/2020	700,000	2.50	317,000	-	42,000	275,000	43,000
2000 Water Revenue Matures 12/31/2020	711,000	2.50	288,000	-	38,000	250,000	39,000
2000 A Water Revenue Matures 12/31/2021	75,000	2.29	34,000	-	4,000	30,000	4,000
2007 Sewer Construction Matures 1/1/2028	1,173,000	-	819,000	-	59,000	760,000	59,000
2009 Replacement Well Bond Matures 1/1/2030	340,000	-	272,000	-	17,000	255,000	17,000
2009B Sewer Improvements Matures 1/1/2031	2,882,000	-	2,450,000	-	144,000	2,306,000	144,000
2005 A Water Revenue Matures 3/31/2031	970,000	-	663,000	-	39,000	624,000	39,000
2005 B Sewer revenue Matures 3/31/2031	300,000	-	204,000	-	12,000	192,000	12,000
2011 Wtr Revenue Bond Matures 10/1/2031	350,000	-	314,000	-	18,000	296,000	18,000
2006 Sewer revenue Matures 12/31/2031	154,000	-	112,000	-	6,000	106,000	6,000
2002 Sewer Revenue RUS Matures 1/10/2042	150,000	4.75	128,508	-	2,334	126,174	2,448
2011B Wtr Revenue Bond Matures 10/1/2042	518,000	-	501,000	-	17,000	484,000	17,000
2013 Water Improvements Matures 10/1/2043	500,000	-	500,000	-	17,000	483,000	17,000
Total business-type activity long-term liabilities			<u>\$6,675,508</u>	<u>-</u>	<u>427,334</u>	<u>6,248,174</u>	<u>429,448</u>

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

	Principal	Interest	Total
2016	\$ 429,448	20,533	449,981
2017	431,566	18,119	449,686
2018	433,691	15,649	449,340
2019	435,822	13,124	448,945
2020	440,959	10,541	451,500
2021 - 2025	1,705,092	27,518	1,732,611
2026 - 2030	1,602,664	20,276	1,622,940
2031 - 2035	435,459	14,481	449,940
2036 - 2040	209,803	7,137	216,940
2041 - 2043	123,671	428	124,099
Total	<u>\$6,248,174</u>	<u>147,807</u>	<u>6,395,981</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

3-D. Long-term debt (continued)

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 \$6,906 at June 30, 2015.

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

	Governmental Activities
Asset:	
Machinery and equipment	\$ 26,225
Accumulated amortization	(6,906)
Total	\$ 19,319

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, 2015:

Fiscal Year		
2016		\$ 6,318
2017		4,246
Total minimum lease payments		10,564
Less amounts representing interest		(1,518)
Present value of minimum lease payments		\$ 9,046

Capital lease payable is reported as follows:

Current Portion Capital Leases Payable	\$ 5,388
Long-term Capital Leases Payable	3,658
Total Capital Leases Payable	\$ 9,046

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

3-D. Long-term debt (continued)

Operating Lease:

During fiscal year 2013, the City executed an operating lease for golf carts. Total cost for the lease for the year ended June 30, 2015 was \$30,309. The future minimum lease payments are as follows:

<u>Fiscal Year:</u>	
2016	29,899
2017	29,463
2018	<u>19,790</u>
Total	<u><u>\$ 79,152</u></u>

Other long-term liabilities:

	<u>Beginning</u>	<u>Increase (Decrease)</u>	<u>Ending</u>
Compensated absences:			
Governmental	\$ 275,971	8,373	\$ 284,344
Business-type	<u>114,557</u>	<u>(41,068)</u>	<u>73,489</u>
Total	<u><u>\$ 390,528</u></u>	<u><u>(32,695)</u></u>	<u><u>\$ 357,833</u></u>

3-E. Interfund receivables, payables, and transfers

Interfund transfers:

	<u>Transfers Out:</u>
	<u>General Fund</u>
Transfers In:	
Debt Service	\$ 63,480
Capital Projects	<u>1,463,320</u>
Total	<u><u>\$ 1,526,800</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.

NOTE 4 - OTHER INFORMATION

4-A. Risk management

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

Roosevelt City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-B. General Information about the Pension Plan

Plan description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.

The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system;

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and Tier 2 Public Safety Firefighter Contributory System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits provided:

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 year any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

** All past-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Roosevelt City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-B. General Information about the Pension Plan (continued)

Contributions:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

<u>Utah Retirement Systems</u>	Employee Paid	Pay by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System			
43 - Other Division A Noncontributory Tier 1	N/A	N/A	34.040%
122 - Other Division A Contributory Tier 2	N/A	N/A	22.550%

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2014, we reported a net pension asset of \$3,482 and a net pension liability of \$976,686.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.1336046%	\$ -	\$ 580,143
Public Safety System	0.3153219%	-	395,543
Tier 2 Public Employees System	0.0456536%	1,384	-
Tier 2 Public Safety and Firefighter System	0.1418399%	2,098	-
Total Net Pension Asset/Liability		<u>\$ 3,482</u>	<u>\$ 975,686</u>

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of \$271,764. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Roosevelt City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-B. General Information about the Pension Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68	\$ 58,521
Changes in assumptions	-	110,449
Net difference between projected and actual earnings on pension plan investments	22,825	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	194,742	-
Total	\$ 217,635	\$ 168,970

\$194,742 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflows) of Resources</u>
2015	\$ (40,081)
2016	(40,081)
2017	(40,081)
2018	(24,243)
2019	(248)
Thereafter	(1,343)

Actuarial assumptions:

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary increases	3.50 – 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, Including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon place experience. Retiree mortality assumption are highlighted in the table below.

Roosevelt City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-B. General Information about the Pension Plan (continued)

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Public Safety and Firefightings

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 - December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0	0.00%	0.00%
Totals	100%		5.23%
		Inflation	2.75%
		Expected arithmetic nominal return	7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Roosevelt City
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-B. General Information about the Pension Plan (continued)

Discount rate:

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of			
Net pension (asset) / liability	\$ 2,408,996	\$ 973,204	\$ (209,850)

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

4-C. Prior period adjustments

The requirement to apply GASB 68 this fiscal year resulted in adjustments to the prior period net positions. This is due to the required disclosure of a Net Pension Liability, Deferred Outflows and Inflows of Resources, and if applicable, a Net Pension Asset.

The results to beginning net positions are as follows:

	Governmental Activities	Business-type Activities		Total
		Water Fund	Sewer Fund	
Net position - beginning	\$ 20,750,640	20,203,654	8,021,253	48,975,547
GASB 68 adjustments	(764,305)	(200,893)	(95,127)	(1,060,325)
Net position - beginning, restated	\$ 19,986,335	20,002,761	7,926,126	47,915,222

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REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Roosevelt City Corporation
Notes to Required Supplementary Information
June 30, 2015

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, 2015, 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, 2015

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 4,582,685	4,525,482	4,387,177	(138,305)
Licenses and permits	168,500	160,500	145,266	(15,234)
Intergovernmental revenues	374,600	374,600	431,167	56,567
Charges for services	865,220	874,420	865,662	(8,758)
Fines and forfeitures	80,000	80,000	70,960	(9,040)
Interest	13,000	20,000	26,493	6,493
Miscellaneous revenue	51,350	93,950	112,771	18,821
Total revenues	<u>6,135,355</u>	<u>6,128,952</u>	<u>6,039,497</u>	<u>(89,455)</u>
Expenditures				
General government	878,360	900,372	723,658	176,714
Public safety	1,733,560	1,794,200	1,661,512	132,688
Highways and public improvements	949,750	940,250	860,293	79,957
Parks and recreation	1,409,540	1,511,750	1,484,684	27,066
Debt Service:				
Principal	85,000	65,000	35,276	29,724
Interest	6,500	6,500	1,155	5,345
Total expenditures	<u>5,062,710</u>	<u>5,218,072</u>	<u>4,766,578</u>	<u>451,494</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,072,645</u>	<u>910,880</u>	<u>1,272,919</u>	<u>362,039</u>
Other Financing Sources and (Uses)				
Special assessment fees	7,000	7,000	13,436	6,436
Transfers (out)	(1,200,000)	(1,000,000)	(1,526,800)	(526,800)
Total Other Financing Sources and (Uses)	<u>(1,193,000)</u>	<u>(993,000)</u>	<u>(1,513,364)</u>	<u>(520,364)</u>
Net Change in Fund Balances	<u>(120,355)</u>	<u>(82,120)</u>	<u>(240,445)</u>	<u>(158,325)</u>
Fund Balances - beginning of year	1,606,971	1,606,971	1,606,971	-
Fund Balances - end of year	<u><u>\$ 1,486,616</u></u>	<u><u>1,524,851</u></u>	<u><u>1,366,527</u></u>	<u><u>(158,325)</u></u>

Roosevelt City Corporation
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
 June 30, 2015
 Last 10 Fiscal Years*

	<u>Noncontributory System</u>	<u>Public Safety System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighter System</u>
Proportion of the net pension liability (asset)	0.1336046 %	0.3153219 %	0.0456536 %	0.1418399 %
Proportionate share of the net pension liability (asset)	\$ 580,143	\$ 396,543	\$ (1,384)	\$ (2,098)
Covered employee payroll	\$ 1,120,885	\$ 425,927	\$ 223,823	\$ 58,735
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.8 %	93.1 %	-0.6 %	-3.6 %
Plan fiduciary net position as a percentage of the total pension liability	90.2 %	90.5 %	103.5 %	120.5 %

* In accordance with paragraph 81.a of GASB 68, employees will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year.

Roosevelt City Corporation
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
 June 30, 2015
 Last 10 Fiscal Years*

	Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Contractually required contribution	\$ 209,989	\$ 155,313	\$ 18,835	\$ 6,391
Contributions in relation to the contractually required contribution	<u>\$ (209,989)</u>	<u>\$ (155,313)</u>	<u>\$ (18,835)</u>	<u>\$ (6,391)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 1,120,885	\$ 425,927	\$ 223,823	\$ 58,735
Contributions as a percentage of covered- employee payroll **	18.73 %	36.46 %	8.42 %	10.88 %

* Amounts presented were determined as of calendar year January 1 - December 31. Employers will be required to prospectively develop this table in future years to show 10-years of information. The schedule above is only for the current year.

** Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

Roosevelt City Corporation
Notes to Required Supplementary Information
Utah Retirement Systems
For the Year Ended June 30, 2015

Other information that is not required as part of RSI

This information below is not required as part of GASB 68 but is provided for information purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1 - December 31.

Defined Contribution System

	Employee Paid <u>Contributions</u>	Employer Paid <u>Contributions</u>
401(k) Plan	\$ 32,338	\$ 15,980
457 Plan	13,331	-
Roth IRA Plan	6,040	-
Traditional IRA Plan	2,225	-
HRA Plan	-	-

* The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

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SUPPLEMENTARY INFORMATION

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Roosevelt City Corporation
Supplementary Information
 June 30, 2015

Impact Fees

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

The City collected \$168,652 in water impact fees during the year ended June 30, 2015. The City has expended all impact fees on eligible expenditures at year-end.

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, 2015. 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, 2015. 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, 2015:

<u>Description of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>	<u>Expires</u>
Policy #8454102 Position (Treasurer) Fidelity Bond (Exp.3/26/2016)	\$ 225,000	-	3/26/2016
Policy #3F-685-727-02 Blanket Fidelity Bond	40,000	-	3/26/2016
ULGT #13270-GL2011 Comprehensive General Liability-Public Entity	5,000,000	1,000	3/26/2016
ULGT #13270-GL2011 Auto Liability	1,000,000	1,000	3/26/2016
ULGT #ULGT-APDP-2010 Property (Building/Contents) 90% co-insurance	10,632,740	1,000	3/26/2016
USF&G #9CP111521127200 Property (Maintenance equipment)	589,273	1,000	3/26/2016
USF&G #9CP111521127200 Property (Irrigation equipment)	55,000	1,000	3/26/2016
	-	(255,436.34)	
Old Republic Insurance Company #PR00017717 Airport Operations	1,000,000	-	10/31/2016
Old Republic Insurance Company #PR00017717 Sale Aviation Fuel/Oil			
	30,575	-	10/31/2016
Old Republic Insurance Company #PR00017717 Hangerkeepers	-	-	10/31/2016
One aircraft	50,000	1,000	10/31/2016
One Occurance	250,000	1,000	10/31/2016

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Compliance & Management Section

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, 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, the financial statements of the governmental activities and business-type activities of Roosevelt City as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Roosevelt City's basic financial statements, and have issued our report thereon dated December 14, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Roosevelt City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of Roosevelt City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aycock, Miles & Associates, CPAs

December 14, 2015

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 Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Roosevelt City Council

Report on Compliance for Each Major Federal Program

We have audited the Roosevelt City's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Roosevelt City's major federal programs for the year ended June 30, 2015. Roosevelt City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Roosevelt City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Roosevelt City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Roosevelt City's compliance.

Opinion on Each Major Federal Program

In our opinion, the Roosevelt City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Roosevelt City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Roosevelt City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Roosevelt City's internal control over compliance.

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

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Aycock, Miles & Associates, CPAs

December 14, 2015

Roosevelt City
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Department	C.F.D.A. Number	Grantor Agency	Federal Expenditures
<u>Department of Justice</u>			
COPs Grant	16.710	Direct	\$ 124,480
<u>Department of Transportation</u>			
FAA Airport Allocation	20.106	Direct	<u>1,090,115</u>
Total			<u>\$ 1,214,595</u>

Note: The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Roosevelt City. These expenditures include the disbursement of federal loan proceeds, if applicable, and federal grants. The information in the schedule is presented in accordance with OMB Circular A-133. The schedule is prepared using the same accounting policies and basis of accounting as Roosevelt City's basic financial statement described in Note 1.

Schedule of Findings and Questioned Costs, Prior and Current

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

Summary of Auditors' Results

Financial Statement Opinion: The auditor's report expresses an unqualified opinion.

Internal Control over Financial Reporting: No significant deficiencies and no material weaknesses reported.

Noncompliance Material to the Financial Statements: No instances of material noncompliance.

Major Program Internal Controls: No significant deficiencies or material weaknesses.

Opinion on Compliance for Major Programs: Unqualified opinion on major programs.

Audit Findings Required to be Disclosed under Section 510(d) of Circular A-133: None.

Major Programs Identified: 1) FAA Airport Allocation, CFDA 20.106.

Dollar Threshold Used to Determine Type A & B Programs: \$300,000.

Low-Risk or High-Risk Qualification: High risk.

Findings Related to Financial Statements

Prior Year Findings: None.

Current Year Findings: None.

Findings and Questioned Costs Related to Federal Awards

Prior Year Findings: None.

Current Year Findings: None.

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 Utah Compliance with General Requirements and for Each Major State Program

Roosevelt City Council

We have audited Roosevelt City's compliance with the applicable general state and major state program compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Roosevelt City or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas: budgetary compliance, fund balance, retirement systems, cash management, impact fees, nepotism, public finance website, and district board members.

Roosevelt City received major funding from the State of Utah.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on Roosevelt City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the State Compliance Audit Guide. Those standards and the State Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Roosevelt City or its major state programs occurred. An audit includes examining, on a test basis, evidence about Roosevelt City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of Roosevelt City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, the Roosevelt City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Roosevelt City or on each of its major state programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed two instances of noncompliance, which are required to be reported in accordance with the State Compliance Audit Guide and which are described in the accompanying schedule of findings and recommendations as items 2015-1 and 2015-2. Our opinion on compliance is not modified with respect to these matters. Roosevelt City's response to the noncompliance findings identified in our audit is described in the accompanying schedule. Roosevelt City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Internal Control Over Compliance

Management of Roosevelt City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Roosevelt City's internal control over compliance with the compliance requirements that could have a direct and material effect on Roosevelt City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Roosevelt City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the State of Utah Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards as Required by the State Compliance Audit Guide

We have audited the financial statements of Roosevelt City as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Roosevelt City's basic financial statements. We issued our report thereon dated December 14, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State Compliance Audit Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Aycock, Miles & Associates, CPAs

December 14, 2015

Roosevelt City
Schedule of Expenditures of Utah State Awards
 For the year ended June 30, 2015

<u>Grant or Loan</u>	<u>Contract</u>	<u>Last Audit</u>	<u>Amount Expended</u>
Liquor Control Allotment	Utah	n/a	\$ 13,682
Class C Road Fund Allotment	UDOT	n/a	243,006
Revitalization from Duchesne County	Duchesne County	n/a	290,000
Utah Airport Allocation	FAA	n/a	490,660
			<u>\$ 1,037,348</u>

Roosevelt City
Schedule of Findings & Management Responses
Year Ended June 30, 2015

2015-1 *Finding*—Minutes of were not uploaded to the Utah Public Notice Website (UPNW).

Criteria—Utah Code 52-4-203 requires minutes of meetings be uploaded to the UPNW within three days of being approved by the Town Council.

Effect—Internet access to the City’s minutes were not available.

Recommendation—We recommend that Roosevelt City begin uploading approved minutes to the UPNW.

Management Response—Roosevelt City’s Recorder will begin uploading approved minutes to the UPNW.

2015-2 *Finding*—Closed sessions of meetings were not audio recorded. Written, sworn statements of these sessions were not prepared in lieu of audio recordings.

Criteria—Utah Code 52-4-204 requires audio recordings of closed sessions. Utah Code provides for some exceptions if a written, sworn statement is prepared.

Effect—The City does not possess audio recordings or sworn statements of closed sessions.

Recommendation—We recommend that Roosevelt City begin recording all closed sessions. These electronic files should be secured appropriately for possible future reference.

Management Response—Roosevelt City’s Recorder will implement procedures to comply with Utah Code 52-4-204.