

Roosevelt City Corporation
Duchesne County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

Roosevelt City Corporation
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June 30, 2019

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

Certified Public Accountants

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

Independent Auditors' Report

Roosevelt City Town Council
Roosevelt, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Roosevelt City, as of and for the year ended June 30, 2019, 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. 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Supplementary & Other Information

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

Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roosevelt City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019 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

Roosevelt, Utah
October 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2019

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, 2019

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$2,651,715
- *Total unrestricted net position for the City as a whole increased by \$738,752
- *Total net position for governmental activities increased by \$2,118,296
- *Total net position for business-type activities increased by \$533,419

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, 2019

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, 2019

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	\$ 9,501,647	7,222,882	6,167,659	6,241,433	15,669,306	13,464,315
Net capital assets	27,500,389	26,716,973	39,467,378	39,844,986	66,967,768	66,561,959
Deferred outflows of resources	622,110	637,520	241,496	247,485	863,606	885,005
Total assets and deferred outflows	\$ 37,624,147	34,577,374	45,876,533	46,333,905	83,500,680	80,911,279
Long-term debt outstanding	\$ 2,361,000	2,420,000	5,817,000	6,170,000	8,178,000	8,590,000
Other liabilities	3,053,036	1,591,690	886,869	1,343,363	3,939,905	2,935,053
Deferred inflows of resources	1,233,799	1,707,668	28,059	209,356	1,261,858	1,917,024
Total liabilities and deferred inflows	6,647,834	5,719,358	6,731,929	7,722,720	13,379,763	13,442,077
Net position:						
Net investment in capital assets	25,139,389	24,296,973	33,650,378	33,674,986	58,789,768	57,971,959
Restricted	1,243,153	172,273	702,581	678,306	1,945,734	850,579
Unrestricted	4,593,770	4,388,770	4,791,645	4,257,893	9,385,415	8,646,663
Total net position	\$ 30,976,312	28,858,016	39,144,604	38,611,185	70,120,917	67,469,202

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 \$70,120,917, an increase of \$2,651,715 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 \$9,385,415 which represents an increase of \$738,752 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, 2019

FINANCIAL ANALYSIS (continued)

Roosevelt City's Change in Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	\$ 1,831,122	1,670,246	4,806,044	5,156,486	6,637,165	6,826,732
Operating grants	513,629	457,578	-	-	513,629	457,578
Capital grants	1,414,318	138,706	353,875	4,962,628	1,768,192	5,101,334
General revenues:						
Property taxes	1,232,942	1,077,702	-	-	1,232,942	1,077,702
Sales tax	2,826,567	2,562,277	-	-	2,826,567	2,562,277
Other taxes	698,499	684,956	-	-	698,499	684,956
Other revenues	404,707	247,320	98,712	94,456	503,419	341,776
Total revenues	8,921,784	6,838,784	5,258,630	10,213,570	14,180,414	17,052,354
Expenses:						
General government	848,167	792,948	-	-	848,167	792,948
Public safety	2,187,134	1,954,575	-	-	2,187,134	1,954,575
Streets, highways, airport	1,150,073	966,638	-	-	1,150,073	966,638
Parks, golf, cemetery	2,591,731	2,430,945	-	-	2,591,731	2,430,945
Interest on long-term debt	26,382	19,362	15,293	15,293	41,675	34,655
Water	-	-	2,882,785	2,636,614	2,882,785	2,636,614
Sewer	-	-	866,189	785,797	866,189	785,797
Garbage	-	-	960,944	968,626	960,944	968,626
Total expenses	6,803,488	6,164,468	4,725,211	4,406,330	11,528,699	10,570,798
Change in net position	\$ 2,118,296	674,316	533,419	5,807,241	2,651,715	6,481,556

For the City as a whole, total revenues decreased by \$2,871,940 compared to the previous year, while total expenses increased by \$957,901. The total net change of \$2,651,715 is, in private sector terms, the net income for the year which is \$3,829,841 less than the previous year.

Governmental activities revenues of \$8,921,784 is an increase of \$2,083,000 from the previous year. This was primarily due to an increase in capital grants. Governmental activities expenses of \$6,803,488 is an increase of \$639,020 from the previous year. All department expenses increased during the year, with the largest increase in the public safety department of \$232,559.

Business-type activities revenue of \$5,258,630 is a decrease of \$4,954,940 from the previous year. Service revenues decreased by \$350,442 and capital grants decreased by \$4,608,753. Business-type activities expenses of \$4,725,211 is an increase of \$318,881 from the previous year. This increase is largely contributed to Victory Water purchases and depreciation increases due to closing projects.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2019

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 \$1,165,716 reflects an increase of \$426,394 from the previous year. Total revenues increased by \$703,635. Tax revenues had a net increase of \$356,396. Charges for services had a net increase of \$189,211. All other revenues had a net increase of \$158,028.

Total expenditures increased by \$283,278. General government expenditures decreased by \$18,433, public safety expenditures increased by \$158,798, streets, highways, and airport expenditures increased by \$57,984, and parks, recreation, golf, and cemetery expenditures increased by \$139,330. Debt service expenditures were equal to the previous year. There was \$2,161,936 transferred to the capital projects fund and \$174,688 to the debt service fund, making a total of \$2,336,624 transferred from the general fund to other funds.

Fund balance assigned for veteran memorial amount to \$15,000, resulting in an unassigned fund balance of \$1,150,716.

Water Fund

The change in net position (net income) was \$300,793. The amount restricted for debt service is \$178,865. Unrestricted net position amounts to \$3,037,975.

Sewer Fund

The change in net position (net income) was \$232,626. The amounts restricted for debt service was \$523,716. Unrestricted net position amounts to \$1,753,533.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of appropriations of fund balance, were originally budgeted in the amount of \$6,857,700. This amount was amended in the final budget to \$7,051,438. Actual revenues amounted to \$7,316,692.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$5,892,714. This amount was amended in the final budget to \$5,714,814. Actual expenditures amounted to \$5,406,462.

Transfers out for the year were originally budgeted in the amount of \$964,986. The final budget for transfers out was for the amount of \$2,336,624, which was equal to actual transfers out during the year.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Roosevelt City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land and water rights	\$ 1,317,080	1,277,080	1,409,807	1,409,807	2,726,887	2,686,887
Buildings	10,023,008	10,339,303	-	-	10,023,008	10,339,303
Improvements other than buildings	6,446,307	6,692,752	-	-	6,446,307	6,692,752
Equipment	1,410,067	1,464,037	-	-	1,410,067	1,464,037
Infrastructure	6,674,658	6,928,942	-	-	6,674,658	6,928,942
Water system	-	-	24,372,331	24,747,457	24,372,331	24,747,457
Sewer system	-	-	13,377,872	8,916,488	13,377,872	8,916,488
Work in progress	1,629,269	14,860	307,369	4,771,235	1,936,639	4,786,095
Totals	\$ 27,500,389	26,716,973	39,467,378	39,844,986	66,967,768	66,561,959

The total amount of capital assets, net of depreciation, of \$66,967,768 is an increase of \$405,809 from the previous year.

Governmental activities capital assets, net of depreciation, of \$27,500,389 is an increase of \$783,417 from the previous year.

Business-type activities capital assets, net of depreciation, of \$39,467,378 is a decrease of \$377,608 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, 2019

Roosevelt City's Outstanding Debt - Revenue Bonds

	Current Year	Previous Year
	<u> </u>	<u> </u>
Governmental activities:		
2010 Street Revenue	\$ 212,000	316,000
2018 Road Improvement Project	146,000	-
2008 MBA Lease Revenue	100,000	110,000
2001 B Golf Clubhouse	200,000	220,000
2015 MBA Lease Revenue	1,390,000	1,461,000
2016 Street Improvement Bond	313,000	313,000
Total governmental	<u>\$ 2,361,000</u>	<u>2,420,000</u>
 Business-type activities:		
2007 Sewer Construction	\$ 524,000	583,000
2009 Replacement Well Bond	187,000	204,000
2009B Sewer Improvements	1,730,000	1,874,000
2005 A Water Revenue	468,000	507,000
2005 B Sewer Revenue	144,000	156,000
2011 Wtr Revenue Bond	224,000	242,000
2006 Sewer Revenue	82,000	88,000
2011 B Wtr Revenue Bonds	416,000	433,000
2013 Water Improvements	415,000	432,000
2015 Utility Improvements	287,000	297,000
2017 CIB South Cove Sewer	391,000	405,000
2017 DEQ South Cove Sewer	949,000	949,000
Total business-type	<u>\$ 5,817,000</u>	<u>6,170,000</u>
 Total outstanding debt	<u>\$ 8,178,000</u>	<u>8,590,000</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In consideration of current sales tax trends it appears that the economy has a slow but steady upward movement, which is left to be determined how long or how far it will continue to grow considering the roller coaster like cyclical economy we have in Roosevelt. Since the energy industry correlates very closely to our city's economic health, we anticipate that our City's economy will also grow at slow but conservative pace during the 2020 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.

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BASIC FINANCIAL STATEMENTS

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Roosevelt City Corporation
STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,909,928	4,792,006	10,701,934
Accounts receivable, net	2,158,258	422,646	2,580,904
Other current assets	175,457	115,804	291,261
Total current assets	8,243,642	5,330,456	13,574,098
Non-current assets:			
Restricted cash and cash equivalents	1,245,153	837,203	2,082,356
Receivables due after one year	12,852	-	12,852
Capital assets:			
Not being depreciated	2,946,349	1,717,176	4,663,525
Net of accumulated depreciation	24,554,040	37,750,202	62,304,243
Total non-current assets	28,758,394	40,304,581	69,062,976
Total assets	37,002,036	45,635,037	82,637,074
Deferred outflows of resources - pensions	622,110	241,496	863,606
Total assets and deferred outflows of resources	\$ 37,624,147	45,876,533	83,500,680
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 871,043	176,603	1,047,646
Unearned Revenue	592,933	-	592,933
Customer security deposits	4,750	88,638	93,388
Accrued interest payable	18,327	-	18,327
Revenue bonds due within one year	192,000	384,000	576,000
Total current liabilities	1,679,053	649,241	2,328,294
Non-current liabilities:			
Compensated absences	245,395	109,425	354,820
Revenue bonds due after one year	2,169,000	5,433,000	7,602,000
Net pension liability	1,320,588	512,203	1,832,791
Total non-current liabilities	3,734,983	6,054,628	9,789,611
Total liabilities	5,414,036	6,703,869	12,117,905
Deferred inflows of resources - property taxes	1,161,200	-	1,161,200
Deferred inflows of resources - pensions	72,599	28,059	100,658
Total liabilities and deferred inflows of resources	6,647,834	6,731,929	13,379,763
NET POSITION:			
Net investment in capital assets	25,139,389	33,650,378	58,789,768
Restricted for:			
Debt service	87,695	702,581	790,276
Construction	1,155,458	-	1,155,458
Unrestricted	4,593,770	4,791,645	9,385,415
Total net position	30,976,312	39,144,604	70,120,916
Total liabilities, deferred inflows of resources and net position	\$ 37,624,147	45,876,533	83,500,680

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

Roosevelt City Corporation
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
Administration	\$ 848,167	181,362	57,705	9,010	(600,090)
Public safety	2,187,134	327,727	81,992	-	(1,777,415)
Streets and highways	827,462	-	373,932	1,405,308	951,777
Airport	322,610	133,859	-	-	(188,751)
Parks and recreation	1,265,544	311,277	-	-	(954,267)
Golf	1,149,532	820,746	-	-	(328,787)
Cemetery	176,655	56,150	-	-	(120,505)
Interest on long-term debt	26,382	-	-	-	(26,382)
Total governmental activities	6,803,488	1,831,122	513,629	1,414,318	(3,044,419)
Business-type activities:					
Water	2,889,785	2,834,123	-	350,691	295,029
Sewer	874,482	1,010,976	-	3,183	139,677
Garbage	960,944	960,945	-	-	1
Total business-type activities	4,725,211	4,806,044	-	353,875	434,707
Total primary government	\$ 11,528,699	6,637,165	513,629	1,768,192	(2,609,712)

(continued on next page)

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

Roosevelt City Corporation
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2019

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (3,044,419)	434,707	(2,609,712)
General revenues:			
Property taxes	1,232,942	-	1,232,942
Sales tax	2,826,567	-	2,826,567
Other taxes	698,499	-	698,499
Unrestricted investment earnings	292,395	31,335	323,730
Gain (loss) on sales of capital assets	7,342	(817)	6,525
Miscellaneous	104,969	68,195	173,164
Total general revenues	<u>5,162,715</u>	<u>98,712</u>	<u>5,261,427</u>
Change in net position	2,118,296	533,419	2,651,715
Net position - beginning	<u>28,858,016</u>	<u>38,611,185</u>	<u>67,469,201</u>
Net position - ending	<u>\$ 30,976,312</u>	<u>39,144,604</u>	<u>70,120,916</u>

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

Roosevelt City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Capital Projects Fund	Non-Major Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 659,430	5,181,575	68,922	5,909,928
Accounts receivable, net of allowances	1,987,123	183,986	-	2,171,109
Other assets	175,457	-	-	175,457
Restricted cash and cash equivalents	2,000	1,155,458	87,695	1,245,153
TOTAL ASSETS	\$ 2,824,010	6,521,020	156,617	9,501,647
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities:				
Accounts payable	\$ 346,288	524,755	-	871,043
Customer deposits	4,750	-	-	4,750
Unearned revenue	-	577,933	-	577,933
Total liabilities	351,038	1,102,688	-	1,453,726
Deferred inflows of resources:				
Property tax	1,268,438	-	-	1,268,438
Special assessments	23,817	-	-	23,817
Lease	15,000	-	-	15,000
Total deferred inflows of resources	1,307,256	-	-	1,307,256
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,658,293	1,102,688	-	2,760,982
FUND BALANCES:				
Restricted for:				
Construction	-	1,155,458	-	1,155,458
Debt service	-	-	87,695	87,695
Assigned for:				
Construction	-	4,262,873	-	4,262,873
Debt service	-	-	68,922	68,922
Veteran memorial	15,000	-	-	15,000
Unassigned	1,150,716	-	-	1,150,716
TOTAL FUND BALANCES	1,165,716	5,418,332	156,617	6,740,665
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,824,010	6,521,020	156,617	9,501,647

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, 2019

	General Fund	Capital Projects Fund	Non-Major Debt Service Fund	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 1,161,486	-	-	1,161,486
Sales	2,826,567	-	-	2,826,567
Other taxes	698,499	-	-	698,499
License and permits	80,976	-	-	80,976
Intergovernmental revenues	513,629	1,405,308	-	1,918,937
Charges for services	1,651,309	-	42,800	1,694,109
Fines and forfeitures	56,036	-	-	56,036
Interest	208,125	82,617	1,653	292,395
Miscellaneous revenue	104,969	-	-	104,969
Total revenues	7,301,597	1,487,925	44,453	8,833,975
EXPENDITURES:				
Current:				
General government	689,871	87,785	-	777,656
Public safety	1,972,569	-	-	1,972,569
Highways and public improvements	348,141	-	-	348,141
Airport	218,378	-	-	218,378
Parks and recreation	941,427	-	-	941,427
Golf	1,029,422	-	-	1,029,422
Cemetery	176,655	-	-	176,655
Capital outlay	-	2,017,254	-	2,017,254
Debt service:				
Principal	30,000	-	189,000	219,000
Interest	-	-	28,047	28,047
Total expenditures	5,406,462	2,105,040	217,047	7,728,548
Excess (Deficiency) of Revenues over (Under) Expenditures	1,895,135	(617,115)	(172,594)	1,105,427
Other Financing Sources and (Uses):				
Contributions toward projects	9,010	-	-	9,010
Special assessment fees	6,085	-	-	6,085
Sales of fixed assets	-	18,700	-	18,700
Proceeds from borrowing	-	160,000	-	160,000
Transfers in	-	2,161,936	174,688	2,336,624
Transfers (out)	(2,336,624)	-	-	(2,336,624)
Total other financing sources and (uses)	(2,321,529)	2,340,636	174,688	193,795
Net Change in Fund Balances	(426,394)	1,723,521	2,094	1,299,222
Fund balances - beginning of year	1,592,110	3,694,810	154,523	5,441,443
Fund balance - end of year	\$ 1,165,716	5,418,332	156,617	6,740,665

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, 2019

Total Fund Balance for Governmental Funds	<u>\$ 6,740,665</u>
Total net assets reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	44,368,075
Less accumulated depreciation	<u>(16,867,686)</u>
Net capital assets	<u>27,500,389</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>622,110</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>(2,361,000)</u>
Interest accrued but not yet paid on long-term debt	<u>(18,327)</u>
Compensated absences	<u>(245,395)</u>
Net pension liability	<u>(1,320,588)</u>
Deferred inflows of resources - pensions	<u>(72,599)</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>23,817</u>
Delinquent property tax deferred	<u>107,238</u>
Total Net Position of Governmental Activities	<u><u>\$ 30,976,312</u></u>

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

Roosevelt City Corporation
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 1,299,222

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

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

Capital outlays	2,017,254
Depreciation expense	<u>(1,222,480)</u>
Net	<u>794,774</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>(96,219)</u>
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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>(11,358)</u>
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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>(160,000)</u>
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Long-term debt principal repayments	<u>219,000</u>
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Change in accrued interest for long-term debt is not reported as expenditures for the current period, while it is recorded in the statement of activities. Change in accrued interest	<u>1,665</u>
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. Change in compensated absence liability	<u>5,840</u>
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Governmental funds do not report certain deferred inflows as revenue because these revenues are not available for current period expenses. Change in special assessments receivable Change in delinquent property tax	<u>(6,085)</u> <u>71,456</u>
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Change in Net Position of Governmental Activities \$ 2,118,296

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

Roosevelt City Corporation
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2019

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 3,152,742	1,639,263	-	4,792,006
Accounts receivable, net	149,519	191,126	82,002	422,646
Due from other funds	7,075	-	-	7,075
Other current assets	112,374	3,430	-	115,804
Total current assets	3,421,710	1,833,819	82,002	5,337,531
Non-current assets:				
Restricted cash and cash equivalents	267,503	569,700	-	837,203
Capital assets:				
Not being depreciated	1,558,271	158,905	-	1,717,176
Net of accumulated depreciation	24,372,331	13,377,872	-	37,750,202
Total non-current assets	26,198,105	14,106,477	-	40,304,581
Total assets	29,619,815	15,940,295	82,002	45,642,112
Deferred outflows of resources - pensions	166,257	75,238	-	241,496
Total assets and deferred outflows of resources	\$ 29,786,072	16,015,534	82,002	45,883,608
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 97,176	4,635	74,791	176,603
Customer security deposits	88,638	-	-	88,638
Due to other funds	-	-	7,075	7,075
Revenue bonds, current portion	118,000	266,000	-	384,000
Total current liabilities	303,815	270,635	81,866	656,316
Non-current liabilities:				
Compensated absences	83,265	26,160	-	109,425
Revenue bonds, long-term	1,879,000	3,554,000	-	5,433,000
Net pension liability	350,759	161,444	-	512,203
Total non-current liabilities	2,313,025	3,741,604	-	6,054,628
Total liabilities	2,616,839	4,012,239	81,866	6,710,944
Deferred inflows of resources - pensions	18,791	9,269	-	28,059
Total liabilities and deferred inflows of resources	2,635,630	4,021,508	81,866	6,739,004
NET POSITION:				
Net investment in capital assets	23,933,601	9,716,777	-	33,650,378
Restricted for:				
Debt service	178,865	523,716	-	702,581
Unrestricted	3,037,975	1,753,533	136	4,791,645
Total net position	27,150,442	11,994,026	136	39,144,604
Total liabilities, deferred inflows of resources and net position	\$ 29,786,072	16,015,534	82,002	45,883,608

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

For the Year Ended June 30, 2019

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
Operating income:				
Charges for sales and service	\$ 2,704,789	844,892	872,933	4,422,615
Connection fees	12,800	44,000	-	56,800
Other operating income	116,533	122,084	88,012	326,629
Total operating income	2,834,123	1,010,976	960,945	4,806,044
Operating expenses:				
Purchased product	576,080	-	-	576,080
Personnel services	888,538	348,860	-	1,237,397
Utilities	11,005	20,267	-	31,272
Repair and maintenance	107,514	5,268	-	112,781
Contractual services	-	-	872,932	872,932
Other supplies and expenses	364,257	67,516	88,012	519,785
Insurance expense	39,350	36,549	-	75,899
Depreciation expense	896,041	387,730	-	1,283,771
Total operating expense	2,882,785	866,189	960,944	4,709,918
Net operating income (loss)	(48,662)	144,787	1	96,126
Non-operating income (expense):				
Impact fees	60,057	-	-	60,057
Miscellaneous income	-	68,195	-	68,195
Interest income	6,581	24,754	-	31,335
Interest on long-term debt	(7,000)	(8,293)	-	(15,293)
Gain on disposition of assets	(817)	-	-	(817)
Total non-operating income (expense)	58,821	84,655	-	143,476
Income (loss) before capital contributions	10,159	229,442	1	239,602
Capital contributions	290,634	3,183	-	293,817
Change in net position	300,793	232,626	1	533,419
Net position - beginning	26,849,649	11,761,401	136	38,611,185
Net position - ending	\$ 27,150,442	11,994,026	136	39,144,604

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, 2019

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
Cash flows from operating activities:				
Cash received from customers - service	\$ 2,993,337	1,039,142	958,399	4,990,877
Cash paid to suppliers	(1,546,117)	(414,050)	(959,325)	(2,919,492)
Cash paid to employees	(860,506)	(338,526)	-	(1,199,032)
Net cash provided (used) in operating activities	586,714	286,566	(926)	872,354
Cash flows from noncapital financing activities:				
Interfund balances	(926)	-	926	-
Change in customer deposits	11,568	-	-	11,568
Net cash provided (used) in noncapital financing activities	10,642	-	926	11,568
Cash flows from capital and related financing activities:				
Cash from capital grants	653,237	3,183	-	656,420
Cash from impact fees	60,057	-	-	60,057
Cash from miscellaneous income	-	68,195	-	68,195
Cash payments for capital assets	(677,183)	(219,471)	-	(896,654)
Cash payments for long-term debt principal	(118,000)	(235,000)	-	(353,000)
Cash payments for long-term debt interest	(7,000)	(8,293)	-	(15,293)
Net cash provided (used) in capital and related financing activities	(88,889)	(391,386)	-	(480,274)
Cash flows from investing activities:				
Cash received from interest earned	6,581	24,754	-	31,335
Net cash provided (used) in investing activities	6,581	24,754	-	31,335
Net increase (decrease) in cash	515,048	(80,066)	-	434,982
Cash balance - beginning	2,905,198	2,289,029	-	5,194,227
Cash balance - ending	\$ 3,420,246	2,208,963	-	5,629,209
Cash reported on the statement of net position:				
Cash and cash equivalents	\$ 3,152,742	1,639,263	-	4,792,006
Non-current restricted cash	267,503	569,700	-	837,203
Total cash and cash equivalents	\$ 3,420,246	2,208,963	-	5,629,209

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, 2019

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

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
Net operating income (expense)	\$ (48,662)	\$ 144,787	\$ 1	96,126
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	896,041	387,730	-	1,283,771
Changes in assets and liabilities:				
(Increase) decrease in receivables	159,214	28,166	(2,546)	184,834
(Increase) decrease in inventory	(38,398)	(569)	-	(38,967)
(Increase) decrease in net pension assets	185	101	-	286
(Increase) decrease in deferred outflows	4,157	1,833	-	5,990
Increase (decrease) in payables	(409,513)	(283,882)	1,619	(691,776)
Increase (decrease) in compensated absences	2,172	(1,186)	-	986
Increase (decrease) in net pension liability	146,942	65,459	-	212,401
Increase (decrease) in deferred inflows	(125,424)	(55,873)	-	(181,297)
Net cash provided (used) in operating activities	\$ 586,714	286,566	(926)	872,354

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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 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 net position* reports the financial position of the governmental and business-type activities of the City and its discretely presented component units at year-end.

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, 2019

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 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 fund statements 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, 2019

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental funds:

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

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

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

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

Proprietary funds

The City reports the following major proprietary funds:

The *water fund* is used to account for the activities of the culinary 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, 2019

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

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

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

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

1-E-4. *Restricted Assets*

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

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

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

Aviation fuel 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. Governmental and 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, 2019

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

1-E-6. Capital Assets (continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	15
Water system	40-50
Sewer system	50
Roads	25-35
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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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

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:

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, 2019

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

1-E-10. Estimates

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

1-E-11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pensions as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to pensions as required by GASB 68.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared by the Budget Officer 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. The Budget Officer 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, 2019

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2019 consist of the following:

	Fair Value
Cash on hand	\$ 1,100
Demand deposits - checking	873,346
Bond reserve bank trust accounts	568,970
Deposits - PTIF	11,340,874
Total cash	\$ 12,784,290

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

Cash and cash equivalents (current)	\$ 10,533,007
Restricted cash and cash equivalents (non-current)	2,251,283
Total cash and cash equivalents	\$ 12,784,290

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.

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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3-A. Deposits and investments (continued)

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.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2-- Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2019, the City had \$11,340,874 invested in the PTIF, which uses a Level 2 fair value measurement.

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, 2019, the City's bank balance of demand and bank trust deposits total \$1,822,015 and the book balance is \$1,442,316. Of these deposits, \$500,000 is covered by FDIC insurance; \$1,322,015 is uninsured and uncollateralized. An additional \$11,340,874 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	Water Fund	Sewer Fund	Garbage Fund	Total
Property taxes	\$ 1,277,947	-	-	-	-	1,277,947
Intergovernmental	665,825	185,282	8,975	22,545	-	882,627
Customers	12,459	-	140,543	168,580	82,002	403,585
Other receivables	9,425	-	-	-	-	9,425
Special assessments:						
Current	12,852	-	-	-	-	12,852
Non-current	8,616	-	-	-	-	8,616
Total receivables	\$ 1,987,123	185,282	149,519	191,126	82,002	2,595,051

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

Governmental activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,243,480	\$ 40,000	\$ -	\$ 1,283,480
Water rights	33,600	-	-	33,600
Construction in progress	14,860	1,822,189	207,780	1,629,269
Total capital assets, not being depreciated	1,291,940	1,862,189	207,780	2,946,349
Capital assets, being depreciated:				
Buildings	12,789,551	-	-	12,789,551
Improvements other than buildings	10,371,702	161,841	-	10,533,543
Machinery and equipment	3,937,963	201,004	236,050	3,902,917
Infrastructure	14,195,716	-	-	14,195,716
Total capital assets, being depreciated	41,294,931	362,845	236,050	41,421,726
Less accumulated depreciation for:				
Buildings	2,450,248	316,294	-	2,766,542
Improvements other than buildings	3,678,950	408,286	-	4,087,236
Machinery and equipment	2,473,926	243,616	224,692	2,492,850
Infrastructure	7,266,774	254,284	-	7,521,058
Total accumulated depreciation	15,869,898	1,222,480	224,692	16,867,686
Total capital assets being depreciated, net	25,425,033	(859,635)	11,358	24,554,040
Governmental activities capital assets, net	\$ 26,716,973	\$ 1,002,554	\$ 219,137	\$ 27,500,389

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

Governmental activities:	
General government	\$ 65,348
Public safety	159,311
Highways and public improvements	471,543
Airport	104,232
Parks, recreation and public property	301,936
Golf	120,110
Total	\$ 1,222,480

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

3-C. Capital Assets (continued)

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

Business-type activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and land rights	\$ 1,346,027	\$ -	\$ -	\$ 1,346,027
Water rights	63,780	-	-	63,780
Construction in progress	4,771,235	812,973	5,276,838	307,369
Total capital assets, not being depreciated	6,181,042	812,973	5,276,838	1,717,176
Capital assets, being depreciated:				
Water system	35,369,048	533,232	27,932	35,874,348
Sewer system	14,416,036	4,849,114	-	19,265,149
Total capital assets, being depreciated	49,785,083	5,382,346	27,932	55,139,497
Less accumulated depreciation for:				
Water system	10,621,591	896,041	15,615	11,502,017
Sewer system	5,499,547	387,730	-	5,887,278
Total accumulated depreciation	16,121,138	1,283,771	15,615	17,389,295
Total capital assets being depreciated, net	33,663,945	4,098,575	12,317	37,750,202
Business-type activities capital assets, net	\$ 39,844,986	\$ 4,911,548	\$ 5,289,156	\$ 39,467,378

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

Business-type activities:	
Water system	\$ 896,041
Sewer system	387,730
Total	\$ 1,283,771

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

3-D. Long-term debt

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

	Original Principal	%	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2010 Street Revenue							
Matures 10/1/2020	\$ 1,000,000	1.50	\$ 316,000	\$ -	\$ 104,000	\$ 212,000	\$ 105,000
2018 Road Improvement Project							
Matures 6/1/2028	160,000	2.50	-	160,000	14,000	146,000	15,000
2008 MBA Lease Revenue							
Matures 10/1/2028	200,000	-	110,000	-	10,000	100,000	10,000
2001 B Golf Clubhouse							
Matures 7/31/2029	500,000	-	220,000	-	20,000	200,000	20,000
2015 MBA Lease Revenue							
Matures 10/1/2035	1,600,000	1.50	1,461,000	-	71,000	1,390,000	72,000
2016 Street Improvement Bond							
Matures 10/1/2037	313,000	2.50	313,000	-	-	313,000	-
Total governmental activity long-term liabilities			\$2,420,000	\$ 160,000	\$ 219,000	\$2,361,000	\$ 222,000

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

	Principal	Interest	Total
2020	\$ 222,000	\$ 27,680	\$ 249,680
2021	225,000	48,717	273,717
2022	134,000	29,400	163,400
2023	136,000	27,550	163,550
2024	137,000	25,660	162,660
2025 - 2029	702,000	98,850	800,850
2030 - 2034	532,000	52,060	584,060
2035 - 2038	273,000	9,845	282,845
Total	\$2,361,000	\$ 319,762	\$ 2,680,762

The City has outstanding bonds from direct borrowings related to governmental activities totaling \$2,361,000. The 2001B Golf Clubhouse bonds are secured with the golf clubhouse as collateral. The 2008 MBA Lease Revenue bonds are secured with the animal shelter building as collateral. The 2015 MBA Lease Revenue bonds are secured with the aquatic center as collateral. The 2010 Street Revenue, 2016 Street Improvement, and 2018 Road Improvement bonds are each secured with excise tax as collateral.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3-D. Long-term debt (continued)

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

	Original Principal	%	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
2007 Sewer Construction							
Matures 1/1/2028	\$ 1,173,000	-	\$ 583,000	\$ -	\$ 59,000	\$ 524,000	\$ 59,000
2009 Replacement Well Bond							
Matures 1/1/2030	340,000	-	204,000	-	17,000	187,000	17,000
2009B Sewer Improvements							
Matures 1/1/2031	2,882,000	-	1,874,000	-	144,000	1,730,000	144,000
2005 A Water Revenue							
Matures 3/31/2031	970,000	-	507,000	-	39,000	468,000	39,000
2005 B Sewer Revenue							
Matures 3/31/2031	300,000	-	156,000	-	12,000	144,000	12,000
2011 Wtr Revenue Bond							
Matures 10/1/2031	350,000	-	242,000	-	18,000	224,000	18,000
2006 Sewer Revenue							
Matures 12/31/2031	154,000	-	88,000	-	6,000	82,000	6,000
2011 B Wtr Revenue Bonds							
Matures 10/1/2042	518,000	-	433,000	-	17,000	416,000	17,000
2013 Water Improvements							
Matures 10/1/2043	500,000	-	432,000	-	17,000	415,000	17,000
2015 Utility Improvements							
Matures 10/1/2046	307,000	-	297,000	-	10,000	287,000	10,000
2017 CIB South Cove Sewer							
Matures 10/1/2046	405,000	-	405,000	-	14,000	391,000	14,000
2017 DEQ South Cove Sewer							
Matures 10/1/2046	949,000	-	949,000	-	-	949,000	31,000
Total governmental activity long-term liabilities			\$ 6,170,000	\$ -	\$ 353,000	\$ 5,817,000	\$ 384,000

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

	Principal	Interest	Total
2020	384,000	-	384,000
2021	384,000	-	384,000
2022	384,000	-	384,000
2023	364,000	-	364,000
2024	364,000	-	364,000
2025 - 2029	1,894,000	-	1,894,000
2030 - 2034	924,000	-	924,000
2035 - 2039	454,000	-	454,000
2040 - 2044	431,000	-	431,000
2045 - 2049	234,000	-	234,000
Total	\$ 5,817,000	\$ -	\$ 5,817,000

The City has outstanding bonds from direct borrowings related to business-type activities totaling \$5,817,000. Each of these bonds is secured with the revenues of the respective water and sewer system as collateral.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

3-D. Long-term debt (continued)

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensated absences:			
Governmental	\$ 251,236	\$ (5,840)	\$ 245,395
Business-type	108,439	986	109,425
Total compensated absences	\$ 359,675	\$ (4,855)	\$ 354,820
Net pension liability:			
Governmental	\$ 773,855	\$ 546,733	\$ 1,320,588
Business-type	299,802	212,401	512,203
Total net pension liability	\$ 1,073,657	\$ 759,134	\$ 1,832,791

3-E. Interfund receivable, payables, and transfers

Interfund receivables and payables:

	Due To	Due From
Water Fund	\$ 7,075	\$ -
Sanitation Fund	-	7,075
Total	\$ 7,075	\$ 7,075

Interfund transfers:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 2,336,624
Debt Service Fund	174,688	-
Capital Projects Fund	2,161,936	-
Total	\$ 2,336,624	\$ 2,336,624

The City generally makes interfund transfers so cash can be accumulated for large capital projects and loan payments in applicable funds.

3-F. Long-term commitments

The City has committed to purchase 880 acre feet of water annually.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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, cost sharing, public employee retirement system;
- 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.

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 Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

4-B. Pension Plans (continued)

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 upon 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.

Contribution Rate Summary:

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 Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019 are as follows:

Utah Retirement Systems	Employee Rate	Employer Rate	Employer 401(k) Plan
Contributory System			
111 - Local Government Div - Tier 2	N/A	15.54	1.15
Noncontributory System			
15 - Local Government Div - Tier 1	N/A	18.47	N/A
Public Safety System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety	N/A	23.09	0.74
Noncontributory			
43 - Other Div A with 2.5% COLA	N/A	34.04	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69	10.00
222 - Public Safety	N/A	11.83	12.00

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

4-B. Pension Plans (continued)

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, 2019, the employer and employee contributions to the Systems were as follows:

<u>System</u>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 200,589	N/A
Public Safety System	148,026	-
Tier 2 Public Employees System	69,289	-
Tier 2 Public Safety and Firefighter	26,408	-
Tier 2 DC Public Safety and Firefighter System	5,786	N/A
Total Contributions	\$ 450,099	\$ -

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.

Combined Pension Assets, Liabilities, Expense, and Deferred and Inflows of Resources Relating to Pensions

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$1,832,791.

	(Measurement Date): December 31, 2018			Proportionate Share 12/31/2017	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 969,625	0.1316759%	0.1325866%	-0.0009107%
Public Safety System	-	845,998	0.3288513%	0.3124200%	0.0164313%
Tier 2 Public Employees System	-	15,280	0.0356783%	0.0303468%	0.0053315%
Tier 2 Public Safety and Firefighter	-	1,888	0.0753564%	0.0891577%	-0.0138013%
Total	\$ -	\$ 1,832,791			

The net pension asset and liability were measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 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, 2019, we recognize pension expense of \$582,906.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

4-B. Pension Plans (continued)

At June 30, 2019, 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	\$ 13,446	\$ 61,506
Changes in assumptions	232,762	344
Net difference between projected and actual earnings on pension plan investments	354,065	-
Changes in proportion and differences between contributions and proportionate share of contributions	43,194	38,808
Contributions subsequent to the measurement date	220,139	-
Total	\$ 863,606	\$ 100,658

\$220,139 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, 2018.

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
2019	\$ 252,622
2020	70,168
2021	44,420
2022	168,157
2023	761
Thereafter	6,681

Actuarial assumptions:

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

4-B. Pension Plans (continued)

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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 and is applied consistently to each defined benefit pension plan. 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:

Assets class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100.00%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate:

The discount rate used to measure the total pension liability was 6.95 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. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

4-B. Pension Plans (continued)

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 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,987,208	\$ 969,625	\$ 122,247
Public Safety System	1,658,305	845,998	186,583
Tier 2 Public Employees System	61,216	15,280	(20,170)
Tier 2 Public Safety and Firefighter	14,241	1,888	(7,565)
Total	\$ 3,720,970	\$ 1,832,791	\$ 281,095

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 Utah Retirement Systems:

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

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

	2019	2018	2017
401(k) Plan			
Employer Contributions	\$ 11,760	\$ 14,073	\$ 11,287
Employee Contributions	22,715	22,154	54,905
457 Plan			
Employer Contributions	-	101	2,625
Employee Contributions	39,314	28,547	25,602
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	11,732	14,141	13,599

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Roosevelt City Corporation
Notes to Required Supplementary Information
June 30, 2019

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, 2019, expenditures within the golf department exceeded the appropriated budget by \$106,622. This was due to purchases of merchandise, which was more than offset by revenue from merchandise sales. Revenue from merchandise sales exceeded the budgeted amount by \$124,566.

Changes in Assumptions Related to Pensions

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

Roosevelt City Corporation
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2019

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 4,692,000	\$ 4,735,700	\$ 4,686,552	\$ (49,148)
License and permits	78,900	77,000	80,976	3,976
Intergovernmental revenues	441,400	472,938	513,629	40,691
Charges for services	1,416,200	1,425,500	1,651,309	225,809
Fines and forfeitures	57,200	57,200	56,036	(1,164)
Interest	66,600	190,000	208,125	18,125
Miscellaneous revenue	91,700	87,000	104,969	17,969
Total revenues	6,844,000	7,045,338	7,301,597	256,259
EXPENDITURES:				
Current:				
General government	799,000	799,000	689,871	109,129
Public safety	2,100,714	2,115,714	1,972,569	143,145
Highways and public improvements	592,300	400,400	348,141	52,259
Airport	221,800	253,100	218,378	34,722
Parks and recreation	1,006,100	999,400	941,427	57,973
Golf	948,400	922,800	1,029,422	(106,622)
Cemetery	194,400	194,400	176,655	17,745
Debt service:				
Principal	30,000	30,000	30,000	-
Total expenditures	5,892,714	5,714,814	5,406,462	308,352
Excess (Deficiency) of Revenues over (Under) Expenditures	951,286	1,330,524	1,895,135	564,611
Other Financing Sources and (Uses):				
Contributions toward capital purchase	-	-	9,010	9,010
Special assessment fees	13,700	6,100	6,085	(15)
Transfers (out)	(964,986)	(2,336,624)	(2,336,624)	-
Total other financing sources and (uses)	(951,286)	(2,330,524)	(2,321,529)	8,995
Net Change in Fund Balances	-	(1,000,000)	(426,394)	573,606
Fund balances - beginning of year	1,592,110	1,592,110	1,592,110	-
Fund balance - end of year	\$ 1,592,110	\$ 592,110	\$ 1,165,716	\$ 573,606

Roosevelt City Corporation
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 June 30, 2019
 Last 10 Fiscal Years*

	As of December 31,				
	2018	2017	2016	2015	2014
Noncontributory Retirement System					
Proportion of the net pension liability (asset)	0.1316759%	0.1325866%	0.1449380%	0.1367274%	0.1336046%
Proportionate share of the net pension liability (asset)	\$ 969,625	\$ 580,902	\$ 930,679	\$ 773,670	\$ 580,143
Covered employee payroll	\$1,118,591	\$1,137,648	\$1,246,858	\$1,146,586	\$1,120,885
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.68%	51.06%	74.64%	67.48%	51.80%
Plan fiduciary net position as a percentage of the total pension liability	87.00%	91.90%	87.30%	87.80%	90.20%
Public Safety System					
Proportion of the net pension liability (asset)	0.3288513%	0.3124200%	0.3172078%	0.3019487%	0.3153219%
Proportionate share of the net pension liability (asset)	\$ 84,599	\$ 490,080	\$ 643,702	\$ 540,866	\$ 396,543
Covered employee payroll	\$ 463,560	\$ 438,057	\$ 444,666	\$ 399,660	\$ 425,927
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	182.50%	111.88%	144.76%	135.33%	93.10%
Plan fiduciary net position as a percentage of the total pension liability	84.70%	90.20%	86.50%	87.10%	90.50%
Tier 2 Public Employees Retirement System					
Proportion of the net pension liability (asset)	0.0356783%	0.0303466%	0.0329814%	0.0227220%	0.0456536%
Proportionate share of the net pension liability (asset)	\$ 15,280	\$ 2,676	\$ 3,679	\$ (50)	\$ (1,384)
Covered employee payroll	\$ 416,462	\$ 296,629	\$ 270,472	\$ 146,861	\$ 223,823
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	3.67%	0.90%	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	90.80%	97.40%	95.10%	100.20%	103.50%
Tier 2 Public Safety and Firefighters Retirement					
Proportion of the net pension liability (asset)	0.0753564%	0.0891577%	0.1044009%	0.1789186%	0.1418399%
Proportionate share of the net pension liability (asset)	\$ 1,888	\$ (1,032)	\$ (906)	\$ (2,614)	\$ (2,098)
Covered employee payroll	\$ 101,002	\$ 94,088	\$ 86,259	\$ 106,474	\$ 58,735
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.87%	-1.10%	-1.05%	-2.46%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	95.60%	103.00%	103.60%	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 5 years.

Roosevelt City Corporation
SCHEDULE OF CONTRIBUTIONS

June 30, 2018

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
Noncontributory Retirement System	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%
	2017	212,679	212,679	-	1,162,944	18.29%
	2018	212,444	212,444	-	1,162,951	18.27%
	2019	200,589	200,589	-	1,120,322	17.90%
Public Safety System	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%
	2017	143,993	143,993	-	423,011	34.04%
	2018	165,710	165,710	-	486,808	34.04%
	2019	148,026	148,026	-	436,020	33.95%
Tier 2 Public Employees Retirement System**	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%
	2017	39,973	39,973	-	266,894	14.98%
	2018	55,769	55,769	-	399,084	15.11%
	2019	69,289	69,289	-	455,877	15.54%
Tier 2 Public Safety and Firefighter System**	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%
	2017	19,467	19,467	-	86,521	22.50%
	2018	24,100	24,100	-	108,910	22.13%
	2019	26,408	26,408	-	114,805	23.00%
Tier 2 Public Employees DC Only System**	2014	-	-	-	-	-
	2015	5,118	5,118	-	76,165	6.72%
	2016	6,017	6,017	-	89,934	6.69%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	-	-	-	-	0.00%
Tier 2 Public Safety and Firefighter DC Only System**	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%
	2017	5,288	5,288	-	44,704	11.83%
	2018	6,798	6,798	-	57,464	11.83%
	2019	5,786	5,786	-	48,908	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 6 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

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Roosevelt City Corporation
Supplementary Information
 June 30, 2019

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, 2019. Utah Local Government Trust also carried the liability on the City airport through Starr as of June 30, 2019. The City Employee benefits include health insurance through PEHP and life through Utah Local Government Trust and Mutual of Omaha. 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, 2019:

<u>Description of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>	<u>Expires</u>
ULGT #13270-G12015 Comprehensive General Liability	\$ 5,000,000	\$ -	7/1/2019
ULGT #13270-G12015 Auto Liability	5,000,000	-	7/1/2019
ULGT #ULGT-APDP Property Coverage	27,475,783	1,000	7/1/2019
ULGT #ULGT-APDP Auto PD Coverage 26 Vehicles full coverage		500	7/1/2019
ULGT #13270-WC Workers Compensatoin	100/500/100	-	1/1/2019
CNA Surety #70470868 License & Permit	100,000	-	12/31/2019
CNA Surety #64636754N City Manager	\$5,00.00	-	5/6/2023
CNA Surety #71968117 Roosevelt City/UT Dept of Enviro	1,062,000	-	11/8/2019
Airport: Starr Indemnity & Liability #13270	5,000,000	-	7/1/2019

Compliance & Management Section

Roosevelt City
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

Federal Grant	C.F.D.A. No.	Pass-through Contract Number	Federal Expenditure
Federal Indirect thru State of Utah			
<u>U.S. Department of Health & Human Services</u>			
Community Development Block Grant	14.228	18.0268	\$ 228,902
<u>U.S. Department of Transportation</u>			
Highway Planning and Construction Grant	20.205	UDOT F-LC13(14)	334,999
FAA Airport Improvement Program	20.106	n/a	370,842
<u>U.S. Department of Homeland Security</u>			
Homeland Security Grant Program	97.067	n/a	23,557
Grand-total Federal Expenditures			<u><u>\$ 958,300</u></u>

Notes to Schedule of Federal Awards

Summary of Accounting Principles: The accompanying schedule of expenditures of federal awards is a summary of the activity of Roosevelt City's federal awards programs presented on the modified-accrual basis of accounting in accordance with generally accepted accounting principles. The City did not allocate any indirect costs to their federal programs.

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

Certified Public Accountants

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

City Council
Roosevelt, Utah

Report on Compliance for Each Major Federal Program

We have audited Roosevelt City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Roosevelt City's major federal programs for the year ended June 30, 2019. Roosevelt City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Roosevelt City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Roosevelt City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Roosevelt City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Roosevelt City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Roosevelt City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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

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

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

Purpose of this Report

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

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
October 31, 2019

Schedule of Findings and Questioned Costs, Prior and Current

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

Summary of Auditors' Results

Financial Statement Opinion

The auditors' report expresses an unqualified opinion on the financial statements of the Association.

Internal Control Reportable Conditions

No reportable conditions were disclosed during the audit of the Association's financial statements.

Noncompliance Material to the Financial Statements

No instances of noncompliance material to the financial statements of the Association were disclosed during the audit.

Major Program Internal Controls Over Compliance

No reportable conditions relating to the audit of the major federal award programs are indicated in the report on compliance and internal controls over compliance for major programs.

Opinion on Compliance for Major Programs

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

Audit Findings Required to be Disclosed under Uniform Guidance Section 200.516 for Major Programs

There were no reportable conditions regarding compliance or internal controls over major programs that are required to be reported under Uniform Guidance.

Major Programs Identified

Based on the high and low-risk criteria and threshold amounts, there was one major program identified:

- CDBG (CFDA # 14.228)
- Highway Planning & Construction (CFDA #20.205)

Dollar Threshold Used to Determine Type A and B Programs

The threshold used in this Single Audit was \$750,000 in determining Type A programs.

Low-Risk or High-Risk Auditee

The City qualified to be a high-risk auditee.

Findings Related to Financial Statements

Prior Year Findings

There are no prior year findings in this area.

Current Year Findings

There are no current year findings in this area.

Findings and Questioned Costs Related to Federal Awards

Prior Year Findings

There are no prior year findings in this area.

Current Year Findings

There are no current year findings in this area.

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

Certified Public Accountants

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

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, 2019, 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 31, 2019.

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 Roosevelt City'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

Roosevelt, Utah
October 31, 2019

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

Certified Public Accountants

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

Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the Utah State Compliance Audit Guide

Roosevelt City Council

We have audited Roosevelt City's compliance with the applicable state compliance requirements described in the State Compliance Audit Guide, issued by the Office of the State Auditor, that could have a direct and material effect on Roosevelt City for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas: budgetary compliance, fund balance, Utah retirement systems, restricted taxes and other related restricted revenue, open and public meetings act, public treasurer's bond, and enterprise fund transfers, reimbursements, loans and services.

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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about Roosevelt City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. 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, for each state compliance requirements referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance which is required to be reported in accordance with the State Compliance Audit Guide and is described in the accompanying schedule of findings and recommendations. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and recommendations. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Roosevelt City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Roosevelt City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those 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 Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
October 31, 2019

Roosevelt City
Schedule of Findings & Management Responses
Year Ended June 30, 2018

2019-1 *Finding*—The public hearing for the fiscal year-end June 30, 2019 original budget was not properly advertised in the local newspaper.

Criteria—Utah Code 10-6-113 requires the City to provide proper notice for public budget hearings.

Effect—The City did not provide proper advertising for changes to its existing budget.

Recommendation—We recommend that Roosevelt City follow Utah Code for advertising public budget hearings.

Management Response—Roosevelt City will follow Utah State Code for advertising public budget hearings. The City did advertise the applicable budget hearing on the Utah Public Notice Website and on its own website *rooseveltcity.com*. However, due to oversight, the local newspaper was not included in the advertising. The City understands the importance of public advertising and will verify proper advertising before holding public hearings.