

**RIVERDALE CITY**

**Financial Statements - June 30, 2012**

**(With Auditors' Report Thereon)**

RIVERDALE CITY

Table of Contents

	<u>Page</u>
Independent Auditors' Report .....	1-2
Management's Discussion and Analysis .....	3-12
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Assets .....	13
Statement of Activities .....	14
Governmental Funds Statements	
Balance Sheet .....	15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets .....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	18
Proprietary Funds Statements	
Statement of Net Assets .....	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	20
Statement of Cash Flows .....	21-22
Notes to Financial Statements .....	23-32
<b>Required Supplemental Information</b>	
Notes to Required Supplementary Information .....	33
Budgetary Comparisons - Major Governmental Funds	
General Fund .....	34-35
Redevelopment Agency Special Revenue Fund .....	36
<b>Supplemental Information</b>	
Internal Service Fund Statements	
Combining Statement of Net Assets .....	37
Combining Statement of Revenues, Expenses, and Changes in Net Assets .....	38
Combining Statement of Cash Flows .....	39
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	40
Independent Auditors' Legal Compliance Report .....	41
Schedule of Findings and Questioned Costs .....	42



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
Riverdale City

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Riverdale City (the City), as of and for the year ended June 30, 2012, which collectively comprises the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 33 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Crane, Christensen, Palmer & Ambrose P.C.*

October 26, 2012

# Riverdale City, Utah

## Management's Discussion and Analysis

*for fiscal year ending June 30, 2012*

### INTRODUCTION

The following is a discussion and analysis of Riverdale City's financial performance and activities for the fiscal year ending June 30, 2012. Beginning in fiscal year 2004, the City implemented financial reporting standards established by GASB (the Governmental Accounting Standards Board). These standards significantly changed the content and structure of the financial statements.

### HIGHLIGHTS

Some of the businesses that joined the City in this fiscal year were Boot Barn, Shoe Carnival and Gordman's. New residential construction numbers were higher than the previous year. Permits for single family dwelling homes were 11 for the current year and 8 for the previous year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City's Basic Financial Statements. The Basic Financial Statements includes three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains other supplementary information.

The government-wide financial statements are comprised of: 1) the Statement of Net Assets, and 2) the Statement of Activities. These two statements provide a broad overview of the City's finances. The Statement of Net Assets shows the overall net assets of the City. Over time, increases and decreases in net assets are one indicator of the City's overall financial condition. The Statement of Activities helps to identify functions of the City that are principally supported by taxes and other general revenues (governmental activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities).

Riverdale City's business type activities include water, sewer, garbage and storm water operations.

The fund financial statements provide detailed information about individual major funds and not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds are divided into two types, each of which uses a

different accounting approach. The two types are 1) Governmental Funds and 2) Proprietary Funds.

***Governmental Funds*** – Most of the City’s basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements.

***Proprietary Funds*** – Riverdale City uses two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Riverdale City has four enterprise funds – water, sewer, garbage, and storm water. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City maintains two internal service funds to account for its fleet and information technology systems activities. Because these services predominantly benefit government rather than business-type activities, they are included with *governmental activities* in the government-wide statements.

#### Differences between Government-Wide and Fund Statements

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

#### Notes to the Financial Statements

The notes found within these financial statements provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### Net Assets

The largest component of the City's net assets, 62.6 percent, reflects investments in capital assets (land, buildings, equipment, roads, parks, trails and other infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net assets comprise 17.4 percent of total net assets and are subject to external restrictions on how they may be used. The remaining 20.0 percent of net assets is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

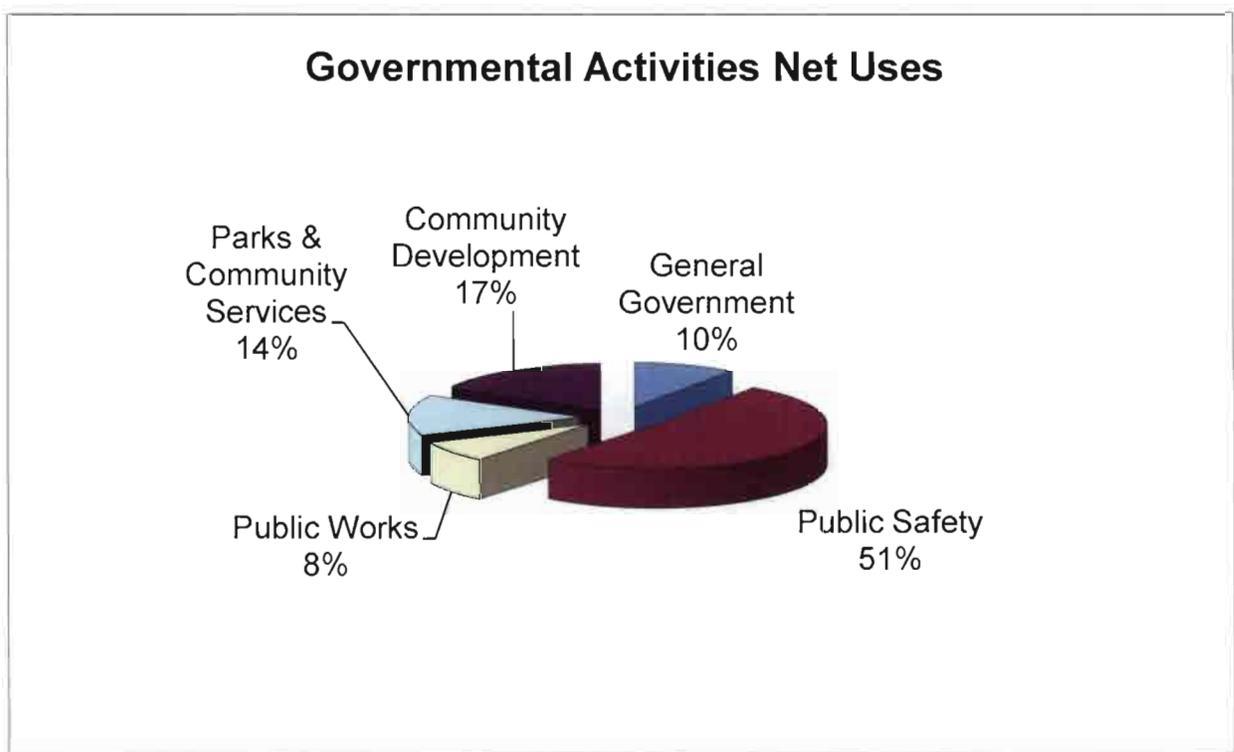
### **Riverdale City**

#### Statement of Net Assets Comparative

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities
	2012	2011	2012	2011
Current and Other Assets	10,492,077	8,610,288	5,288,912	4,766,551
Capital Assets (Net)	14,533,115	15,310,670	11,524,665	11,546,462
<b>Total Assets</b>	<b>25,025,192</b>	<b>23,920,958</b>	<b>16,813,577</b>	<b>16,313,013</b>
Current Liabilities	800,047	530,891	56,900	75,743
Noncurrent Liabilities	1,847,778	1,863,299	1,429,949	1,479,820
<b>Total Liabilities</b>	<b>2,647,825</b>	<b>2,394,190</b>	<b>1,486,849</b>	<b>1,555,563</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	13,533,115	14,210,670	10,076,665	10,044,462
Restricted	6,577,713	7,316,098		
Unrestricted	2,266,539	2,169,549	5,250,063	4,712,988
<b>Total Net Assets</b>	<b>22,377,367</b>	<b>23,696,317</b>	<b>15,326,728</b>	<b>14,757,450</b>

### Governmental Activities

The activities in the governmental funds resulted in an increase in net assets of \$850,599 for the year. The following chart shows by percentage the relative net uses (expenses minus any revenue directly attributed to that particular function) for governmental activities for each of the functions shown on the Statement of Activities.



## Riverdale City

### Changes in Net Assets Comparative

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities
	2012	2011	2012	2011
<b>Program Revenues</b>				
Charges for Services	1,222,793	1,085,434	2,389,136	2,108,724
Operating Grants & Contributions	412,824	650,260		
Capital Grants & Contributions				
<b>General Revenues</b>				
Property Taxes	1,708,507	1,742,390		
Sales Tax	5,786,576	5,727,228		
Unrestricted interest earned	49,637	31,679	31,592	22,757
Miscellaneous	247,725	185,555	142,256	12,286
Transfers - internal activities	-100,338	-439,700	100,338	439,700
<b>Total Revenues</b>	<b>9,327,724</b>	<b>8,982,846</b>	<b>2,663,322</b>	<b>2,583,467</b>
<b>Expenses</b>				
General Government	1,584,868	1,519,844		
Public Safety	3,752,843	3,702,754		
Public Works	879,709	1,166,880		
Parks & Community Services	1,105,711	969,659		
Community Development	1,153,994	805,363		
Interest on long-term debt				
Public Utilities			2,094,044	1,724,374
<b>Total Expenses</b>	<b>8,477,125</b>	<b>8,164,500</b>	<b>2,094,044</b>	<b>1,724,374</b>
Increase in Net Assets before Transfers	850,599	818,346	569,278	859,093
Transfers				
<i>Change in Net Assets</i>	850,599	818,346	569,278	859,093
Net Assets Beginning	21,526,768	20,708,422	14,757,450	13,898,357
Net Assets Ending	22,377,367	21,526,768	15,326,728	14,757,450

The table below shows to what extent the City's governmental activities relied on taxes and other general revenue to cover all of their costs. These programs generated revenues of \$1,735,694 or 21.3 percent of their total expenses through charges for services and grants. Taxes and other general revenues covered the remaining 78.7 percent of expenses.

<i>Activities</i>	<i>Total Program Expenses</i>	<i>Less Program Revenues</i>	<i>Net Program Costs</i>	<i>Program Revenues as a Percentage of Total Expense</i>
General Government	\$1,584,868	\$924,857	(\$660,011)	58.4%
Public Safety	\$3,752,843	\$249,328	(\$3,503,515)	6.6%
Public Works	\$879,709	\$354,609	(\$525,100)	40.3%
Parks & Community Services	\$1,105,711	\$106,823	(\$998,888)	9.7%
Community Development	\$1,153,994	\$0	(\$1,153,994)	0.0%
<i>Totals</i>	\$8,477,125	\$1,635,617	(\$6,841,508)	19.3%

### **Business-Type Activities**

The business-type activities (water, sewer, storm-water, and garbage) are generating sufficient revenue to cover operating costs and provide varying amounts of reserves for future capital projects.

## CAPITAL ASSETS AND LONG-TERM DEBT

### **Capital Assets**

Riverdale City added \$544,995 in capital assets in governmental and business-type activities during the fiscal year - \$384,183 in infrastructure, and \$160,812 in buildings, equipment and other assets. There was no increase in land. \$348,868 in assets were sold/disposed of. Accumulated depreciation on the assets increased by \$995,479.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

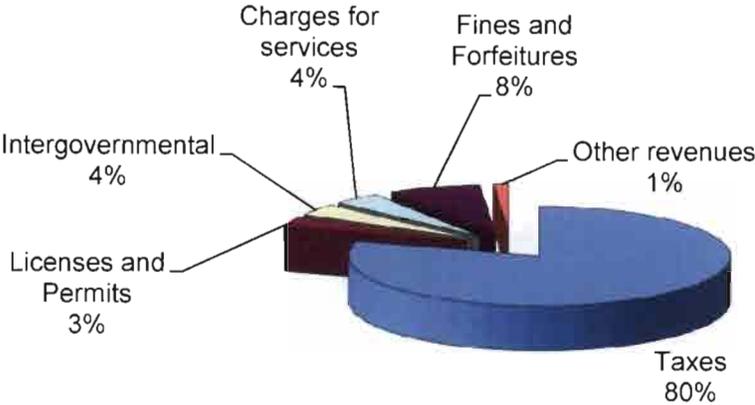
### **Fund Balances**

At June 30, 2012, Riverdale City's governmental funds reported combined fund balances of \$7,914,619. Of this amount, \$3,448,173 or 43.6% is restricted for specific purposes and projects. \$3,129,540 or 39.5% is assigned to Capital Projects and the remaining \$1,336,906 or 16.9% is unreserved.

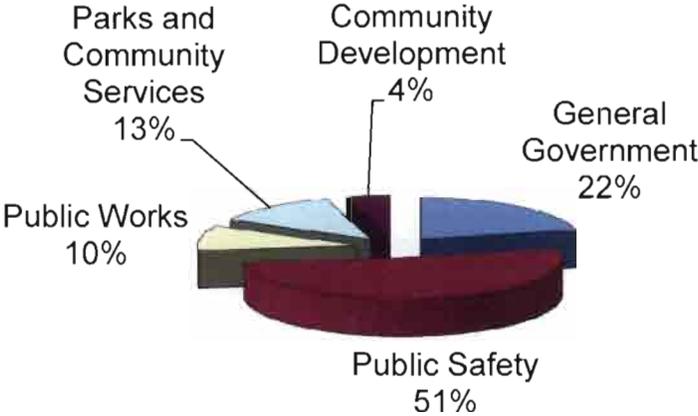
### **General Fund**

During 2012, the fund balance in the general fund decreased by \$19,780. Taxes increased \$44,538, a 0.1% increase from the previous year. Total general fund revenue was up \$251,649, a 3.2% increase. Total general fund expenditures (excluding transfers) were down \$410,653 or 5.6%.

### General Fund Revenue Sources



### General Fund Expenditures



### *General Fund Budgetary Highlights*

Riverdale City prepares its budget according to state statutes. The most significant budget is the General Fund. The City amended the General Fund budget once during the year. The budget was increased by \$65,000.

Actual General Fund revenues were \$430,962 or 5.6% above the original budget and \$365,692 or 4.7% above the final budget. Actual expenditures were \$385,588 or 5.3% below the original budget and \$450,588 or 6.2% below the final budget. The City was not required to draw upon existing fund balance in the General Fund this year to cover its expenditures.

### **RDA Fund**

During the fiscal year, the fund balance in the Redevelopment Agency Fund increased \$302,803.

The RDA budget was not amended during this fiscal year.

### **Capital Projects Fund**

During the fiscal year, the fund balance in the Capital Projects Fund increased \$1,128,363. Expenditures for the year included various road projects.

### **Enterprise Funds**

The combined change in net assets of the enterprise funds shows an increase of \$569,278. This is \$289,815 or 33.7% lower than the previous year.

## OTHER MATTERS

### **Current and Future Projects**

The City will be working on possible pavilions in Riverdale Park and new trail picnic tables in the amount of \$95,000, finishing the Police basement in the amount of \$160,000, replacing the lighting in the City buildings to more energy efficient lighting in the amount of \$81,760, and trail and river repair on the south end in the amount of \$250,000. There are possible water tank replacements in the amount of \$2,000,000, a new well in the amount of \$600,000, and sewer replacement/repair projects in the amount of \$221,700 in the coming fiscal year. The City will also be working on possible storm water projects in the amount of \$193,700.

## REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Riverdale City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the City's finances should be addressed to:

Lynn Fortie  
Business Administrator  
4600 S. Weber River Dr.  
Riverdale, UT 84405

RIVERDALE CITY  
Statement of Net Assets

June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 9,274,372	4,882,512	14,156,884
Accounts receivable	83,178	261,935	345,113
Due from other governments	476,602	-	476,602
Housing loans receivable	616,857	-	616,857
Investments	-	144,465	144,465
Deferred charges	41,068	-	41,068
<b>Capital assets:</b>			
Land and related non-depreciable assets	1,768,978	755	1,769,733
Depreciable infrastructure	3,828,745	15,742,991	19,571,736
Buildings, equipment, and other depreciable assets	16,217,793	933,508	17,151,301
Less accumulated depreciation	<u>(7,282,401)</u>	<u>(5,152,589)</u>	<u>(12,434,990)</u>
Total capital assets	<u>14,533,115</u>	<u>11,524,665</u>	<u>26,057,780</u>
Total assets	<u>25,025,192</u>	<u>16,813,577</u>	<u>41,838,769</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	665,088	900	665,988
Customer deposits	29,959	-	29,959
<b>Noncurrent liabilities:</b>			
Due within one year	105,000	56,000	161,000
Due in more than one year	<u>1,847,778</u>	<u>1,429,949</u>	<u>3,277,727</u>
Total liabilities	<u>2,647,825</u>	<u>1,486,849</u>	<u>4,134,674</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	13,533,115	10,076,665	23,609,780
<b>Restricted for:</b>			
Class C roads	-	-	-
Special revenue activities	3,448,173	-	3,448,173
Capital projects	3,129,540	-	3,129,540
Unrestricted	<u>2,266,539</u>	<u>5,250,063</u>	<u>7,516,602</u>
Total net assets	<u>\$22,377,367</u>	<u>15,326,728</u>	<u>37,704,095</u>

See independent auditors' report and notes to financial statements.

RIVERDALE CITY

Statement of Activities

Year Ended June 30, 2012

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental:				
General government	\$ 1,584,868	924,857	-	-
Public safety	3,752,843	189,784	59,544	-
Public works	879,709	1,329	353,280	-
Parks and community services	1,105,711	106,823	-	-
Community development	<u>1,153,994</u>	-	-	-
Total governmental activities	<u>8,477,125</u>	<u>1,222,793</u>	<u>412,824</u>	<u>-</u>
Business-type:				
Public utilities	<u>2,094,044</u>	<u>2,389,136</u>	-	-
Total business-type activities	<u>2,094,044</u>	<u>2,389,136</u>	-	-
Total primary government	<u>10,571,169</u>	<u>3,611,929</u>	<u>412,824</u>	<u>-</u>

General revenues:

  Property tax

  Sales tax

    Total taxes

  Other general revenues:

    Unrestricted interest earned

    Miscellaneous

    Transfers - internal activities

      Total other general revenues

      Total general revenues, special items and transfers

Change in net assets

Net assets - beginning of year - restated

Net assets - end of year

See independent auditors' report and notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets  
Primary Government

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
(660,011)	-	(660,011)
(3,503,515)	-	(3,503,515)
(525,100)	-	(525,100)
(998,888)	-	(998,888)
<u>(1,153,994)</u>	<u>-</u>	<u>(1,153,994)</u>
<u>(6,841,508)</u>	<u>-</u>	<u>(6,841,508)</u>
<u>-</u>	<u>295,092</u>	<u>295,092</u>
<u>-</u>	<u>295,092</u>	<u>295,092</u>
<u>(6,841,508)</u>	<u>295,092</u>	<u>(6,546,416)</u>
1,708,507	-	1,708,507
<u>5,786,576</u>	<u>-</u>	<u>5,786,576</u>
<u>7,495,083</u>	<u>-</u>	<u>7,495,083</u>
49,637	31,592	81,229
247,725	142,256	389,981
<u>(100,338)</u>	<u>100,338</u>	<u>-</u>
<u>197,024</u>	<u>274,186</u>	<u>471,210</u>
<u>7,692,107</u>	<u>274,186</u>	<u>7,966,293</u>
850,599	569,278	1,419,877
<u>21,526,768</u>	<u>14,757,450</u>	<u>36,284,218</u>
<u>\$22,377,367</u>	<u>15,326,728</u>	<u>37,704,095</u>

RIVERDALE CITY

Balance Sheet  
Governmental Funds

June 30, 2012

<u>Assets</u>	<u>General Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Cash (note 2)	\$ 1,135,902	3,146,527	3,129,540	7,411,969
Restricted cash	-	21,060	-	21,060
Accounts receivable (note 3)	69,474	13,704	-	83,178
Due from other governments	471,981	4,621	-	476,602
Housing loans receivable	-	616,857	-	616,857
	<u>\$ 1,677,357</u>	<u>3,802,769</u>	<u>3,129,540</u>	<u>8,609,666</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 292,648	345,016	-	637,664
Accrued liabilities	27,424	-	-	27,424
Deposits	20,379	9,580	-	29,959
Total liabilities	<u>340,451</u>	<u>354,596</u>	<u>-</u>	<u>695,047</u>
Fund balances:				
Restricted for: (note 1)				
Class C roads	-	-	-	-
Redevelopment Agency	-	3,448,173	-	3,448,173
Assigned to:				
Capital projects	-	-	3,129,540	3,129,540
Unassigned	1,336,906	-	-	1,336,906
Total fund balances	<u>1,336,906</u>	<u>3,448,173</u>	<u>3,129,540</u>	<u>7,914,619</u>
	<u>\$ 1,677,357</u>	<u>3,802,769</u>	<u>3,129,540</u>	<u>8,609,666</u>

See independent auditors' report and notes to financial statements.

RIVERDALE CITY

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2012

Total fund balance - governmental funds		\$ 7,914,619
Amount reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not reported as assets in governmental funds. These assets consist of:		
Land and related non-depreciable assets	\$ 1,768,978	
Depreciable infrastructure	3,828,745	
Buildings, equipment, and other depreciable assets	13,023,520	
Accumulated depreciation	<u>(5,199,968)</u>	
Total capital assets		13,421,275
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal service funds that primarily benefit governmental entities are included with governmental activities in the statement of net assets. (Net of capital assets included above.)		2,953,183
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable	(1,000,000)	
Unamortized balance of bond issue costs	41,068	
Compensated absences	<u>(952,778)</u>	
Total long-term debt		<u>(1,911,710)</u>
Total net assets - governmental activities		<u>\$22,377,367</u>

See independent auditors' report and notes to financial statements.

RIVERDALE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2012

	<u>General Fund</u>	<u>Redevelopment Agency Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 6,427,510	1,067,573	-	7,495,083
Licenses and permits	257,225	-	-	257,225
Intergovernmental	312,486	-	100,338	412,824
Charges for services	326,281	-	-	326,281
Fines and forfeitures	639,287	-	-	639,287
Interest	7,602	28,627	13,408	49,637
Other revenues	<u>96,731</u>	<u>150,994</u>	<u>-</u>	<u>247,725</u>
Total revenues	<u>8,067,122</u>	<u>1,247,194</u>	<u>113,746</u>	<u>9,428,062</u>
<b>Expenditures:</b>				
Current:				
General government	1,480,631	-	-	1,480,631
Public safety	3,540,231	-	-	3,540,231
Public works	664,340	-	-	664,340
Parks and community services	881,847	-	-	881,847
Community development	304,915	944,391	-	1,249,306
Capital outlay	<u>-</u>	<u>-</u>	<u>99,983</u>	<u>99,983</u>
Total expenditures	<u>6,871,964</u>	<u>944,391</u>	<u>99,983</u>	<u>7,916,338</u>
Excess (deficiency) of revenues over expenditures	<u>1,195,158</u>	<u>302,803</u>	<u>13,763</u>	<u>1,511,724</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	1,214,938	1,214,938
Operating transfers out	<u>(1,214,938)</u>	<u>-</u>	<u>(100,338)</u>	<u>(1,315,276)</u>
Total other financing sources (uses)	<u>(1,214,938)</u>	<u>-</u>	<u>1,114,600</u>	<u>(100,338)</u>
Net changes in fund balances	(19,780)	302,803	1,128,363	1,411,386
Fund balances - beginning of year	<u>1,356,686</u>	<u>3,145,370</u>	<u>2,001,177</u>	<u>6,503,233</u>
Fund balances - end of year	<u>\$ 1,336,906</u>	<u>3,448,173</u>	<u>3,129,540</u>	<u>7,914,619</u>

See independent auditors' report and notes to financial statements.

RIVERDALE CITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds to the Statement of Activities

Year Ended June 30, 2012

Net change in fund balance - total governmental funds		\$ 1,411,386
Amount reported for governmental activities in the statement of activities are different because:		
Government funds report capital outlays as expenditures (\$152,789). However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$589,467). Depreciation exceeded capital outlays for the period.		(436,678)
Basis of capital assets retired.		(83,894)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(46,048)
Changes in general long-term liabilities are not reflected in the fund statements but are reported as part of the entity-wide statement of activities:		
Payments on long-term debt	\$ 100,000	
Increase in compensated absences	<u>(89,479)</u>	
Total changes in long-term debt		10,521
Government funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the current year amortization of those issuance costs.		<u>(4,688)</u>
Changes in net assets of governmental activities		<u>\$ 850,599</u>

See independent auditors' report and notes to financial statements.

RIVERDALE CITY

Statement of Net Assets  
Proprietary Funds

June 30, 2012

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Garbage Fund		
<b>Assets:</b>						
Current assets:						
Cash	\$ 1,815,316	1,426,219	1,139,197	153,699	4,534,431	1,841,343
Cash with fiscal agent	-	348,081	-	-	348,081	-
Accounts receivable	261,935	-	-	-	261,935	-
Total current assets	<u>2,077,251</u>	<u>1,774,300</u>	<u>1,139,197</u>	<u>153,699</u>	<u>5,144,447</u>	<u>1,841,343</u>
Noncurrent assets:						
Investments	144,465	-	-	-	144,465	-
Land	755	-	-	-	755	-
Buildings	797,776	-	-	-	797,776	-
Infrastructure	7,021,465	6,151,384	2,570,142	-	15,742,991	-
Machinery and equipment	129,637	6,095	-	-	135,732	3,194,273
Accumulated depreciation	(2,966,385)	(1,951,889)	(234,315)	-	(5,152,589)	(2,082,433)
Total noncurrent assets	<u>5,127,713</u>	<u>4,205,590</u>	<u>2,335,827</u>	<u>-</u>	<u>11,699,130</u>	<u>1,111,840</u>
Total assets	<u>7,204,964</u>	<u>5,979,890</u>	<u>3,475,024</u>	<u>153,699</u>	<u>16,813,577</u>	<u>2,953,183</u>
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable	900	-	-	-	900	-
Bonds payable and current	-	56,000	-	-	56,000	-
Total current liabilities	<u>900</u>	<u>56,000</u>	<u>-</u>	<u>-</u>	<u>56,900</u>	<u>-</u>
Noncurrent liabilities:						
Compensated absences	28,853	9,096	-	-	37,949	-
Bonds payable	-	1,392,000	-	-	1,392,000	-
Total noncurrent liabilities	<u>28,853</u>	<u>1,401,096</u>	<u>-</u>	<u>-</u>	<u>1,429,949</u>	<u>-</u>
Total liabilities	<u>29,753</u>	<u>1,457,096</u>	<u>-</u>	<u>-</u>	<u>1,486,849</u>	<u>-</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	4,983,248	2,757,590	2,335,827	-	10,076,665	1,111,840
Unrestricted	2,191,963	1,765,204	1,139,197	153,699	5,250,063	1,841,343
Total net assets	<u>\$ 7,175,211</u>	<u>4,522,794</u>	<u>3,475,024</u>	<u>153,699</u>	<u>15,326,728</u>	<u>2,953,183</u>

See independent auditors' report and notes to financial statements.

RIVERDALE CITY

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds

Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Garbage Fund	Total Enterprise Funds	
Operating revenues:						
Charges for services	\$ 938,780	896,824	223,979	329,071	2,388,654	281,628
Impact fees	-	482	-	-	482	-
Miscellaneous	<u>1,762</u>	<u>4,000</u>	<u>136,494</u>	<u>-</u>	<u>142,256</u>	<u>26,232</u>
Total operating revenues	<u>940,542</u>	<u>901,306</u>	<u>360,473</u>	<u>329,071</u>	<u>2,531,392</u>	<u>307,860</u>
Operating expenses:						
Personnel services	285,529	74,653	-	-	360,182	-
Contractual services	212,771	536,556	52,013	293,410	1,094,750	-
Materials and supplies	45,926	6,290	6,127	140,037	198,380	37,314
Depreciation	154,516	117,943	50,022	-	322,481	348,507
Utilities	86,294	575	-	-	86,869	13,875
Bad debts	<u>2,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,343</u>	<u>-</u>
Total operating expenses	<u>787,379</u>	<u>736,017</u>	<u>108,162</u>	<u>433,447</u>	<u>2,065,005</u>	<u>399,696</u>
Operating income	<u>153,163</u>	<u>165,289</u>	<u>252,311</u>	<u>(104,376)</u>	<u>466,387</u>	<u>(91,836)</u>
Non-operating revenues (expenses):						
Interest revenue	11,616	11,798	6,849	1,329	31,592	11,668
Interest expense	-	(29,039)	-	-	(29,039)	-
Gain on sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,120</u>
Total non-operating revenues (expenses)	<u>11,616</u>	<u>(17,241)</u>	<u>6,849</u>	<u>1,329</u>	<u>2,553</u>	<u>45,788</u>
Income before contributions and transfers	<u>164,779</u>	<u>148,048</u>	<u>259,160</u>	<u>(103,047)</u>	<u>468,940</u>	<u>(46,048)</u>
Operating transfers in	26,029	-	74,309	-	100,338	-
Contributed capital - developers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total contributions and transfers	<u>26,029</u>	<u>-</u>	<u>74,309</u>	<u>-</u>	<u>100,338</u>	<u>-</u>
Change in net assets	190,808	148,048	333,469	(103,047)	569,278	(46,048)
Net assets - beginning of year	<u>6,984,403</u>	<u>4,374,746</u>	<u>3,141,555</u>	<u>256,746</u>	<u>14,757,450</u>	<u>2,999,231</u>
Net assets - end of year	<u>\$ 7,175,211</u>	<u>4,522,794</u>	<u>3,475,024</u>	<u>153,699</u>	<u>15,326,728</u>	<u>2,953,183</u>

See independent auditors' report and notes to financial statements.

RIVERDALE CITY

Statement of Cash Flows  
Proprietary Funds

Year Ended June 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Garbage Fund</u>	<u>Total Enterprise Funds</u>	
Cash flows from operating activities:						
Cash received from customers	\$ 854,569	897,306	223,979	329,071	2,304,925	281,628
Cash received from other activities	1,762	4,000	136,494	-	142,256	26,232
Cash payments for payroll and benefits	(280,490)	(73,563)	-	-	(354,053)	-
Cash payments for goods and services	<u>(347,334)</u>	<u>(545,641)</u>	<u>(58,140)</u>	<u>(454,290)</u>	<u>(1,405,405)</u>	<u>(51,189)</u>
Net cash provided (used) by operating activities	<u>228,507</u>	<u>282,102</u>	<u>302,333</u>	<u>(125,219)</u>	<u>687,723</u>	<u>256,671</u>
Cash flows from investing activities:						
Interest earned on cash deposits	<u>11,616</u>	<u>11,798</u>	<u>6,849</u>	<u>1,329</u>	<u>31,592</u>	<u>11,668</u>
Net cash provided by investing activities	<u>11,616</u>	<u>11,798</u>	<u>6,849</u>	<u>1,329</u>	<u>31,592</u>	<u>11,668</u>
Cash flows from noncapital financing activities:						
Operating transfers in	<u>26,029</u>	<u>-</u>	<u>74,309</u>	<u>-</u>	<u>100,338</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>26,029</u>	<u>-</u>	<u>74,309</u>	<u>-</u>	<u>100,338</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Interest on debt	-	(29,039)	-	-	(29,039)	-
Principal paid on debt	-	(54,000)	-	-	(54,000)	-
Cash payments for property and equipment purchases	(13,429)	(218,017)	(69,238)	-	(300,684)	(91,522)
Gain on sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,120</u>
Net cash provided (used) for capital and related financing activities	<u>(13,429)</u>	<u>(301,056)</u>	<u>(69,238)</u>	<u>-</u>	<u>(383,723)</u>	<u>(57,402)</u>
Net increase (decrease) in cash and cash equivalents	252,723	(7,156)	314,253	(123,890)	435,930	210,937
Cash and cash equivalents - beginning of year	<u>1,562,593</u>	<u>1,433,375</u>	<u>824,944</u>	<u>277,589</u>	<u>4,098,501</u>	<u>1,630,406</u>
Cash and cash equivalents - end of year	<u>\$ 1,815,316</u>	<u>1,426,219</u>	<u>1,139,197</u>	<u>153,699</u>	<u>4,534,431</u>	<u>1,841,343</u>

See independent auditors' report and notes to financial statements.

RIVERDALE CITY

Statement of Cash Flows - Continued  
Proprietary Funds

Year Ended June 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Garbage Fund</u>		
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income	\$ 153,163	165,289	252,311	(104,376)	466,387	(91,836)
Adjustments to reconcile operating income to net cash provided by by operating activities:						
Depreciation	154,516	117,943	50,022	-	322,481	348,507
Increase in cash with fiscal agent	-	(2,220)	-	-	(2,220)	-
(Increase) decrease in accounts receivable	(84,211)	-	-	-	(84,211)	-
Increase (decrease) in accounts payable and accrued liabilities	-	-	-	(20,843)	(20,843)	-
Increase in compensated absences	<u>5,039</u>	<u>1,090</u>	<u>-</u>	<u>-</u>	<u>6,129</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 228,507</u>	<u>282,102</u>	<u>302,333</u>	<u>(125,219)</u>	<u>687,723</u>	<u>256,671</u>
Noncash capital financing activities:						
Contributions by developers	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See independent auditors' report and notes to financial statements.

# RIVERDALE CITY

## Notes to Financial Statements

June 30, 2012

### (1) Summary of Significant Accounting Policies

The City of Riverdale was incorporated March 4, 1946. The City operates under a traditional council/mayor form of government and provides the following services as authorized by its charter: public safety, public utilities, highways and streets, sanitation, social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The financial statements of Riverdale City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

#### **A. Reporting Entity**

As required by generally accepted accounting principles, these financial statements present Riverdale City (the primary government) and its component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

#### **Blended Component Unit:**

Riverdale Redevelopment Agency - The Riverdale Redevelopment Agency (RDA) is governed by a board of directors comprised of the Mayor and City Council of Riverdale City. Although it is legally separate from the City, the RDA is reported as if it were part of the primary government because its principal purpose in removing blight is to redevelop areas within the City thereby generating additional property tax and sales tax.

#### **B. Government-Wide and Fund Financial Statements**

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

#### **Government-Wide Financial Statements**

The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

The Statement of Net Assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

#### **Fund Financial Statements**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and statutory mandate. The various funds are grouped, in the financial statements in this report, into fund types and categories as follows:

#### **Governmental Fund Types:**

The City reports the following major governmental funds:

General fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in other funds. It also includes the financial activities related to most federal and state funds.

## RIVERDALE CITY

### Notes to Financial Statements - Continued

June 30, 2012

#### (1) Summary of Significant Accounting Policies - Continued

Special revenue funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The City's Redevelopment Agency is reported as a special revenue fund.

Capital projects fund - These funds are used to account for financial resources to be used for the acquisition or construction of general major capital facilities.

#### **Proprietary Fund Types:**

Enterprise fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City operates its water, sewer, storm drainage and garbage funds as enterprise funds. Each is considered a major proprietary fund.

Internal service fund - The internal service fund is used to account for the financing of goods and services provided by the information technology department and motor pool to other departments or agencies of the City, or to other governments, on a cost-reimbursements basis.

#### **C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

All governmental funds are accounted for using the modified accrual basis of accounting. That is, revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered available if they are collected within 60 days after year-end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued in the individual funds because the current portion of these items cannot be reasonably estimated and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The City applies only the applicable FASB pronouncements issued on or before November 30, 1989.

#### **D. Budgets**

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act of Utah Cities" by the City of Riverdale Municipal Council on or before June 22<sup>nd</sup> for the following fiscal year which begins on July 1.

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2012

(1) Summary of Significant Accounting Policies - Continued

**D. Budgets - Continued**

Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are prepared in line-item detail; however, budget amendments by resolution are generally required only if the fund desires to exceed its total budget appropriation. The City follows Uniform Fiscal Procedures for Cities as adopted by the State Legislature for policies concerning its budgetary accounting. Annual budgets are adopted for all governmental fund types. All annual appropriations lapse at fiscal year end.

During the year, one supplemental amendment was made to the City's general fund budget in the amount of \$65,000.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) 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 more than \$2,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Wells	50 years
Water distribution system	50 years
Sewer collection system	50 years
Equipment and machinery	5-15 years
Infrastructure improvements	20 years
Other improvements	10-30 years

**F. Governmental Fund Balances**

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.

*Nonspendable Fund Balance* - 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. Riverdale has no nonspendable fund balance.

*Restricted Fund Balance* - classified as restricted by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Riverdale reports its Class C fund balance and Redevelopment Agency fund balance as restricted.

*Committed Fund Balance* - classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Riverdale has no committed fund balances.

*Assigned Fund Balance* - classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Riverdale reports its Capital Project fund balances as assigned.

*Unassigned Fund Balance* - classification is the residual classification for 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.

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2012

(1) Summary of Significant Accounting Policies - Continued

**G. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**H. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**I. Subsequent Events**

Management has evaluated subsequent events through October 26, 2012, the date the financial statements were available to be issued.

(2) Deposits and Investments

Deposits and investments for Riverdale City are governed by the Utah Money Management Act and by rules of the Utah Money Management Council. Following are discussions of the City's exposure to various risks related to its cash management activities.

**A. Custodial Credit Risk**

*Deposits.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council.

The City's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City's deposits at June 30, 2012 were \$261,530, of which \$11,530 was uninsured and uncollateralized.

**B. Credit Risk**

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

The City is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the City's investments at June 30, 2012:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	<u>\$14,233,202</u>	85 days*	not rated

\*Weighted-average maturity

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2012

(2) Deposits and Investments - Continued

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing solely in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in the previous table.

**D. 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. The City's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

(3) Accounts Receivable

The accounts receivable in the general fund are reported net of an allowance for doubtful accounts of \$24,449 and accounts receivable in the enterprise fund are shown net of an allowance for doubtful accounts of \$11,683.

(4) Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 1,768,978	-	-	1,768,978
Capital assets being depreciated:				
Building and improvements	9,042,544	5,240	-	9,047,784
Other improvements	2,794,425	-	-	2,794,425
Equipment	4,577,431	144,328	(346,175)	4,375,584
Infrastructure	3,734,002	94,743	-	3,828,745
Total	<u>20,148,402</u>	<u>244,311</u>	<u>(346,175)</u>	<u>20,046,538</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,535,237)	(228,807)	-	(2,764,044)
Other improvements	(648,433)	(134,542)	-	(782,975)
Equipment	(2,735,798)	(422,065)	(262,283)	(2,895,580)
Infrastructure	(687,242)	(152,560)	-	(839,802)
Total	<u>(6,606,710)</u>	<u>(937,974)</u>	<u>(262,283)</u>	<u>(7,282,401)</u>
Capital assets being depreciated, net	<u>13,541,692</u>	<u>(693,663)</u>	<u>(83,892)</u>	<u>12,764,137</u>
Governmental activity capital assets, net	<u>\$15,310,670</u>	<u>(693,663)</u>	<u>(83,892)</u>	<u>14,533,115</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 755	-	-	755
Capital assets being depreciated:				
Buildings	797,776	-	-	797,776
Infrastructure	15,453,551	289,440	-	15,742,991
Equipment	127,181	11,244	2,693	135,732
Total	<u>16,378,508</u>	<u>300,684</u>	<u>2,693</u>	<u>16,676,499</u>

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2012

(4) Capital Assets - Continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings	\$ (345,395)	(13,296)	-	(358,691)
Infrastructure	(4,393,611)	(306,338)	-	(4,699,949)
Equipment	(93,795)	(2,847)	(2,693)	(93,949)
Total	<u>(4,832,801)</u>	<u>(322,481)</u>	<u>(2,693)</u>	<u>(5,152,589)</u>
Capital assets being depreciated, net	<u>11,545,707</u>	<u>(21,797)</u>	<u>-</u>	<u>11,523,910</u>
Business-type activities capital assets, net	<u>\$11,546,462</u>	<u>(21,797)</u>	<u>-</u>	<u>11,524,665</u>

Depreciation expense of governmental activities was charged to functions as follows:

General Government	\$ 143,589
Public Safety	68,624
Public Works	172,955
Parks and Community Services	204,299
Depreciation on capital assets of the City's internal service funds is charged to the various functions based on their usage of assets	<u>348,507</u>
Total	<u>\$ 937,974</u>

(5) Long-Term Debt

Long-term debt of the City consists of the following:

**Government Activities:**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Redevelopment Agency Tax Increment Revenue Bonds Series 2006 payable in annual installments of \$90,000 to \$125,000 through 2021. Interest rate of 3.0%.	<u>\$ 1,100,000</u>	<u>-</u>	<u>100,000</u>	<u>1,000,000</u>

Annual debt service requirements to maturity of the bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
Year ending June 30:			
2013	\$ 105,000	29,165	134,165
2014	110,000	26,018	136,018
2015	110,000	22,718	132,718
2016	120,000	19,373	139,373
2017	100,000	15,871	115,871
2018-2021	<u>455,000</u>	<u>31,667</u>	<u>486,667</u>
	<u>\$ 1,000,000</u>	<u>144,812</u>	<u>1,144,812</u>

**Business-Type Activities:**

On October 20, 2009 the city authorized the issuance of up to \$1,502,000 in sewer revenue bonds. The bonds carry an interest rate of 3% and payments on the bonds began on December 1, 2011. As of June 30, 2012 the City had been advanced the entire \$1,502,000 of these bonds.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Series 2009 sewer revenue bonds	<u>\$ 1,502,000</u>	<u>-</u>	<u>54,000</u>	<u>1,448,000</u>

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2012

(5) Long-Term Debt - Continued

Annual debt service requirements on the bonds are as follows:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 56,000	43,440	99,440
2014	58,000	41,760	99,760
2015	60,000	40,020	100,020
2016	62,000	38,220	100,220
2017	64,000	36,360	100,360
2018-2022	356,000	151,500	507,500
2023-2027	414,000	97,410	511,410
2028-2031	<u>378,000</u>	<u>28,800</u>	<u>406,800</u>
	<u>\$ 1,448,000</u>	<u>477,510</u>	<u>1,925,510</u>

**Changes in Long-Term Debt:**

During the year ended June 30, 2012 the following activity occurred in liabilities reported as long-term:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$1,100,000	-	100,000	1,000,000	105,000
Compensated absences	<u>863,299</u>	<u>89,479</u>	<u>-</u>	<u>952,778</u>	<u>-</u>
Total	<u>\$ 1,963,299</u>	<u>89,479</u>	<u>100,000</u>	<u>1,952,778</u>	<u>105,000</u>
Business-type activities:					
Bonds payable	\$ 1,502,000	-	54,000	1,448,000	56,000
Compensated absences	<u>31,820</u>	<u>6,129</u>	<u>-</u>	<u>37,949</u>	<u>-</u>
Total	<u>\$ 1,533,820</u>	<u>6,129</u>	<u>54,000</u>	<u>1,485,949</u>	<u>56,000</u>

(6) Developer Contributions

The water, sewer and storm sewer funds regularly receive contributions from subdividers for the extension of water and sewer lines. Private developers construct water and sewer transmission systems at their own cost. Occasionally the City constructs large trunk lines. There were no current year additions by developers for water, sewer, and storm sewer lines in 2012.

(7) Compensated Absences, Accumulated Unpaid Vacation, Personal Leave Pay, Compensatory Time

It is the government's policy to permit employees to accumulate earned but unused vacation and personal leave pay benefits. Vacation and compensatory leave are recorded as an expenditure when used in governmental funds and as an expense when earned in proprietary funds and in the governmental-wide statements. A liability for unused vacation and compensatory leave is recorded in the governmental-wide statement of net assets.

(8) Retirement Plans

**Plan Description**

Riverdale City (City) contributes to the Local Governmental Contributory, Non-contributory and Public Safety Non-contributory, all cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2012

(8) Retirement Plans - Continued

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

**Funding Policy**

In the Local Governmental Contributory System the City contributes a combined rate of 15.76% of covered salary, in the Non-contributory Retirement System the City is required to contribute 13.77% of its annual covered salary. In fiscal year 2012, the City contributed 28.82% to the Public Safety Non-contributory System and 15.55% to the Firefighters System based on covered wages. The contribution rate is actuarially determined. The contribution requirements of the System is authorized by statute and specified by the Board.

The City's contributions to the various systems for June 30, 2012, 2011 and 2010 were as follows:

A. Local Governmental System - Contributory

	<u>2012</u>	<u>2011</u>	<u>2010</u>	
\$	6,321	7,800	9,085	Employer paid for employee contributions.
	10,283	12,169	11,848	Employer contributions.
	105,354	130,006	151,425	Salary subject to contributions.

B. Local Governmental System - Non-contributory

	<u>2012</u>	<u>2011</u>	<u>2010</u>	
\$	202,592	203,974	173,638	Employer contributions.
	1,496,557	1,525,607	1,489,180	Salary subject to retirement contributions.

C. Utah Public Retirement System - Public Safety

	<u>2012</u>	<u>2011</u>	<u>2010</u>	
\$	279,795	277,476	262,863	Employer paid contributions.
	1,066,223	962,792	1,014,916	Salary subject to retirement contributions.

D. Firefighters System

	<u>2012</u>	<u>2011</u>	<u>2010</u>	
\$	71,088	46,495	35,273	Employer contributions.
	457,155	277,250	261,476	Salary subject to contributions.

E. 401(K) Plan

	<u>2012</u>	<u>2011</u>	<u>2010</u>	
\$	35,935	35,935	33,976	Employer paid for employee contributions.

(9) Deferred Compensation Plan

The City also provides through ICMA a 457 deferred compensation plan to City employees and elected officials. The plan, created in accordance with Internal Revenue Code Section 457, allows City employees and elected officials to defer a portion of their salary until future years. For fiscal year 2012, the City contributed the difference between 17.40% and the amount contributed to the Utah Retirement Systems Plans to the employee's 457 account.

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2012

(10) Inter-fund Transfers

Transfer from general fund	\$(1,214,938)
Transfer to capital projects	1,214,938
Transfer from capital projects	(100,338)
Transfer to water fund	26,029
Transfer to storm water fund	74,309

(11) Budgetary Accounting and Tax Calendar

The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. Budgets are required by the State of Utah for the general, special revenue, debt service and capital improvement funds. The legal level of control required by the State of Utah is at the department level. The City's budget is a financial plan of all estimated revenues and all appropriations for expenditures. Revenues and expenditures must balance.

The budget is prepared sometime between the 1<sup>st</sup> of March and the 1<sup>st</sup> of May. A tentative budget is presented by the City Administrator to the City Council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the Council no later than the first meeting in May. The tentative budget is public record and is available for inspection at the City Business Administration Department and the City Recorder's Office for at least ten days prior to adoption of the final budget. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing. The public hearing on the tentatively adopted budget is held prior to final adoption. Final adjustments are made to the tentative budget by the Council after the public hearing. The final budget is adopted by ordinance before June 22<sup>nd</sup> and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.

In connection with budget adoption an annual tax ordinance establishing the tax rate is adopted before June 22<sup>nd</sup> and the City is to certify the tax rate to the County Auditor before June 22<sup>nd</sup>.

Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The above procedures are authorized by Utah Code Sections 10-6-109 through 10-6-135.

<u>Duties to be Completed</u>	<u>Property Tax Calendar</u>	<u>Authorizing Statute</u>	<u>Statute Date</u>
Lien date		59-2-103 59-2-1302	1/1
Taxing districts with June year end notify county commission of date, time and place of public hearing		59-2-919	3/1
County treasurer to settle taxes charged and collected for previous year		59-2-1365	3/31
Budget officer shall prepare and file with council a tentative budget		10-6-111	1 <sup>st</sup> scheduled council meeting in May
County assessor delivers roll to county auditor		59-2-924	6/1
Tax commission reports value of Centrally Assessed Property to counties		59-2-802	6/1
County assessor delivers to county auditor statement showing aggregate valuation of all taxable property		59-2-924	6/1
County auditor sends valuation, certified tax rate and levy work sheets to each taxing district		59-2-924	6/1
Taxing district must adopt a proposed tax rate, certify the rate and levy, and submit to county auditor		59-2-912	before 6/22

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2012

(11) Budgetary Accounting and Tax Calendar - Continued

<u>Duties to be Completed</u>	<u>Property Tax Calendar</u>	<u>Authorizing Statute</u>	<u>Statute Date</u>
County to set proposed tax rates		59-2-909	6/22
Taxing districts adopt tentative budgets and notify county of intent to exceed certified tax rate		59-2-924(3)	6/22
County auditor to submit levy worksheets and supporting documentation to tax commission		59-2-913	6/22
Copy of final budget to state auditor within 30 days of adoption		10-6-118	9/17
County treasurer to mail tax notice		59-2-1317	11/1
County auditor delivers assessment roll with affidavit to tax commission		59-2-326	11/1
Payment and delinquency date		59-2-1331	11/30
Delinquency list published		59-2-1332.5	12/31

(12) Riverdale Redevelopment Agency

The redevelopment agency (RDA) collected tax increments of \$479,487 for the Riverdale road area, \$345,053 for the 550 West area and \$262,106 for the 1050 West area. There were no tax increments paid to any other taxing agency and the RDA has no outstanding bonds or loans associated with the project areas. The RDA has entered into agreements with certain developers that require continuing payments to those developers from the RDA through fiscal year 2017.

The RDA expended funds in the following areas:

Development payments	\$ 363,210
Administrative cost	461,827
Debt service	119,354

(13) Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

(14) Risk Management

Riverdale City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

**REQUIRED SUPPLEMENTAL INFORMATION**

## RIVERDALE CITY

### Notes to Required Supplementary Information

June 30, 2012

#### **Budgeting and Budgetary Control**

As more fully explained in Note 1 of the Notes to Financial Statements, annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1 in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and major special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpected balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

## RIVERDALE CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund

Year Ended June 30, 2012

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Taxes:</b>				
Current year property taxes	\$ 560,910	590,910	571,430	10,520
Delinquent prior years taxes	15,000	15,000	11,499	(3,501)
Fee in lieu	50,000	50,000	49,344	(656)
Sales tax	5,650,000	5,685,000	5,786,576	101,576
Transient room tax	9,000	9,000	8,661	(339)
<b>Total taxes</b>	<b><u>6,284,910</u></b>	<b><u>6,319,910</u></b>	<b><u>6,427,510</u></b>	<b><u>107,600</u></b>
<b>Licenses and permits:</b>				
Business licenses	120,000	120,000	126,672	6,672
Building permits	50,000	70,000	78,354	8,354
Building plan/development fees	25,000	35,000	44,544	9,544
Animal licenses	7,000	7,000	7,655	655
<b>Total licenses and permits</b>	<b><u>202,000</u></b>	<b><u>232,000</u></b>	<b><u>257,225</u></b>	<b><u>25,225</u></b>
<b>Intergovernmental:</b>				
Grants	31,800	31,800	39,325	7,525
Class "C" roads	235,000	235,000	251,997	16,997
Class "C" road interest	200	200	945	745
State liquor allotment	18,000	18,000	20,219	2,219
<b>Total intergovernmental</b>	<b><u>285,000</u></b>	<b><u>285,000</u></b>	<b><u>312,486</u></b>	<b><u>27,486</u></b>
<b>Charges for services:</b>				
Ambulance fees	190,000	190,000	182,129	(7,871)
Recreation and user fees	57,500	57,500	58,661	1,161
Senior programs	42,000	42,000	48,162	6,162
Street repairs	500	500	1,329	829
Zoning and sub fees	500	500	-	(500)
Interfund services	36,000	36,000	36,000	-
<b>Total charges for services</b>	<b><u>326,500</u></b>	<b><u>326,500</u></b>	<b><u>326,281</u></b>	<b><u>(219)</u></b>
<b>Fines and forfeitures</b>	<b><u>495,500</u></b>	<b><u>495,500</u></b>	<b><u>639,287</u></b>	<b><u>143,787</u></b>
<b>Other revenues:</b>				
Donations	1,000	1,000	-	(1,000)
Lease revenue	11,000	11,000	11,859	859
Interest earned	10,000	10,000	7,602	(2,398)
Miscellaneous	15,250	15,250	82,390	67,140
Sale of assets	5,000	5,000	2,482	(2,518)
<b>Total other revenues</b>	<b><u>42,250</u></b>	<b><u>42,250</u></b>	<b><u>104,333</u></b>	<b><u>62,083</u></b>
<b>Total revenues</b>	<b><u>7,636,160</u></b>	<b><u>7,701,160</u></b>	<b><u>8,067,122</u></b>	<b><u>365,962</u></b>
<b><u>Expenditures</u></b>				
<b>General government:</b>				
Legislative	118,235	118,235	92,169	26,066
Judicial	523,502	548,502	526,790	21,712
City administration	336,616	336,616	328,261	8,355
Business administration	538,710	548,710	533,411	15,299
Non-departmental	-	-	-	-
<b>Total general government</b>	<b><u>1,517,063</u></b>	<b><u>1,552,063</u></b>	<b><u>1,480,631</u></b>	<b><u>71,432</u></b>

## RIVERDALE CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued  
General Fund

Year Ended June 30, 2012

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Public safety:				
Police department	\$ 2,456,423	2,456,423	2,380,090	76,333
Fire department	<u>1,265,409</u>	<u>1,265,409</u>	<u>1,160,141</u>	<u>105,268</u>
Total public safety	<u>3,721,832</u>	<u>3,721,832</u>	<u>3,540,231</u>	<u>181,601</u>
Streets and public works	<u>787,692</u>	<u>787,692</u>	<u>664,340</u>	<u>123,352</u>
Parks and community services:				
Parks department	315,244	315,244	309,078	6,166
Community services	<u>545,485</u>	<u>575,485</u>	<u>572,769</u>	<u>2,716</u>
Total parks and community services	<u>860,729</u>	<u>890,729</u>	<u>881,847</u>	<u>8,882</u>
Community development	<u>370,236</u>	<u>370,236</u>	<u>304,915</u>	<u>65,321</u>
Total expenditures	<u>7,257,552</u>	<u>7,322,552</u>	<u>6,871,964</u>	<u>450,588</u>
Excess (deficiency) of revenues over expenditures	<u>378,608</u>	<u>378,608</u>	<u>1,195,158</u>	<u>816,550</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	(378,608)	(378,608)	(1,214,938)	(836,330)
Use of fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(378,608)</u>	<u>(378,608)</u>	<u>(1,214,938)</u>	<u>(836,330)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	(19,780)	(19,780)
Fund balance - beginning of year	<u>1,356,686</u>	<u>1,356,686</u>	<u>1,356,686</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,356,686</u>	<u>1,356,686</u>	<u>1,336,906</u>	<u>(19,780)</u>

RIVERDALE CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Redevelopment Agency Special Revenue Fund

Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,140,000	1,140,000	1,067,573	(72,427)
Rents	151,020	151,020	150,994	(26)
Interest	<u>23,200</u>	<u>23,200</u>	<u>28,627</u>	<u>5,427</u>
Total revenues	<u>1,314,220</u>	<u>1,314,220</u>	<u>1,247,194</u>	<u>(67,026)</u>
Expenditures:				
Community development	1,485,820	1,485,820	825,037	660,783
Debt service:				
Principal retirement	100,000	100,000	100,000	-
Interest and fiscal charges	<u>50,000</u>	<u>50,000</u>	<u>19,354</u>	<u>30,646</u>
Total expenditures	<u>1,635,820</u>	<u>1,635,820</u>	<u>944,391</u>	<u>691,429</u>
Excess (deficiency) of revenues and expenditures	<u>(321,600)</u>	<u>(321,600)</u>	<u>302,803</u>	<u>624,403</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Use of fund balance	<u>321,600</u>	<u>321,600</u>	<u>-</u>	<u>(321,600)</u>
Total other financing sources (uses)	<u>321,600</u>	<u>321,600</u>	<u>-</u>	<u>(321,600)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	302,803	302,803
Fund balance - beginning of year	<u>3,145,370</u>	<u>3,145,370</u>	<u>3,145,370</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,145,370</u>	<u>3,145,370</u>	<u>3,448,173</u>	<u>302,803</u>

**SUPPLEMENTAL INFORMATION**

RIVERDALE CITY

Combining Statement of Net Assets  
Internal Service Funds

June 30, 2012

	<u>Information Technology Fund</u>	<u>Motor Pool Fund</u>	<u>Total</u>
<b>Assets:</b>			
Cash	\$ 358,106	1,483,237	1,841,343
Machinery and equipment	160,812	3,033,461	3,194,273
Accumulated depreciation	<u>(67,765)</u>	<u>(2,014,668)</u>	<u>(2,082,433)</u>
Total assets	<u>451,153</u>	<u>2,502,030</u>	<u>2,953,183</u>
<b>Liabilities:</b>			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net assets:</b>			
Invested in capital assets	93,047	1,018,793	1,111,840
Unrestricted	<u>358,106</u>	<u>1,483,237</u>	<u>1,841,343</u>
Total net assets	<u>\$ 451,153</u>	<u>2,502,030</u>	<u>2,953,183</u>

RIVERDALE CITY

Combining Statement of Revenues, Expenses, and Changes in Net Assets  
Internal Service Funds

Year Ended June 30, 2012

	<u>Information Technology Fund</u>	<u>Motor Pool Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 29,772	251,856	281,628
Miscellaneous revenue	<u>22,224</u>	<u>4,008</u>	<u>26,232</u>
Total operating revenues	<u>51,996</u>	<u>255,864</u>	<u>307,860</u>
Operating expenses:			
Materials and supplies	31,872	5,442	37,314
Depreciation	16,345	332,162	348,507
Utilities	<u>7,776</u>	<u>6,099</u>	<u>13,875</u>
Total operating expenses	<u>55,993</u>	<u>343,703</u>	<u>399,696</u>
Operating income (loss)	<u>(3,997)</u>	<u>(87,839)</u>	<u>(91,836)</u>
Non-operating revenues:			
Interest revenue	2,577	9,091	11,668
Gain on sale of assets	<u>240</u>	<u>33,880</u>	<u>34,120</u>
Total non-operating revenues	<u>2,817</u>	<u>42,971</u>	<u>45,788</u>
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(1,180)	(44,868)	(46,048)
Net assets - beginning of year	<u>452,333</u>	<u>2,546,898</u>	<u>2,999,231</u>
Net assets - end of year	<u>\$ 451,153</u>	<u>2,502,030</u>	<u>2,953,183</u>

RIVERDALE CITY

Combining Statement of Cash Flows  
Internal Service Funds

Year Ended June 30, 2012

	<u>Information Technology Fund</u>	<u>Motor Pool Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 29,772	251,856	281,628
Cash received from other activities	22,224	4,008	26,232
Cash payments for goods and services	<u>(39,648)</u>	<u>(11,541)</u>	<u>(51,189)</u>
Net cash provided by operating activities	<u>12,348</u>	<u>244,323</u>	<u>256,671</u>
Cash flows from investing activities:			
Interest earned on cash deposits	<u>2,577</u>	<u>9,091</u>	<u>11,668</u>
Net cash provided by investing activities	<u>2,577</u>	<u>9,091</u>	<u>11,668</u>
Cash flows from non-capital financing activities:			
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Gain on sale of assets	240	33,880	34,120
Cash payments for property and equipment purchases	<u>(46,545)</u>	<u>(44,977)</u>	<u>(91,522)</u>
Net cash used in capital and related financing activities	<u>(46,305)</u>	<u>(11,097)</u>	<u>(57,402)</u>
Net increase (decrease) in cash and cash equivalents	(31,380)	242,317	210,937
Cash and cash equivalents - beginning of year	<u>389,486</u>	<u>1,240,920</u>	<u>1,630,406</u>
Cash and cash equivalents - end of year	<u>\$ 358,106</u>	<u>1,483,237</u>	<u>1,841,343</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (3,997)	(87,839)	(91,836)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	16,345	332,162	348,507
Change in assets and liabilities:			
Decrease in accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 12,348</u>	<u>244,323</u>	<u>256,671</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
Riverdale City

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Riverdale City as of and for the year ended June 30, 2012, which collectively comprise Riverdale City's basic financial statements and have issued our report thereon dated October 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of Riverdale City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Riverdale City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Riverdale City's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Riverdale 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*.

This report is intended solely for the information and use of management, the Mayor and City Council, others within the entity, and federal and state funding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Crane, Christensen, Palmer + Ambrose P. C.*

October 26, 2012



**INDEPENDENT AUDITORS' LEGAL COMPLIANCE REPORT**

Honorable Mayor and City Council  
Riverdale City

We have audited the general purpose financial statements of Riverdale City for the year ended June 30, 2012, and have issued our report thereon dated October 26, 2012. Riverdale City received the following non-major grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of Riverdale City's financial statements.)

- Fire and EMS Grants (Department of Health)
- Police Grants (Department of Public Safety)
- RSAC Grant (Department of Human Services)
- Drug Court Grant (Department of Human Services)

Our audit also included test work on Riverdale City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide including:

- |  |                                   |
|--|-----------------------------------|
| Public Debt                                    | Justice Court                     |
| Cash Management                                | B & C Road Funds                  |
| Purchasing Requirements                        | Other General Issues              |
| Budgetary Compliance                           | Uniform Building Code Standards   |
| Truth in Taxation and Property Tax Limitations | Utah Retirement system Compliance |
| Liquor Law Enforcement                         | Fund Balance Compliance           |

The management of Riverdale City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Our audit does not provide a legal determination on the City's compliance with these requirements.

The results of our audit procedures disclosed an instance of noncompliance with the requirements referred to above, which is outlined in the accompanying Schedule of Findings and Questioned Costs.

In our opinion, except for the instance of noncompliance mentioned above, Riverdale City complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2012.

*Crane, Christensen, Palmer & Ambrose P.C.*

October 26, 2012

RIVERDALE CITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2012

**PROGRAM: UNIFORM BUILDING CODE COMPLIANCE**

**FINDING:** One of the City's quarterly reports could not be located so we were unable to tell if it was computed correctly.

**QUESTIONED COSTS:** None

**RECOMMENDATION:** We recommend that the City retain a copy of all quarterly reports so that they can be audited.

**CITY'S REPLY:** The City usually maintains copies of these reports. The missing report is an anomaly and the City will be sure to keep copies of all reports in the future.