

Roosevelt City Corporation  
Duchesne County, Utah

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2016



Roosevelt City Corporation  
**TABLE OF CONTENTS**  
June 30, 2016

	<u>Beginning on page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	47
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	50
Schedule of the Proportianate Share of the Net Pension Liability	51
Schedule of Contributions	52

(Continued on next page)

Roosevelt City Corporation  
**TABLE OF CONTENTS**  
June 30, 2016

	<u>Beginning on page</u>
(Continued from previous page)	
SUPPLEMENTARY INFORMATION	53
Impact Fees and Insurance Coverage	55
COMPLIANCE REPORTS	57
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	58
Independent Auditor's Report in Accordance with the <i>State Compliance Audit Guide</i>	59

# 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, 2016, 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, 2016, 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.

# 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

## **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 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 October 27, 2016 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*

October 27, 2016

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

This page intentionally left blank.

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
June 30, 2016

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, 2016

### **FINANCIAL HIGHLIGHTS**

- \*Total net position for the City as a whole increased by \$6,358,250
- \*Total unrestricted net position for the City as a whole increased by \$17,677
- \*Total net position for governmental activities increased by \$2,929,655
- \*Total net position for business-type activities increased by \$3,428,595

### **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, 2016

**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, 2016

**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	\$ 6,024,229	8,236,024	6,030,303	3,741,723	12,054,531	11,977,747
Net capital assets	26,441,643	19,479,028	34,248,387	32,156,467	60,690,030	51,635,496
Deferred outflows of resources	473,985	156,876	183,953	60,759	657,938	217,635
<b>Total assets and deferred outflows</b>	<b>\$ 32,939,856</b>	<b>27,871,928</b>	<b>40,462,643</b>	<b>35,958,949</b>	<b>73,402,499</b>	<b>63,830,878</b>
Long-term debt outstanding	\$ 2,512,658	1,047,046	6,125,727	6,248,174	8,638,384	7,295,220
Other liabilities	2,407,539	1,711,119	1,676,597	484,035	4,084,136	2,195,153
Deferred inflows of resources	1,044,923	1,068,682	52,156	47,173	1,097,079	1,115,855
<b>Total liabilities and deferred inflows</b>	<b>5,965,119</b>	<b>3,826,847</b>	<b>7,854,480</b>	<b>6,779,382</b>	<b>13,819,599</b>	<b>10,606,228</b>
Net position:						
Net investment in capital assets	23,928,985	18,431,983	28,122,660	25,908,293	52,051,645	44,340,276
Restricted	2,550,693	5,276,564	2,316,656	961,581	4,867,349	6,238,145
Unrestricted	495,059	336,535	2,168,847	2,309,694	2,663,906	2,646,229
<b>Total net position</b>	<b>\$ 26,974,737</b>	<b>24,045,082</b>	<b>32,608,163</b>	<b>29,179,568</b>	<b>59,582,900</b>	<b>53,224,650</b>

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 \$59,582,900, an increase of \$6,358,250 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 \$2,663,906 which represents an increase of \$17,677 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 liabilities due, at year end, for goods and services acquired.

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

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
June 30, 2016

**FINANCIAL ANALYSIS (continued)**

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

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Program revenues:</b>						
Charges for services	\$ 1,307,474	1,138,728	3,997,735	3,981,241	5,305,210	5,119,969
Operating grants	375,037	431,167	-	-	375,037	431,167
Capital grants	3,190,544	1,852,311	2,832,991	726,518	6,023,535	2,578,828
<b>General revenues:</b>						
Property taxes	1,071,616	1,004,656	-	-	1,071,616	1,004,656
Sales tax	2,043,446	2,730,570	-	-	2,043,446	2,730,570
Other taxes	666,656	757,810	-	-	666,656	757,810
Other revenues	(1,707)	1,778,852	5,956	5,804	4,249	1,784,656
<b>Total revenues</b>	<b>8,653,066</b>	<b>9,694,094</b>	<b>6,836,682</b>	<b>4,713,563</b>	<b>15,489,748</b>	<b>14,407,656</b>
<b>Expenses:</b>						
General government	771,803	836,845	-	-	771,803	836,845
Public safety	1,783,148	1,710,117	-	-	1,783,148	1,710,117
Highways and improvements	1,114,041	1,357,153	-	-	1,114,041	1,357,153
Parks and recreation	2,033,860	1,719,066	-	-	2,033,860	1,719,066
Interest on long-term debt	20,559	12,167	40,699	41,816	61,258	53,983
Water	-	-	1,822,136	1,848,936	1,822,136	1,848,936
Sewer	-	-	763,052	772,525	763,052	772,525
Garbage	-	-	782,200	799,781	782,200	799,781
<b>Total expenses</b>	<b>5,723,411</b>	<b>5,635,348</b>	<b>3,408,087</b>	<b>3,463,058</b>	<b>9,131,498</b>	<b>9,098,406</b>
<b>Change in net position</b>	<b>\$ 2,929,655</b>	<b>4,058,746</b>	<b>3,428,595</b>	<b>1,250,505</b>	<b>6,358,250</b>	<b>5,309,250</b>

For the City as a whole, total revenues increased by \$1,082,092 compared to the previous year, while total expenses increased by \$33,092. The total net change of \$6,358,250 is, in private sector terms, the net income for the year which is \$1,049,000 more than the previous year.

Governmental activities revenues of \$8,653,066 is a decrease of \$1,041,028 from the previous year. While charges for services and capital grants increased, sales tax and revenues from contributions decreased. Total grant revenue, operating and capital, increased by \$3,388,577. Governmental activities expenses of \$5,723,411 is an increase of \$88,063 from the previous year. While public safety, and parks and recreation expenses increased, general government, and highways and improvements expenses decreased.

Business-type activities revenue of \$6,836,682 is an increase of \$2,123,119 from the previous year. Service revenues increased by \$16,494 and capital grants increased by \$2,106,473. Business-type activities expenses of \$3,408,087 is a decrease of \$54,971 from the previous year. This is due to an overall decrease in operation expenses.

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
June 30, 2016

## **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 \$1,376,972 reflects an increase of \$10,445 from the previous year. Total revenues decreased by \$471,442. Tax revenues, including property taxes and sales taxes decrease by \$605,460. All other revenues increased by a total of \$134,017.

Total expenditures increased by \$102,818. General government expenditures increased by \$25,490; public safety expenditures increased by \$48,690; streets and highways expenditures decreased by \$282,424; and parks and recreation expenditures increased by \$311,175. There was \$650,000 transferred to the capital projects fund and \$50,000 to the debt service fund making a total of \$700,000 transferred from the general fund to other funds.

Fund balance restricted for construction amounts to \$115,406, resulting in an unassigned fund balance of \$1,261,566.

### *Water Fund*

The change in net position (net income) was \$3,551,171, which included capital grants of \$2,832,991. The amounts restricted are: \$327,660 for debt service, and \$1,548,330 for construction. Unrestricted net position amounts to \$1,296,343.

### *Sewer Fund*

The change in net position (net loss) was \$122,494. The amounts restricted for debt service was \$440,666. Unrestricted net position amounts to \$872,391.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$5,331,055. This amount was amended in the final budget to \$5,621,645. Actual revenues, excluding transfers, amounted to \$5,579,841.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$5,069,000. This amount was amended in the final budget to \$5,556,256. Actual expenditures amounted to \$4,869,396.

Transfers out for the year were originally budgeted in the amount of \$450,000. The final budget for transfers out was for the amount of \$65,389. Actual net transfers out were made in the amount of \$700,000.

Roosevelt City Corporation  
**Management's Discussion and Analysis**  
June 30, 2016

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

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

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Net Capital Assets:</b>						
Land and water rights	\$ 1,222,680	1,222,680	1,409,807	1,409,807	2,632,487	2,632,487
Buildings	10,945,590	2,569,404	-	575,878	10,945,590	3,145,282
Improvements other than buildings	6,326,776	6,476,866	-	-	6,326,776	6,476,866
Equipment	1,263,874	1,388,475	-	310,578	1,263,874	1,699,053
Infrastructure	6,682,723	7,066,518	-	-	6,682,723	7,066,518
Water system	-	-	20,545,645	13,657,860	20,545,645	13,657,860
Sewer system	-	-	9,532,518	9,710,601	9,532,518	9,710,601
Work in progress	-	755,084	2,760,417	6,491,745	2,760,417	7,246,829
<b>Totals</b>	<b>\$ 26,441,643</b>	<b>19,479,027</b>	<b>34,248,386</b>	<b>32,156,469</b>	<b>60,690,029</b>	<b>51,635,496</b>

The total amount of capital assets, net of depreciation, of \$60,690,029 is an increase of \$9,054,533 from the previous year.

Governmental activities capital assets, net of depreciation, of \$26,441,643 is an increase of \$6,962,616 from the previous year.

Business-type activities capital assets, net of depreciation, of \$34,248,386 is an increase of \$2,091,917 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, 2016

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

	Current Year	Previous Year
<b>Governmental activities:</b>		
2015 MBA Lease Revenue	\$ 1,600,000	-
2012 Golf Cart Lease	3,658	9,046
2010 Street Revenue	519,000	618,000
MBA Lease 2008	130,000	140,000
Golf Clubhouse 2001B	260,000	280,000
<b>Total governmental</b>	<b>\$ 2,512,658</b>	<b>1,047,046</b>
<b>Business-type activities:</b>		
Water 1999A	\$ 232,000	275,000
Water 1999B	49,000	61,000
Water 2000	211,000	250,000
Water 2000A	26,000	30,000
Water 2005A	585,000	624,000
Water 2009	238,000	255,000
Water 2011	278,000	296,000
Water 2011B	467,000	484,000
Water 2013	466,000	483,000
Sewer 2002	123,727	126,174
Sewer 2005B	180,000	192,000
Sewer 2006	100,000	106,000
Sewer 2007	701,000	760,000
Sewer 2009B	2,162,000	2,306,000
2015 Utility Improvements	307,000	-
<b>Total business-type</b>	<b>\$ 6,125,727</b>	<b>6,248,174</b>
<b>Total outstanding debt</b>	<b>\$ 8,638,384</b>	<b>7,295,220</b>

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

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

As mentioned in the 2015 FY Financial Statement, we have seen the economy deepen and settle into the lower portion of an economic cyclical trough position largely due to impacts of energy prices and the ramifications of such. It is expected that we have reached the bottom of this trough and our now planning a rather stagnant to minor growth mode during the 2017 fiscal year.

**REQUESTS FOR INFORMATION**

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

This page intentionally left blank.

## **BASIC FINANCIAL STATEMENTS**

This page intentionally left blank.

Roosevelt City Corporation  
**STATEMENT OF NET POSITION**  
June 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,394,529	3,143,981	6,538,510
Accounts receivable, net	1,550,434	429,002	1,979,436
Other current assets	633,374	76,871	710,244
<b>Total current assets</b>	<b>5,578,336</b>	<b>3,649,854</b>	<b>9,228,190</b>
Non-current assets:			
Restricted cash and cash equivalents	408,857	2,379,706	2,788,563
Receivables due after one year	35,115	-	35,115
Capital assets:			
Not being depreciated	1,222,680	4,170,224	5,392,904
Net of accumulated depreciation	25,218,963	30,078,163	55,297,126
Net pension assets	1,921	743	2,664
<b>Total non-current assets</b>	<b>26,887,535</b>	<b>36,628,836</b>	<b>63,516,371</b>
<b>Total assets</b>	<b>32,465,872</b>	<b>40,278,689</b>	<b>72,744,561</b>
Deferred outflows of resources - pensions	473,985	183,953	657,938
<b>Total assets and deferred outflows of resources</b>	<b>\$ 32,939,856</b>	<b>40,462,643</b>	<b>73,402,499</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 771,936	1,132,760	1,904,697
Unearned Revenue	435,000	-	435,000
Customer security deposits	750	63,050	63,800
Accrued interest payable	23,839	6,149	29,988
Revenue bonds due within one year	200,000	431,566	631,566
Capital leases due within one year	3,658	-	3,658
<b>Total current liabilities</b>	<b>1,435,183</b>	<b>1,633,526</b>	<b>3,068,709</b>
Non-current liabilities:			
Compensated absences	228,676	107,439	336,115
Revenue bonds due after one year	2,309,000	5,694,160	8,003,160
Net pension liability	947,337	367,199	1,314,536
<b>Total non-current liabilities</b>	<b>3,485,013</b>	<b>6,168,798</b>	<b>9,653,811</b>
<b>Total liabilities</b>	<b>4,920,196</b>	<b>7,802,324</b>	<b>12,722,520</b>
Deferred inflows of resources - property taxes	910,300	-	910,300
Deferred inflows of resources - pensions	134,623	52,156	186,779
<b>Total liabilities and deferred inflows of resources</b>	<b>5,965,119</b>	<b>7,854,480</b>	<b>13,819,599</b>
<b>NET POSITION:</b>			
Net investment in capital assets	23,928,985	28,122,660	52,051,645
Restricted for:			
Debt service	156,353	768,326	924,679
Construction	252,504	1,548,330	1,800,834
Unrestricted	2,636,895	2,168,847	4,805,742
<b>Total net position</b>	<b>26,974,737</b>	<b>32,608,163</b>	<b>59,582,900</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 32,939,856</b>	<b>40,462,643</b>	<b>73,402,499</b>

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

Roosevelt City Corporation  
**STATEMENT OF ACTIVITIES**  
June 30, 2016

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<b><u>FUNCTIONS/PROGRAMS:</u></b>					
<b>Primary government:</b>					
Governmental activities:					
Administration	\$ 771,803	275,396	55,549	-	(440,857)
Public safety	1,783,148	190,477	71,316	-	(1,521,355)
Streets and highways	828,789	-	248,172	-	(580,617)
Airport	285,252	131,172	-	-	(154,080)
Culture and recreation:					
Parks, recreation, cemetery	891,677	232,540	-	3,190,544	2,531,407
Golf	1,142,183	477,889	-	-	(664,294)
Interest on long-term debt	20,559	-	-	-	(20,559)
<b>Total governmental activities</b>	<b><u>5,723,411</u></b>	<b><u>1,307,474</u></b>	<b><u>375,037</u></b>	<b><u>3,190,544</u></b>	<b><u>(850,355)</u></b>
Business-type activities:					
Water	1,855,145	2,569,786	-	2,832,991	3,547,632
Sewer	770,742	645,831	-	-	(124,911)
Garbage	782,200	782,118	-	-	(82)
<b>Total business-type activities</b>	<b><u>3,408,087</u></b>	<b><u>3,997,735</u></b>	<b><u>-</u></b>	<b><u>2,832,991</u></b>	<b><u>3,422,639</u></b>
<b>Total primary government</b>	<b><u>\$ 9,131,498</u></b>	<b><u>5,305,210</u></b>	<b><u>375,037</u></b>	<b><u>6,023,535</u></b>	<b><u>2,572,283</u></b>

(continued on next page)

Roosevelt City Corporation  
**STATEMENT OF ACTIVITIES (continued)**  
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>CHANGES IN NET POSITION:</b>			
<b>Net (expense) revenue (from previous page)</b>	<b>\$ (850,355)</b>	<b>3,422,639</b>	<b>2,572,283</b>
<b>General revenues:</b>			
Property taxes	1,071,616	-	1,071,616
Sales tax	2,043,446	-	2,043,446
Other taxes	666,656	-	666,656
Unrestricted investment earnings	65,094	5,956	71,050
Gain (loss) on sales of capital assets	(232,868)	-	(232,868)
Special assessments	11,786	-	11,786
Miscellaneous	154,280	-	154,280
<b>Total general revenues</b>	<b>3,780,011</b>	<b>5,956</b>	<b>3,785,967</b>
<b>Change in net position</b>	<b>2,929,655</b>	<b>3,428,595</b>	<b>6,358,250</b>
Net position - beginning restated	24,045,082	29,179,568	53,224,650
<b>Net position - ending</b>	<b>\$ 26,974,737</b>	<b>\$ 32,608,163</b>	<b>59,582,900</b>

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

Roosevelt City Corporation  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2016

	General Fund	Capital Projects Fund	Non-Major Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 816,142	2,578,387	-	3,394,529
Accounts receivable, net of allowances	1,582,839	2,709	-	1,585,548
Other assets	121,592	511,782	-	633,374
Restricted cash and cash equivalents	115,406	137,098	156,353	408,857
<b>TOTAL ASSETS</b>	<b>\$ 2,635,979</b>	<b>3,229,976</b>	<b>156,353</b>	<b>6,022,308</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
Liabilities:				
Accounts payable	\$ 256,644	951,043	-	1,207,686
Total liabilities	256,644	951,043	-	1,207,686
Deferred inflows of resources:				
Deferred inflows of resources - property tax	960,298	-	-	960,298
Deferred inflows of resources - special assessments	42,065	-	-	42,065
Total deferred inflows of resources	1,002,363	-	-	1,002,363
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>1,259,007</b>	<b>951,043</b>	<b>-</b>	<b>2,210,049</b>
<b>FUND BALANCES:</b>				
Nonspendable for prepaids	-	76,782	-	76,782
Restricted for:				
Construction	115,406	137,098	-	252,504
Debt service	-	-	156,353	156,353
Assigned for:				
Construction	-	2,065,054	-	2,065,054
Debt service	-	-	-	-
Unassigned	1,261,566	-	-	1,261,566
<b>TOTAL FUND BALANCES</b>	<b>1,376,972</b>	<b>2,278,934</b>	<b>156,353</b>	<b>3,812,258</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 2,635,979</b>	<b>3,229,976</b>	<b>156,353</b>	<b>6,022,308</b>

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

Roosevelt City Corporation  
**STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2016

	General Fund	Capital Projects Fund	Non-Major Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
Property	\$ 1,071,616	-	-	1,071,616
Sales	2,043,446	-	-	2,043,446
Other taxes	666,656	-	-	666,656
License and permits	150,818	-	-	150,818
Intergovernmental revenues	375,037	3,190,544	-	3,565,581
Charges for services	1,043,231	-	54,023	1,097,254
Fines and forfeitures	59,166	-	-	59,166
Interest	33,247	31,679	168	65,094
Miscellaneous revenue	124,838	83,286	-	208,124
<b>Total revenues</b>	<b>5,568,055</b>	<b>3,305,510</b>	<b>54,192</b>	<b>8,927,756</b>
<b>EXPENDITURES:</b>				
Current:				
General government	749,148	-	-	749,148
Public safety	1,710,202	-	-	1,710,202
Highways and public improvements	577,869	-	-	577,869
Parks, recreation and public property	1,795,859	-	-	1,795,859
Capital outlay	-	8,235,141	-	8,235,141
Debt service:				
Principal	35,388	-	99,000	134,388
Interest	930	-	2,743	3,673
<b>Total expenditures</b>	<b>4,869,396</b>	<b>8,235,141</b>	<b>101,743</b>	<b>13,206,280</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>698,659</b>	<b>(4,929,632)</b>	<b>(47,551)</b>	<b>(4,278,524)</b>
<b>Other Financing Sources and (Uses):</b>				
Bond Proceeds	-	1,600,000	-	1,600,000
Special assessment fees	11,786	-	-	11,786
Transfers in	-	650,000	50,000	700,000
Transfers (out)	(700,000)	-	-	(700,000)
<b>Total other financing sources and (uses)</b>	<b>(688,214)</b>	<b>2,250,000</b>	<b>50,000</b>	<b>1,611,786</b>
<b>Net Change in Fund Balances</b>	<b>10,445</b>	<b>(2,679,632)</b>	<b>2,449</b>	<b>(2,666,737)</b>
Fund balances - beginning of year	1,366,527	4,958,565	153,904	6,478,996
<b>Fund balance - end of year</b>	<b>\$ 1,376,972</b>	<b>2,278,934</b>	<b>156,353</b>	<b>3,812,258</b>

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

Roosevelt City Corporation  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION**  
 June 30, 2016

<b>Total Fund Balance for Governmental Funds</b>	<b><u>\$ 3,812,258</u></b>
 Total net assets reported for governmental activities in the statement is different because:	
 Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	40,540,995
Less accumulated depreciation	<u>(14,099,352)</u>
Net capital assets	<u>26,441,643</u>
 Net pension assets are not financial resources and, therefore, are not reported in the funds.	
	<u>1,921</u>
 Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	
	<u>473,985</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>(2,512,658)</u>
Interest accrued but not yet paid on long-term debt	<u>(23,839)</u>
Compensated absences	<u>(228,676)</u>
Net pension liability	<u>(947,337)</u>
Deferred inflows of resources - pensions	<u>(134,623)</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>42,065</u>
Delinquent property tax deferred	<u>49,998</u>
<b>Total Net Position of Governmental Activities</b>	<b><u><u>\$ 26,974,737</u></u></b>

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

Roosevelt City Corporation  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2016

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b><u>\$ (2,666,737)</u></b>
 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 so allocated over their estimated useful lives and reported as depreciation expenses.	
Capital outlays	8,235,141
Depreciation expense	<u>(985,814)</u>
Net	<u>7,249,327</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>60,372</u>
 Cost of retired assets sold is not reported in government fund statements, while it is reported in the statement of activities.	
Book cost of assets retired	<u>(286,712)</u>
 Bond proceeds are reported as financing sources in government funds. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities.	
Debt issued - bonds	<u>(1,600,000)</u>
 Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Long-term debt principal repayments	<u>134,388</u>
 Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.	
Change in accrued interest	<u>(16,886)</u>
 Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	
Change in compensated absence liability	<u>55,668</u>
 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	(12,960)
Change in delinquent property tax	<u>13,195</u>
 <b>Change in Net Position of Governmental Activities</b>	 <b><u>\$ 2,929,655</u></b>

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

Roosevelt City Corporation  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
June 30, 2016

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,234,428	910,066	(513)	3,143,981
Accounts receivable, net	287,880	78,054	63,069	429,002
Due from other funds	-	-	-	-
Other current assets	71,528	5,343	-	76,871
<b>Total current assets</b>	<b>2,593,835</b>	<b>993,463</b>	<b>62,556</b>	<b>3,649,854</b>
Non-current assets:				
Restricted cash and cash equivalents	1,939,040	440,666	-	2,379,706
Capital assets:				
Not being depreciated	4,011,319	158,905	-	4,170,224
Net of accumulated depreciation	20,545,645	9,532,518	-	30,078,163
Net pension assets	501	242	-	743
<b>Total non-current assets</b>	<b>26,496,505</b>	<b>10,132,331</b>	<b>-</b>	<b>36,628,836</b>
<b>Total assets</b>	<b>29,090,340</b>	<b>11,125,794</b>	<b>62,556</b>	<b>40,278,689</b>
Deferred outflows of resources - pensions	126,462	57,492	-	183,953
<b>Total assets and deferred outflows of resources</b>	<b>\$ 29,216,802</b>	<b>11,183,285</b>	<b>62,556</b>	<b>40,462,643</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 1,065,667	4,650	62,443	1,132,760
Customer security deposits	63,050	-	-	63,050
Due to other funds	-	-	-	-
Accrued interest payable	6,149	-	-	6,149
Revenue bonds, current portion	208,000	223,566	-	431,566
<b>Total current liabilities</b>	<b>1,342,866</b>	<b>228,217</b>	<b>62,443</b>	<b>1,633,526</b>
Non-current liabilities:				
Compensated absences	66,734	40,705	-	107,439
Revenue bonds, long-term	2,651,000	3,043,160	-	5,694,160
Net pension liability	250,443	116,756	-	367,199
<b>Total non-current liabilities</b>	<b>2,968,177</b>	<b>3,200,621</b>	<b>-</b>	<b>6,168,798</b>
<b>Total liabilities</b>	<b>4,311,044</b>	<b>3,428,837</b>	<b>62,443</b>	<b>7,802,324</b>
Deferred inflows of resources - pensions	35,461	16,695	-	52,156
<b>Total liabilities and deferred inflows of resources</b>	<b>4,346,505</b>	<b>3,445,532</b>	<b>62,443</b>	<b>7,854,480</b>
<b>NET POSITION:</b>				
Net investment in capital assets	21,697,964	6,424,696	-	28,122,660
Restricted for:				
Debt service	327,660	440,666	-	768,326
Construction	1,548,330	-	-	1,548,330
Unrestricted	1,296,343	872,391	113	2,168,847
<b>Total net position</b>	<b>\$ 24,870,297</b>	<b>7,737,753</b>	<b>113</b>	<b>32,608,163</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 29,216,802</b>	<b>11,183,285</b>	<b>62,556</b>	<b>40,462,643</b>

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

Roosevelt City Corporation  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN NET POSITION - PROPRIETARY FUND**

June 30, 2016

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
<b>Operating income:</b>				
Charges for sales and service	\$ 2,310,607	610,414	753,770	3,674,790
Connection fees	151,235	30,000	-	181,235
Other operating income	107,945	5,418	28,348	141,710
<b>Total operating income</b>	<b>2,569,786</b>	<b>645,831</b>	<b>782,118</b>	<b>3,997,735</b>
<b>Operating expenses:</b>				
Purchased product	194,521	-	-	194,521
Personnel services	746,095	334,610	-	1,080,705
Utilities	4,664	23,303	-	27,967
Repair and maintenance	80,417	11,356	-	91,773
Contractual services	-	-	753,852	753,852
Other supplies and expenses	171,645	42,981	28,348	242,973
Insurance expense	30,680	32,074	-	62,754
Depreciation expense	594,114	318,728	-	912,842
<b>Total operating expense</b>	<b>1,822,136</b>	<b>763,052</b>	<b>782,200</b>	<b>3,367,387</b>
<b>Net operating income (loss)</b>	<b>747,650</b>	<b>(117,221)</b>	<b>(82)</b>	<b>630,348</b>
<b>Non-operating income (expense):</b>				
Interest income	3,539	2,417	-	5,956
Interest on long-term debt	(33,009)	(7,690)	-	(40,699)
<b>Total non-operating income (expense)</b>	<b>(29,470)</b>	<b>(5,273)</b>	<b>-</b>	<b>(34,743)</b>
<b>Income (loss) before transfers and capital contributions</b>	<b>718,180</b>	<b>(122,494)</b>	<b>(82)</b>	<b>595,604</b>
Capital contributions	2,832,991	-	-	2,832,991
<b>Change in net position</b>	<b>3,551,171</b>	<b>(122,494)</b>	<b>(82)</b>	<b>3,428,595</b>
Net position - beginning	21,319,126	7,860,248	195	29,179,568
<b>Net position - ending</b>	<b>\$ 24,870,297</b>	<b>7,737,753</b>	<b>113</b>	<b>32,608,163</b>

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

Roosevelt City Corporation  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2016

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
<b>Cash flows from operating activities:</b>				
Cash received from customers - service	\$ 2,516,288	634,467	782,270	3,933,025
Cash paid to suppliers	(571,026)	(105,989)	(719,756)	(1,396,772)
Cash paid to employees	(740,019)	(330,190)	-	(1,070,209)
<b>Net cash provided (used) in operating activities</b>	<b>1,205,243</b>	<b>198,288</b>	<b>62,514</b>	<b>1,466,044</b>
<b>Cash flows from noncapital financing activities:</b>				
Interfund balances	-	-	-	-
Change in customer deposits	(14,150)	-	-	(14,150)
<b>Net cash provided (used) in noncapital financing activities</b>	<b>(14,150)</b>	<b>-</b>	<b>-</b>	<b>(14,150)</b>
<b>Non-operating income (expense): related financing activities:</b>				
Cash received from capital grants	2,832,991	-	-	2,832,991
Cash received from bond proceeds	307,000	-	-	307,000
Cash payments for capital assets	(1,925,897)	(18,973)	-	(1,944,870)
Cash payments for long-term debt principal	(206,000)	(223,448)	-	(429,448)
Cash payments for long-term debt interest	(34,156)	(7,690)	-	(41,846)
<b>Net cash provided (used) in capital and related financing activities</b>	<b>973,938</b>	<b>(250,111)</b>	<b>-</b>	<b>723,827</b>
<b>Cash flows from investing activities:</b>				
Cash received from interest earned	3,539	2,417	-	5,956
<b>Net cash provided (used) in investing activities</b>	<b>3,539</b>	<b>2,417</b>	<b>-</b>	<b>5,956</b>
<b>Net increase (decrease) in cash</b>	<b>2,168,570</b>	<b>(49,406)</b>	<b>62,514</b>	<b>2,181,677</b>
Cash balance, beginning	2,004,898	1,400,138	(63,026)	3,342,010
<b>Cash balance, ending</b>	<b>\$ 4,173,468</b>	<b>1,350,732</b>	<b>(513)</b>	<b>5,523,687</b>
<b>Cash reported on the statement of net position:</b>				
Cash and cash equivalents	\$ 2,234,428	910,066	(513)	3,143,981
Non-current restricted cash	1,939,040	440,666	-	2,379,706
<b>Total cash and cash equivalents</b>	<b>\$ 4,173,468</b>	<b>1,350,732</b>	<b>(513)</b>	<b>5,523,687</b>

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

Roosevelt City Corporation  
**STATEMENT OF CASH FLOWS (continued)**  
For the Year Ended June 30, 2016

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

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
<b>Net operating income (expense)</b>	<b>\$ 747,650</b>	<b>\$ (117,221)</b>	<b>\$ (82)</b>	<b>630,348</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	594,114	318,728	-	912,842
Changes in assets and liabilities:				
(Increase) decrease in receivables	(53,498)	(11,364)	152	(64,710)
(Increase) decrease in inventory	(41,724)	(698)	-	(42,422)
(Increase) decrease in non-current assets	158	71	-	229
(Increase) decrease in deferred outflows	(85,228)	(37,967)	-	(123,194)
Increase (decrease) in payables	18,021	33,554	62,443	114,018
Increase (decrease) in compensated absences	22,302	11,648	-	33,950
Increase (decrease) in deferred inflows	3,447	1,536	-	4,983
<b>Net cash provided (used) in operating activities</b>	<b>\$ 1,205,243</b>	<b>198,288</b>	<b>62,514</b>	<b>1,466,044</b>

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

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

---

**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, 2016

---

**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, 2016

---

**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 and secondary 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, 2016

---

**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 and golf shop inventory are the only inventories 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, 2016

---

**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:

<u>Assets</u>	<u>Years</u>
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, 2016

---

**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, which 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, 2016

---

**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, 2016

---

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2016 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 250
Demand deposits - checking	1,570,184
Bond reserve bank trust accounts	696,363
Deposits - PTIF	<u>7,060,276</u>
<b>Total cash</b>	<b><u><u>\$ 9,327,072</u></u></b>

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

Cash and cash equivalents (current)	\$ 6,538,510
Restricted cash and cash equivalents (non-current)	<u>2,788,563</u>
<b>Total cash and cash equivalents</b>	<b><u><u>\$ 9,327,072</u></u></b>

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

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

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

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**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, 2016, 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	Capital Projects Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Property taxes	\$ 962,168	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	562,217	-	-	-	-	562,217
Customers	5,538	2,709	287,880	78,054	63,069	437,250
Other receivables	10,850	-	-	-	-	-
Special assessments:						
Current	6,950	-	-	-	-	6,950
Non-current	35,115	-	-	-	-	35,115
<b>Total receivables</b>	<b>\$1,582,839</b>	<b>\$ 2,709</b>	<b>\$ 287,880</b>	<b>\$ 78,054</b>	<b>\$ 63,069</b>	<b>\$2,014,551</b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**3-C. Capital Assets**

Capital asset activity for the governmental activities was as follows:

<b>Governmental activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land rights	\$ 1,222,680	\$ -	\$ -	\$ 1,222,680
Construction in progress	755,084	8,064,418	8,819,502	-
<b>Total capital assets, not being depreciated</b>	<b>1,977,764</b>	<b>8,064,418</b>	<b>8,819,502</b>	<b>1,222,680</b>
Capital assets, being depreciated:				
Buildings	4,686,779	8,675,849	599,288	12,763,340
Improvements other than buildings	9,425,913	143,653	64,713	9,504,853
Machinery and equipment	3,749,745	175,817	337,166	3,588,396
Infrastructure	13,461,726	-	-	13,461,726
<b>Total capital assets, being depreciated</b>	<b>31,324,162</b>	<b>8,995,320</b>	<b>1,001,167</b>	<b>39,318,315</b>
Less accumulated depreciation for:				
Buildings	2,117,375	118,469	418,093	1,817,750
Improvements other than buildings	2,949,047	239,149	10,119	3,178,077
Machinery and equipment	2,361,269	244,402	281,149	2,324,522
Infrastructure	6,395,207	383,795	-	6,779,003
<b>Total accumulated depreciation</b>	<b>13,822,898</b>	<b>985,814</b>	<b>709,361</b>	<b>14,099,352</b>
<b>Total capital assets being depreciated, net</b>	<b>17,501,264</b>	<b>8,009,505</b>	<b>291,806</b>	<b>25,218,963</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 19,479,028</b>	<b>\$ 16,073,924</b>	<b>\$ 9,111,309</b>	<b>\$ 26,441,643</b>

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

<b>Governmental activities:</b>	
General government	\$ 85,227
Public safety	107,616
Highways and public improvements	541,053
Parks, recreation and public property	251,919
<b>Total</b>	<b>\$ 985,814</b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

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

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

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land and water shares	\$ 1,409,807	\$ -	\$ -	\$ 1,409,807
Construction in progress	6,491,745	2,995,088	6,726,416	2,760,417
<b>Total capital assets, not being depreciated</b>	<b>7,901,551</b>	<b>2,995,088</b>	<b>6,726,416</b>	<b>4,170,223</b>
Capital assets, being depreciated:				
Water system	23,006,354	6,717,116	-	29,723,469
Sewer system	14,391,178	18,973	-	14,410,151
<b>Total capital assets, being depreciated</b>	<b>37,397,531</b>	<b>6,736,089</b>	<b>-</b>	<b>44,133,620</b>
Less accumulated depreciation for:				
Water system	8,583,710	594,114	-	9,177,824
Sewer system	4,558,905	318,728	-	4,877,633
<b>Total accumulated depreciation</b>	<b>13,142,615</b>	<b>912,842</b>	<b>-</b>	<b>14,055,457</b>
<b>Total capital assets being depreciated, net</b>	<b>24,254,916</b>	<b>5,823,247</b>	<b>-</b>	<b>30,078,163</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 32,156,467</b>	<b>\$ 8,818,335</b>	<b>\$ 6,726,416</b>	<b>\$ 34,248,386</b>

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

<b>Business-type activities:</b>	
Water system	\$ 594,114
Sewer system	318,728
<b>Total</b>	<b>\$ 912,842</b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

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

Long-term debt activity for the governmental activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2012 10 YDRA Golf Carts Lease							
Matures 4/1/2017	\$ 26,225	4.792	\$ 9,046	\$ -	\$ 5,388	\$ 3,658	\$ 3,658
2010 Street Revenue							
Matures 10/1/2020	1,000,000	1.50	618,000	-	99,000	519,000	101,000
2008 MBA Lease Revenue							
Matures 10/1/2028	200,000	-	140,000	-	10,000	130,000	10,000
2001 B Golf Clubhouse							
Matures 7/31/2029	500,000	-	280,000	-	20,000	260,000	20,000
2015 MBA Lease Revenue							
Matures 10/1/2035	1,600,000	1.50	-	1,600,000	-	1,600,000	69,000
<b>Total governmental activity long-term liabilities</b>			<b>\$1,047,046</b>	<b>\$1,600,000</b>	<b>\$ 134,388</b>	<b>\$2,512,658</b>	<b>\$203,658</b>

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

	Principal	Interest	Total
2017	\$ 203,658	\$ 32,372	\$ 236,030
2018	202,000	29,235	231,235
2019	205,000	26,655	231,655
2020	207,000	24,030	231,030
2021	210,000	21,375	231,375
2022 - 2026	535,000	81,975	616,975
2027 - 2031	503,000	52,305	555,305
2031 - 2035	447,000	20,385	467,385
<b>Total</b>	<b>\$2,512,658</b>	<b>\$ 288,332</b>	<b>\$2,800,990</b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

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

Long-term debt activity for the business-type activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1999 B Water Revenue							
Matures 12/31/2019	\$ 225,000	1.28	\$ 61,000	\$ -	\$ 12,000	\$ 49,000	\$ 12,000
1999 A Water Revenue							
Matures 12/31/2020	700,000	2.50	275,000	-	43,000	232,000	44,000
2000 Water Revenue							
Matures 12/31/2020	711,000	2.50	250,000	-	39,000	211,000	40,000
2000 A Water Revenue							
Matures 12/31/2021	75,000	2.29	30,000	-	4,000	26,000	4,000
2007 Sewer Construction							
Matures 1/1/2028	1,173,000	-	760,000	-	59,000	701,000	59,000
2009 Replacement Well Bond							
Matures 1/1/2030	340,000	-	255,000	-	17,000	238,000	17,000
2009B Sewer Improvements							
Matures 1/1/2031	2,882,000	-	2,306,000	-	144,000	2,162,000	144,000
2005 A Water Revenue							
Matures 3/31/2031	970,000	-	624,000	-	39,000	585,000	39,000
2005 B Sewer Revenue							
Matures 3/31/2031	300,000	-	192,000	-	12,000	180,000	12,000
2011 Wtr Revenue Bond							
Matures 10/1/2031	350,000	-	296,000	-	18,000	278,000	18,000
2006 Sewer Revenue							
Matures 12/31/2031	154,000	-	106,000	-	6,000	100,000	6,000
2002 Sewer Revenue RUS							
Matures 1/10/242	150,000	4.75	126,174	-	2,448	123,727	2,566
2011 B Wtr Revenue Bonds							
Matures 10/1/2042	518,000	-	484,000	-	17,000	467,000	17,000
2013 Water Improvements							
Matures 10/1/2043	500,000	-	483,000	-	17,000	466,000	17,000
2015 Utility Improvements							
Matures 10/1/2046	307,000	-	-	307,000	-	307,000	-
<b>Total governmental activity long-term liabilities</b>			<b>\$6,248,174</b>	<b>\$ 307,000</b>	<b>\$ 429,448</b>	<b>\$6,125,727</b>	<b>\$431,566</b>

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

	Principal	Interest	Total
2017	\$ 431,566	\$ 18,119	\$ 449,686
2018	443,691	15,649	459,340
2019	445,822	13,124	458,945
2020	450,959	10,541	461,500
2021	440,102	7,842	447,944
2022 - 2026	1,637,922	24,133	1,662,055
2027 - 2031	1,598,716	19,224	1,617,940
2032 - 2036	267,792	13,148	280,940
2037 - 2041	262,493	5,447	267,940
2042 - 2046	135,665	46	135,711
2047	11,000	-	11,000
<b>Total</b>	<b>\$6,125,727</b>	<b>\$ 127,274</b>	<b>\$6,253,001</b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**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 \$9,004 at June 30, 2016.

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

Asset:	Governmental Activities
Machinery and equipment	\$ 26,225
Accumulated amortization	(9,004)
<b>Net</b>	<b>\$ 17,221</b>

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, 2016:

<u>Fiscal Year</u>	
2017	\$ 4,245
Total minimum lease payments	4,245
Less amounts representing interest	(587)
Present value of minimum lease payments	<b>\$ 3,658</b>

**Operating Lease Commitments:**

During fiscal year 2013, the City executed an operating lease for golf carts. Total cost for the lease for the year ended June 30, 2016 was \$29,899. The future minimum lease payments are as follows:

<u>Fiscal Year</u>	
2017	\$ 29,463
2018	19,790
<b>Total</b>	<b>\$ 49,253</b>

**Other long-term liabilities:**

	Increase		
	Beginning	(Decrease)	Ending
<b>Compensated absences:</b>			
Governmental	\$ 284,344	\$ (55,668)	\$ 228,676
Business-type	73,489	33,950	107,439
<b>Total</b>	<b>\$ 357,833</b>	<b>\$ (21,718)</b>	<b>\$ 336,115</b>
<b>Net pension liability:</b>			
Governmental	\$ 704,016	\$ 243,322	\$ 947,337
Business-type	272,670	94,528	367,199
<b>Total</b>	<b>\$ 976,686</b>	<b>\$ 337,850</b>	<b>\$1,314,536</b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

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

**Interfund receivables:**

	Due To	Due From
Water Fund	\$ 513	\$ -
Sanitation Fund	-	513
<b>Total</b>	<b>\$ 513</b>	<b>\$ 513</b>

**Interfund transfers:**

	Transfers In	Transfers Out
General Fund	\$ -	\$ 700,000
Debt Service Fund	50,000	-
Capital Projects Fund	650,000	-
<b>Total</b>	<b>\$ 700,000</b>	<b>\$ 700,000</b>

**NOTE 4 - OTHER INFORMATION**

**4-A. Risk management**

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

**4-B. Pension Plans**

**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,

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

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employer retirement system;

Tier 2 Public Safety and Firefighter Contributory Retirement 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.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**4-B. Pension Plans (continued)**

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.

**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 percentage per year of service	Cola **
Noncontributory System	Highest 3 Years	30 years any age 25 years 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 an 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	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%

\* 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.

**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.

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4-B. Pension Plans (continued)**

Contribution rates are as follows:

<b>Utah Retirement Systems</b>	Employee Paid	Paid by Employer for Employee	Employer Contribution Rate	Employer Rate for 401(k) Plan
Contributory System				
111 - Local Government Div - Tier 2	N/A	N/A	16.67	1.78
Noncontributory System				
15 - Local Government Div - Tier 1	N/A	N/A	18.47	N/A
Public Safety System				
Contributory				
122 - Tier 2 DB Hybrid Public Safety	N/A	N/A	22.50	1.33
Noncontributory				
43 - Other Div A with 2.5% COLA	N/A	N/A	34.04	N/A
Tier 2 DC Only				
211 - Local Government	N/A	N/A	6.69	10.00
222 - Public Safety	N/A	N/A	11.83	12.00

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For the fiscal year ended June 30, 2016, the employer and employee contributions to the Systems were as follows:

<b>System</b>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 214,934	N/A
Public Safety System	133,671	-
Tier 2 Public Employees System	31,660	-
Tier 2 Public Safety and Firefighter	22,383	-
Tier 2 DC Only System	6,017	N/A
Tier 2 DC Public Safety and Firefighter System	9,667	N/A
<b>Total Contributions</b>	<b>\$ 418,332</b>	<b>\$ -</b>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2016, we reported a net pension asset of \$2,664 and a net pension liability of \$1,314,536.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.1367274%	\$ -	\$ 773,670
Public Safety System	0.3019487%	-	540,866
Tier 2 Public Employees System	0.0227220%	50	-
Tier 2 Public Safety and Firefighter	0.1789186%	2,614	-
<b>Total</b>		<b>\$ 2,664</b>	<b>\$ 1,314,536</b>

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**4-B. Pension Plans (continued)**

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2016, we recognize pension expense of \$337,089.

At June 30, 2016, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 454	\$ 90,971
Changes in assumptions	-	79,810
Net difference between projected and actual earnings on pension plan investments	436,311	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,510	15,988
Contributions subsequent to the measurement date	211,663	-
<b>Total</b>	<b>\$ 657,938</b>	<b>\$ 186,769</b>

\$211,663 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, 2015. 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>	Net Deferred Outflows (Inflows) of Resources
2016	\$ 47,729
2017	47,729
2018	62,944
2019	102,042
2020	(172)
Thereafter	(775)

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**4-B. Pension Plans (continued)**

**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

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five year period ending 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:

<b>Assets class</b>	<b>Expected Return Arithmetic Basis</b>		
	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%
<b>Totals</b>	<b>100.00%</b>		<b>5.23%</b>
	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 Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**4-B. Pension Plans (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:

<u>System</u>	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 1,634,688	\$ 773,670	\$ 54,893
Public Safety System	1,145,326	540,866	48,724
Tier 2 Public Employees System	9,096	(50)	(6,981)
Tier 2 Public Safety and Firefighter	4,444	(2,614)	(8,034)
<b>Total</b>	<b>\$ 2,793,554</b>	<b>\$ 1,311,872</b>	<b>\$ 88,602</b>

**Pension plan fiduciary net position:**

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

**Defined Contribution Savings Plan:**

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Roosevelt City participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

Roosevelt City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**4-B. Pension Plans (continued)**

Employee and employer contributions to the Utah Retirement Contribution Savings Plans for fiscal year ended June 30, 2016, were as follows:

	2016	2015	2014
<b>401(k) Plan</b>			
Employer Contributions	\$ 23,854	\$ 20,014	\$ 10,762
Employee Contributions	53,598	34,484	49,181
<b>457 Plan</b>			
Employer Contributions	-	-	-
Employee Contributions	23,594	14,095	18,385
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	13,089	7,060	4,705
<b>Traditional IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	1,750	3,250	1,200

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

This page intentionally left blank.

Roosevelt City Corporation  
**Notes to Required Supplementary Information**  
June 30, 2016

---

**Budgetary Comparison Schedules**

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

**Budgeting and Budgetary Control**

The budget for the General Fund is legally required and is 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, 2016, expenditures within all departments was under the appropriated budget.

**Changes in Assumptions Related to Pensions**

Regarding the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Contributions presented in this section, the following assumption changes were adopted from the most recent actuarial experience study:

There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decrease from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

Roosevelt City Corporation  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended June 30, 2016

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 3,783,135	\$ 3,851,918	\$ 3,781,718	\$ 70,200
Licenses and permits	126,750	148,008	150,818	(2,810)
Intergovernmental revenues	354,600	377,583	375,037	2,546
Charges for services	915,220	1,002,021	1,043,231	(41,210)
Fines and forfeitures	80,000	80,000	59,166	20,834
Interest	13,000	26,834	33,247	(6,413)
Miscellaneous revenue	51,350	124,001	124,838	(837)
<b>Total revenues</b>	<b>5,324,055</b>	<b>5,610,365</b>	<b>5,568,055</b>	<b>42,310</b>
<b>Expenditures</b>				
General government	854,250	892,122	749,148	142,974
Public safety	1,800,400	1,834,398	1,720,202	114,196
Highways and public improvements	806,950	860,181	577,869	282,312
Parks and recreation	1,607,400	1,969,555	1,822,177	147,378
<b>Total expenditures</b>	<b>5,069,000</b>	<b>5,556,256</b>	<b>4,869,396</b>	<b>686,860</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>255,055</b>	<b>54,109</b>	<b>698,659</b>	<b>(644,550)</b>
<b>Other financing sources and (uses)</b>				
Special assessment fees	7,000	11,280	11,786	506
Transfers in (out)	(450,000)	(65,389)	(700,000)	(634,611)
<b>Total other financing sources and (uses)</b>	<b>(443,000)</b>	<b>(54,109)</b>	<b>(688,214)</b>	<b>634,105</b>
<b>Net change in fund balances</b>	<b>(187,945)</b>	<b>-</b>	<b>10,445</b>	<b>10,445</b>
Fund balances - beginning of year	<b>1,366,527</b>	<b>1,366,527</b>	<b>1,366,527</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ 1,178,582</b>	<b>\$ 1,366,527</b>	<b>\$ 1,376,972</b>	<b>\$ 10,445</b>

Roosevelt City Corporation  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
 June 30, 2016  
 Last 10 Fiscal Years\*

	2015	2014
<b>Noncontributory Retirement System</b>		
Proportion of the net pension liability (asset)	0.1367274%	0.1336046%
Proportionate share of the net pension liability (asset)	\$ 773,670	\$ 580,143
Covered employee payroll	\$ 1,146,586	\$ 1,120,885
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	67.48%	51.80%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	90.20%
<b>Public Safety System</b>		
Proportion of the net pension liability (asset)	0.3019487%	0.3153219%
Proportionate share of the net pension liability (asset)	\$ 540,866	\$ 396,543
Covered employee payroll	\$ 399,660	\$ 425,927
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	135.33%	93.10%
Plan fiduciary net position as a percentage of the total pension liability	87.10%	90.50%
<b>Tier 2 Public Employees Retirement System</b>		
Proportion of the net pension liability (asset)	0.0227220%	0.0456536%
Proportionate share of the net pension liability (asset)	\$ (50)	\$ (1,384)
Covered employee payroll	\$ 146,861	\$ 223,823
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	100.20%	103.50%
<b>Tier 2 Public Safety and Firefighters Retirement</b>		
Proportion of the net pension liability (asset)	0.1789186%	0.1418399%
Proportionate share of the net pension liability (asset)	\$ (2,614)	\$ (2,098)
Covered employee payroll	\$ 106,474	\$ 58,735
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-2.46%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	110.70%	120.50%

\* In accordance with paragraph 81.a of GASB 68, employers 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 the last two years.

Roosevelt City Corporation  
**SCHEDULE OF CONTRIBUTIONS**

June 30, 2016  
 Last 10 Fiscal Years\*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory Retirement System</b>	2014	\$ 198,689	\$ 198,689	\$ -	\$1,317,112	15.09%
	2015	206,629	206,629	-	1,139,495	18.13%
	2016	214,934	214,934	-	1,175,479	18.28%
<b>Public Safety System</b>	2014	126,230	126,230	-	392,750	32.14%
	2015	145,192	145,192	-	426,617	34.03%
	2016	133,671	133,671	-	404,624	33.04%
<b>Tier 2 Public Employees Retirement System**</b>	2014	28,690	28,690	-	205,074	13.99%
	2015	27,077	27,077	-	180,173	15.03%
	2016	31,660	31,660	-	212,343	14.91%
<b>Tier 2 Public Safety and Firefighter System**</b>	2014	16,043	16,043	-	76,945	20.85%
	2015	20,902	20,902	-	92,694	22.55%
	2016	22,383	22,383	-	99,481	22.50%
<b>Tier 2 Public Employees DC Only System**</b>	2014	-	-	-	-	-
	2015	5,118	5,118	-	76,165	6.72%
	2016	6,017	6,017	-	89,934	6.69%
<b>Tier 2 Public Safety and Firefighter DC Only System**</b>	2014	5,518	5,518	-	55,517	9.94%
	2015	7,972	7,972	-	67,388	11.83%
	2016	9,667	9,667	-	81,714	11.83%

\* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the past 3 years.

\*\* Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

**SUPPLEMENTARY INFORMATION**

This page intentionally left blank.

Roosevelt City Corporation  
**Supplementary Information**  
 June 30, 2016

**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 \$36,975 in water impact fees during the year ended June 30, 2016. 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, inland marine, general liability and auto through Utah Local Government Trust as of June 30, 2016. Utah Local Government Trust also carried the liability on the City airport through AIG as of June 30, 2016. The City Employee benefits include health insurance through Select Health and life through Utah Local Government Trust and Lincoln Life. Workman's Compensation Insurance was carried with the Utah Local Government Trust. Employee insurance premiums are 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, 2016:

<u>Description of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>	<u>Expires</u>
ULGT #13270-G12015 Comprehensive General Liability (including Public Officials Errors & Omissions)	\$5,000,000.00	\$ -	7/1/2016
ULGT #13270-G12015 Auto Liability	5,000,000.00	-	7/1/2016
ULGT #ULGT-APDP-20 Property Coverage	26,201,610.47	1,000.00	7/1/2016
ULGT #ULGT-APDP-20 Auto PD Coverage 22 Vehicles	500.00	-	7/1/2016
ULGT #13270-WC-2015 Workers Compensatoin	100/500/100	-	1/1/2016
CNA Surety #70470868 License & Permit	100,000.00	-	12/31/2016
CNA Surety #71727234 Finance Director	150,000.00	-	11/13/2016
CNA Surety #71727237 City Manager	150,000.00	-	11/13/2016
CNA Surety #71757068 Treasurer	560,000.00	-	3/26/2017
AIG #AP 016603863-01 Airport Each Occurrence, Personal & Advertising Injury, Products Completed, Operations	1,000,000.00	5,000 each aircraft	10/31/2016

This page intentionally left blank.

## **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, 2016, and the related notes to the financial statements, which collectively comprise Roosevelt City's basic financial statements, and have issued our report thereon dated October 27, 2016.

### **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*

October 27, 2016

# 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**

Roosevelt City Council

We have audited Roosevelt City's compliance with the applicable general state compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, which could have a direct and material effect on Roosevelt City for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas: budgetary compliance, retirement systems, open and public meetings act, treasurer's bond, cash management, etc.

#### ***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above.

#### ***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. 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. However, our audit does not provide a legal determination of Roosevelt City's compliance.

#### ***Opinion on General State Compliance Requirements***

In our opinion, 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 for the year ended June 30, 2016.

#### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the State Compliance Audit Guide.

#### ***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 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 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.

# 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 general state 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 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 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.

### ***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 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.

*Aycock, Miles & Associates, CPAs*

October 27, 2016