

RIVERDALE CITY
Financial Statements - June 30, 2013
(With Auditor's Report Thereon)

RIVERDALE CITY

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Independent Auditor's Report

To the Mayor and City Council
Riverdale City

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprises the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

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, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-12 and 33-36 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic 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. 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 combining financial statements are 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 25, 2013 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* in considering the City's internal control over financial reporting and compliance.

Christensen, Palmer & Ambrose P. C.

October 25, 2013

Riverdale City, Utah

Management's Discussion and Analysis

for fiscal year ending June 30, 2013

INTRODUCTION

The following is a discussion and analysis of Riverdale City's financial performance and activities for the fiscal year ending June 30, 2013. 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 Buffalo Wild Wings, Larry H. Miller Used Cars, and Men's Wearhouse. New residential construction numbers were lower than the previous year. Permits for single family dwelling homes were 6 for the current year and 11 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 Position

The largest component of the City's net position, 59.3 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 position comprises 18.9 percent of total net position and is subject to external restrictions on how they may be used. The remaining 21.8 percent of net position is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

Riverdale City

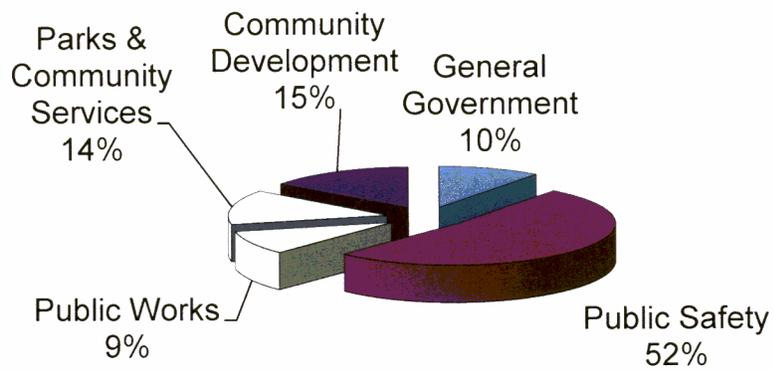
Statement of Net Position Comparative

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities
	2013	2012	2013	2012
Current and Other Assets	11,485,495	10,492,077	5,746,950	5,288,912
Capital Assets (Net)	14,157,161	14,533,115	11,604,312	11,524,665
Total Assets	25,642,656	25,025,192	17,351,262	16,813,577
Current Liabilities	168,911	800,047	58,840	56,900
Noncurrent Liabilities	1,750,955	1,847,778	1,374,716	1,429,949
Total Liabilities	1,919,866	2,647,825	1,433,556	1,486,849
Net Assets				
Invested in Capital Assets, Net of Related Debt	13,262,161	13,533,115	10,230,872	10,076,665
Restricted	7,509,871	6,577,713		
Unrestricted	2,950,758	2,266,539	5,686,834	5,250,063
Total Net Assets	23,722,790	22,377,367	15,917,706	15,326,728

Governmental Activities

The activities in the governmental funds resulted in an increase in net position of \$1,303,652 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.

Governmental Activities Net Uses



Riverdale City

Changes in Net Position Comparative

	Governmental Activities	Governmental Activities	Business- type Activities	Business- type Activities
	2013	2012	2013	2012
Program Revenues				
Charges for Services	1,313,749	1,222,793	2,676,763	2,389,136
Operating Grants & Contributions	555,245	412,824		
Capital Grants & Contributions				
General Revenues				
Property Taxes	1,675,416	1,708,507		
Sales Tax	5,864,129	5,786,576		
Unrestricted interest earned	53,145	49,637	34,301	31,592
Miscellaneous	528,505	247,725	5,032	142,256
Transfers - internal activities		-100,338		100,338
Total Revenues	9,990,189	9,327,724	2,716,096	2,663,322
Expenses				
General Government	1,640,399	1,584,868		
Public Safety	3,876,085	3,752,843		
Public Works	1,133,302	879,709		
Parks & Community Services	1,028,458	1,105,711		
Community Development	1,008,293	1,153,994		
Interest on long-term debt				
Public Utilities			2,125,118	2,094,044
Total Expenses	8,686,537	8,477,125	2,125,118	2,094,044
Increase in Net Position before Transfers	1,303,652	850,599	590,978	569,278
Transfers				
Change in Net Position	1,303,652	850,599	590,978	569,278
Net Position Beginning - restated	22,419,138	21,526,768	15,326,728	14,757,450
Net Position Ending	23,722,790	22,377,367	15,917,706	15,326,728

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 \$1,868,994 or 21.5 percent of their total expenses through charges for services and grants. Taxes and other general revenues covered the remaining 78.5 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	\$1,640,399	\$928,417	(\$711,982)	56.6%
Public Safety	\$3,876,085	\$335,638	(\$3,540,447)	8.7%
Public Works	\$1,133,302	\$498,321	(\$634,981)	44.0%
Parks & Community Services	\$1,028,458	\$106,618	(\$921,840)	10.4%
Community Development	\$1,008,293	\$0	(\$1,008,293)	0.0%
<i>Totals</i>	\$8,686,537	\$1,868,994	(\$6,817,543)	21.5%

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 subtracted \$296,307 from net capital assets in governmental and business-type activities during the fiscal year – added \$437,601 in infrastructure, and added \$324,280 in buildings, equipment and other assets. There was no increase in land. No assets were sold/disposed of. Accumulated depreciation on the assets increased by \$1,058,188.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

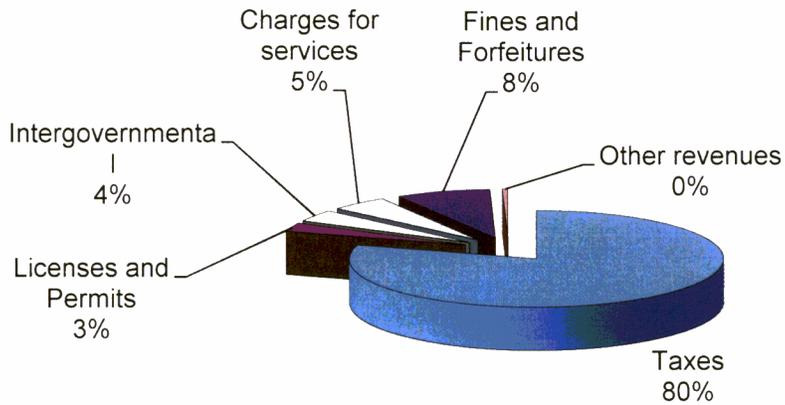
Fund Balances

At June 30, 2013, Riverdale City's governmental funds reported combined fund balances of \$9,459,644. Of this amount, \$4,509,646 or 47.7% is restricted for specific purposes and projects. \$3,000,225 or 31.7% is assigned to Capital Projects and the remaining \$1,949,773 or 20.6% is unreserved.

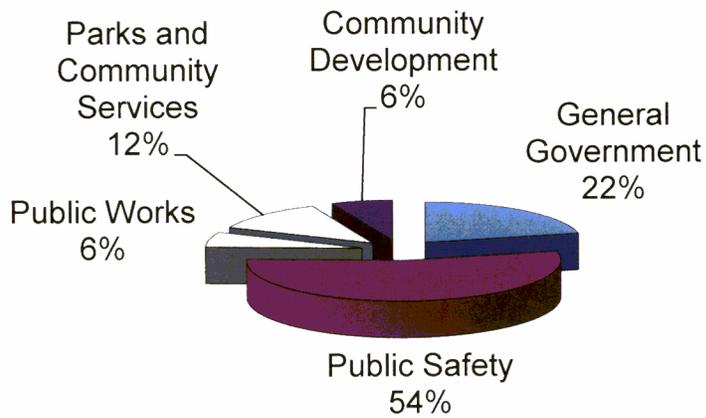
General Fund

During 2013, the fund balance in the general fund increased by \$812,915. Taxes increased \$115,033, a 1.8% increase from the previous year. Total general fund revenue was up \$146,670, a 1.8% increase. Total general fund expenditures (excluding transfers) were up \$309,636 or 4.5%.

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 \$37,000.

Actual General Fund revenues were \$386,984 or 4.9% above the original budget and \$349,984 or 4.5% above the final budget. Actual expenditures were \$693,036 or 8.8% below the original budget and \$762,613 or 9.6% 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 \$861,425.

The RDA budget was amended during this fiscal year. The budget was increased by \$13,000.

Capital Projects Fund

During the fiscal year, the fund balance in the Capital Projects Fund decreased \$219,277. Expenditures for the year included finishing the basement at the Police Dept as well as replacing the lighting in all of the City buildings to a more energy efficient lighting. The smaller pavilions at Riverdale Park were also replaced.

Enterprise Funds

The combined change in net position of the enterprise funds shows an increase of \$590,978. This is \$21,700 or 3.8% higher than the previous year.

OTHER MATTERS

Current and Future Projects

The City will be working on possible river restoration projects in the amount of \$500,000, as well as various park projects and improvements. The City's water tanks will be repainted with a budget in the amount of \$1,200,000, a new water line in the amount of \$200,000, and sewer replacement/repair projects in the amount of \$334,000 in the coming fiscal year. The City will also be working on possible storm water projects in the amount of \$306,000.

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 Position
June 30, 2013

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Assets:			
Cash and cash equivalents	\$10,252,402	5,322,979	15,575,381
Accounts receivable	96,759	279,506	376,265
Due from other governments	515,475	-	515,475
Housing loans receivable	620,859	-	620,859
Investments	-	144,465	144,465
Capital assets:			
Land and related non-depreciable assets	1,768,978	755	1,769,733
Depreciable infrastructure	3,883,091	16,126,246	20,009,337
Buildings, equipment, and other depreciable assets	16,533,476	942,105	17,475,581
Less accumulated depreciation	<u>(8,028,384)</u>	<u>(5,464,794)</u>	<u>(13,493,178)</u>
Total capital assets	<u>14,157,161</u>	<u>11,604,312</u>	<u>25,761,473</u>
Total assets	<u>25,642,656</u>	<u>17,351,262</u>	<u>42,993,918</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities:			
Accounts payable and accrued liabilities	46,321	840	47,161
Customer deposits	12,590	-	12,590
Noncurrent liabilities:			
Due within one year	110,000	58,000	168,000
Due in more than one year	<u>1,750,955</u>	<u>1,374,716</u>	<u>3,125,671</u>
Total liabilities	<u>1,919,866</u>	<u>1,433,556</u>	<u>3,353,422</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Net position:			
Net investment in capital assets	13,262,161	10,230,872	23,493,033
Restricted for:			
Class C roads	200,048	-	200,048
Special revenue activities	4,309,598	-	4,309,598
Capital projects	3,000,225	-	3,000,225
Unrestricted	<u>2,950,758</u>	<u>5,686,834</u>	<u>8,637,592</u>
Total net position	<u>\$23,722,790</u>	<u>15,917,706</u>	<u>39,640,496</u>

See independent auditor's report and notes to financial statements.

RIVERDALE CITY

Statement of Activities

Year Ended June 30, 2013

<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	\$ 1,640,399	928,417	-	-
Public safety	3,876,085	276,422	59,216	-
Public works	1,133,302	2,292	496,029	-
Parks and community services	1,028,458	106,618	-	-
Community development	<u>1,008,293</u>	-	-	-
Total governmental activities	<u>8,686,537</u>	<u>1,313,749</u>	<u>555,245</u>	-
Business-type:				
Public utilities	<u>2,125,118</u>	<u>2,676,763</u>	-	-
Total business-type activities	<u>2,125,118</u>	<u>2,676,763</u>	-	-
Total primary government	<u>10,811,655</u>	<u>3,990,512</u>	<u>555,245</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 position

Net position - beginning of year - restated

Net position - end of year

See independent auditor's report and notes to financial statements.

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

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
(711,982)	-	(711,982)
(3,540,447)	-	(3,540,447)
(634,981)	-	(634,981)
(921,840)	-	(921,840)
<u>(1,008,293)</u>	<u>-</u>	<u>(1,008,293)</u>
<u>(6,817,543)</u>	<u>-</u>	<u>(6,817,543)</u>
<u>-</u>	<u>551,645</u>	<u>551,645</u>
<u>-</u>	<u>551,645</u>	<u>551,645</u>
<u>(6,817,543)</u>	<u>551,645</u>	<u>(6,265,898)</u>
1,675,416	-	1,675,416
<u>5,864,129</u>	<u>-</u>	<u>5,864,129</u>
<u>7,539,545</u>	<u>-</u>	<u>7,539,545</u>
53,145	34,301	87,446
528,505	5,032	533,537
<u>-</u>	<u>-</u>	<u>-</u>
<u>581,650</u>	<u>39,333</u>	<u>620,983</u>
<u>8,121,195</u>	<u>39,333</u>	<u>8,160,528</u>
1,303,652	590,978	1,894,630
<u>22,419,138</u>	<u>15,326,728</u>	<u>37,745,866</u>
<u>\$23,722,790</u>	<u>15,917,706</u>	<u>39,640,496</u>

RIVERDALE CITY

Balance Sheet
Governmental Funds

June 30, 2013

<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)	\$ 1,607,245	3,672,036	3,000,225	8,279,506
Restricted cash	-	5,956	-	5,956
Accounts receivable (note 3)	82,778	13,981	-	96,759
Due from other governments	509,119	6,356	-	515,475
Housing loans receivable	<u>-</u>	<u>620,859</u>	<u>-</u>	<u>620,859</u>
	<u>\$ 2,199,142</u>	<u>4,319,188</u>	<u>3,000,225</u>	<u>9,518,555</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 20,058	-	-	20,058
Accrued liabilities	26,263	-	-	26,263
Deposits	<u>3,000</u>	<u>9,590</u>	<u>-</u>	<u>12,590</u>
Total liabilities	<u>49,321</u>	<u>9,590</u>	<u>-</u>	<u>58,911</u>
Fund balances:				
Restricted for: (note 1)				
Class C roads	200,048	-	-	200,048
Redevelopment Agency	-	4,309,598	-	4,309,598
Assigned to:				
Capital projects	-	-	3,000,225	3,000,225
Unassigned	<u>1,949,773</u>	<u>-</u>	<u>-</u>	<u>1,949,773</u>
Total fund balances	<u>2,149,821</u>	<u>4,309,598</u>	<u>3,000,225</u>	<u>9,459,644</u>
	<u>\$ 2,199,142</u>	<u>4,319,188</u>	<u>3,000,225</u>	<u>9,518,555</u>

See independent auditor's report and notes to financial statements.

RIVERDALE CITY

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

June 30, 2013

Total fund balance - governmental funds		\$ 9,459,644
Amount reported for governmental activities in the statement of net position 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	3,883,091	
Buildings, equipment, and other depreciable assets	13,319,400	
Accumulated depreciation	<u>(5,720,483)</u>	
Total capital assets		13,250,986
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 position. (Net of capital assets included above.)		
		2,873,115
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	(895,000)	
Compensated absences	<u>(965,955)</u>	
Total long-term debt		<u>(1,860,955)</u>
Total net position - governmental activities		<u>\$23,722,790</u>

See independent auditor's report and notes to financial statements.

RIVERDALE CITY

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

Year Ended June 30, 2013

	General Fund	Redevelopment Agency Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 6,542,543	997,002	-	7,539,545
Licenses and permits	232,418	-	-	232,418
Intergovernmental	320,305	-	234,940	555,245
Charges for services	411,348	-	-	411,348
Fines and forfeitures	669,983	-	-	669,983
Interest	5,799	28,990	18,356	53,145
Other revenues	31,396	497,109	-	528,505
Total revenues	<u>8,213,792</u>	<u>1,523,101</u>	<u>253,296</u>	<u>9,990,189</u>
Expenditures:				
Current:				
General government	1,553,157	-	-	1,553,157
Public safety	3,881,775	-	-	3,881,775
Public works	426,312	-	-	426,312
Parks and community services	868,739	-	-	868,739
Community development	451,617	661,676	-	1,113,293
Capital outlay	-	-	601,888	601,888
Total expenditures	<u>7,181,600</u>	<u>661,676</u>	<u>601,888</u>	<u>8,445,164</u>
Excess (deficiency) of revenues over expenditures	<u>1,032,192</u>	<u>861,425</u>	<u>(348,592)</u>	<u>1,545,025</u>
Other financing sources (uses):				
Operating transfers in	-	-	219,277	219,277
Operating transfers out	(219,277)	-	-	(219,277)
Total other financing sources (uses)	<u>(219,277)</u>	<u>-</u>	<u>219,277</u>	<u>-</u>
Net changes in fund balances	812,915	861,425	(129,315)	1,545,025
Fund balances - beginning of year	<u>1,336,906</u>	<u>3,448,173</u>	<u>3,129,540</u>	<u>7,914,619</u>
Fund balances - end of year	<u>\$ 2,149,821</u>	<u>4,309,598</u>	<u>3,000,225</u>	<u>9,459,644</u>

See independent auditor's 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, 2013

Net change in fund balance - total governmental funds			\$ 1,545,025
Amount reported for governmental activities in the statement of activities are different because:			
Government funds report capital outlays as expenditures (\$350,227). However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$603,355). Depreciation exceeded capital outlays for the period.			(253,128)
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.			(80,068)
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	\$	105,000	
Increase in compensated absences		<u>(13,177)</u>	
Total changes in long-term debt			<u>91,823</u>
Changes in net position of governmental activities			<u>\$ 1,303,652</u>

See independent auditor's report and notes to financial statements.

RIVERDALE CITY

Statement of Net Position
Proprietary Funds

June 30, 2013

	<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>	
Assets:						
Current assets:						
Cash	\$ 2,082,603	1,888,160	1,171,791	180,425	5,322,979	1,966,940
Accounts receivable	279,506	-	-	-	279,506	-
Total current assets	<u>2,362,109</u>	<u>1,888,160</u>	<u>1,171,791</u>	<u>180,425</u>	<u>5,602,485</u>	<u>1,966,940</u>
Noncurrent assets:						
Investments	144,465	-	-	-	144,465	-
Land	755	-	-	-	755	-
Buildings	797,776	-	20,220	-	817,996	-
Infrastructure	7,053,646	6,345,837	2,726,763	-	16,126,246	-
Machinery and equipment	111,505	6,094	6,510	-	124,109	3,214,076
Accumulated depreciation	(3,104,269)	(2,074,803)	(285,722)	-	(5,464,794)	(2,307,901)
Total noncurrent assets	<u>5,003,878</u>	<u>4,277,128</u>	<u>2,467,771</u>	<u>-</u>	<u>11,748,777</u>	<u>906,175</u>
Total assets	<u>7,365,987</u>	<u>6,165,288</u>	<u>3,639,562</u>	<u>180,425</u>	<u>17,351,262</u>	<u>2,873,115</u>
Liabilities:						
Current liabilities:						
Accounts payable	840	-	-	-	840	-
Bonds payable and current	-	58,000	-	-	58,000	-
Total current liabilities	<u>840</u>	<u>58,000</u>	<u>-</u>	<u>-</u>	<u>58,840</u>	<u>-</u>
Noncurrent liabilities:						
Compensated absences	41,116	18,160	-	-	59,276	-
Bonds payable	-	1,315,440	-	-	1,315,440	-
Total noncurrent liabilities	<u>41,116</u>	<u>1,333,600</u>	<u>-</u>	<u>-</u>	<u>1,374,716</u>	<u>-</u>
Total liabilities	<u>41,956</u>	<u>1,391,600</u>	<u>-</u>	<u>-</u>	<u>1,433,556</u>	<u>-</u>
Net position:						
Net investment in capital assets	4,859,413	2,903,688	2,467,771	-	10,230,872	906,175
Unrestricted	2,464,618	1,870,000	1,171,791	180,425	5,686,834	1,966,940
Total net position	<u>\$ 7,324,031</u>	<u>4,773,688</u>	<u>3,639,562</u>	<u>180,425</u>	<u>15,917,706</u>	<u>2,873,115</u>

See independent auditor's report and notes to financial statements.

RIVERDALE CITY

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

Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Garbage Fund		
Operating revenues:						
Charges for services	\$ 983,728	1,126,040	225,111	340,928	2,675,807	278,880
Impact fees	-	956	-	-	956	-
Miscellaneous	3,432	1,600	-	-	5,032	50,700
Total operating revenues	<u>987,160</u>	<u>1,128,596</u>	<u>225,111</u>	<u>340,928</u>	<u>2,681,795</u>	<u>329,580</u>
Operating expenses:						
Personnel services	306,578	87,084	-	-	393,662	-
Contractual services	214,198	647,901	11,660	308,758	1,182,517	-
Materials and supplies	74,327	2,311	5,257	6,640	88,535	107,892
Depreciation	156,017	122,914	51,407	-	330,338	331,036
Utilities	97,151	1,640	-	-	98,791	10,781
Bad debts	3,099	-	-	-	3,099	-
Total operating expenses	<u>851,370</u>	<u>861,850</u>	<u>68,324</u>	<u>315,398</u>	<u>2,096,942</u>	<u>449,709</u>
Operating income	<u>135,790</u>	<u>266,746</u>	<u>156,787</u>	<u>25,530</u>	<u>584,853</u>	<u>(120,129)</u>
Non-operating revenues (expenses):						
Interest revenue	13,030	12,324	7,751	1,196	34,301	11,617
Interest expense	-	(28,176)	-	-	(28,176)	-
Gain on sale of assets	-	-	-	-	-	28,444
Total non-operating revenues (expenses)	<u>13,030</u>	<u>(15,852)</u>	<u>7,751</u>	<u>1,196</u>	<u>6,125</u>	<u>40,061</u>
Income before contributions and transfers	<u>148,820</u>	<u>250,894</u>	<u>164,538</u>	<u>26,726</u>	<u>590,978</u>	<u>(80,068)</u>
Operating transfers in	-	-	-	-	-	-
Contributed capital - developers	-	-	-	-	-	-
Total contributions and transfers	-	-	-	-	-	-
Change in net position	148,820	250,894	164,538	26,726	590,978	(80,068)
Net position - beginning 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>
Net position - end of year	<u>\$ 7,324,031</u>	<u>4,773,688</u>	<u>3,639,562</u>	<u>180,425</u>	<u>15,917,706</u>	<u>2,873,115</u>

See independent auditor's report and notes to financial statements.

RIVERDALE CITY

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2013

	<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	\$ 966,157	1,126,996	225,111	340,928	2,660,192	278,880
Cash received from other activities	3,432	349,681	-	-	353,113	50,700
Cash payments for payroll and benefits	(294,315)	(78,020)	-	-	(372,335)	-
Cash payments for goods and services	<u>(388,835)</u>	<u>(651,852)</u>	<u>(16,917)</u>	<u>(315,398)</u>	<u>(1,373,002)</u>	<u>(118,673)</u>
Net cash provided by operating activities	<u>286,439</u>	<u>746,805</u>	<u>208,194</u>	<u>25,530</u>	<u>1,267,968</u>	<u>210,907</u>
Cash flows from investing activities:						
Interest earned on cash deposits	<u>13,030</u>	<u>12,324</u>	<u>7,751</u>	<u>1,196</u>	<u>34,301</u>	<u>11,617</u>
Net cash provided by investing activities	<u>13,030</u>	<u>12,324</u>	<u>7,751</u>	<u>1,196</u>	<u>34,301</u>	<u>11,617</u>
Cash flows from noncapital financing activities:						
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Interest on debt	-	(28,176)	-	-	(28,176)	-
Principal paid on debt	-	(74,560)	-	-	(74,560)	-
Cash payments for property and equipment purchases	(32,182)	(194,452)	(183,351)	-	(410,985)	(125,371)
Gain on sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,444</u>
Net cash used for capital and related financing activities	<u>(32,182)</u>	<u>(297,188)</u>	<u>(183,351)</u>	<u>-</u>	<u>(513,721)</u>	<u>(96,927)</u>
Net increase in cash and cash equivalents	267,287	461,941	32,594	26,726	788,548	125,597
Cash and cash equivalents - beginning 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>
Cash and cash equivalents - end of year	<u>\$ 2,082,603</u>	<u>1,888,160</u>	<u>1,171,791</u>	<u>180,425</u>	<u>5,322,979</u>	<u>1,966,940</u>

See independent auditor's report and notes to financial statements.

RIVERDALE CITY

Statement of Cash Flows - Continued
Proprietary Funds

Year Ended June 30, 2013

	<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>	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income	\$ 135,790	266,746	156,787	25,530	584,853	(120,129)
Adjustments to reconcile operating income to net cash provided by by operating activities:						
Depreciation	156,017	122,914	51,407	-	330,338	331,036
(Increase) decrease in cash with fiscal agent	-	348,081	-	-	348,081	-
Increase in accounts receivable	(16,571)	-	-	-	(16,571)	-
Decrease in accounts payable and accrued liabilities	(60)	-	-	-	(60)	-
Increase in compensated absences	<u>12,263</u>	<u>9,064</u>	<u>-</u>	<u>-</u>	<u>21,327</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 287,439</u>	<u>746,805</u>	<u>208,194</u>	<u>25,530</u>	<u>1,267,968</u>	<u>210,907</u>
Noncash capital financing activities:						
Contributions by developers	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See independent auditor's report and notes to financial statements.

RIVERDALE CITY

Notes to Financial Statements

June 30, 2013

(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 Position presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is 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, 2013

(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 all applicable FASB pronouncements.

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 22nd for the following fiscal year which begins on July 1.

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2013

(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 \$69,577.

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, 2013

(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 25, 2013, 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, 2013 were \$361,557, of which \$111,557 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, 2013:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	<u>\$15,487,608</u>	74 days*	not rated

*Weighted-average maturity

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2013

(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, 2013 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	-	-	<u>1,768,978</u>
Capital assets being depreciated:				
Building and improvements	9,047,784	208,326	-	9,256,110
Other improvements	2,794,425	55,820	-	2,850,245
Equipment	4,375,584	189,171	(137,634)	4,427,121
Infrastructure	<u>3,828,745</u>	<u>54,346</u>	-	<u>3,883,091</u>
Total	<u>20,046,538</u>	<u>507,663</u>	<u>(137,634)</u>	<u>20,416,567</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,764,044)	(228,982)	-	(2,993,026)
Other improvements	(782,975)	(134,542)	-	(917,517)
Equipment	(2,895,580)	(413,569)	(188,408)	(3,120,741)
Infrastructure	<u>(839,802)</u>	<u>(157,298)</u>	-	<u>(997,100)</u>
Total	<u>(7,282,401)</u>	<u>(934,391)</u>	<u>(188,408)</u>	<u>(8,028,384)</u>
Capital assets being depreciated, net	<u>12,764,137</u>	<u>(426,728)</u>	<u>50,774</u>	<u>12,388,183</u>
Governmental activity capital assets, net	<u>\$14,533,115</u>	<u>(426,728)</u>	<u>50,774</u>	<u>14,157,161</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 755	-	-	<u>755</u>
Capital assets being depreciated:				
Buildings	797,776	20,220	-	817,996
Infrastructure	15,742,991	383,255	-	16,126,246
Equipment	<u>135,732</u>	<u>6,510</u>	<u>18,133</u>	<u>124,109</u>
Total	<u>16,676,499</u>	<u>409,985</u>	<u>18,133</u>	<u>17,068,351</u>

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2013

(4) Capital Assets - Continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings	\$ (358,691)	(13,296)	-	(371,987)
Infrastructure	(4,699,949)	(314,752)	-	(5,014,701)
Equipment	(93,949)	(2,290)	(18,133)	(78,106)
Total	<u>(5,152,589)</u>	<u>(330,338)</u>	<u>(18,133)</u>	<u>(5,464,794)</u>
Capital assets being depreciated, net	<u>11,523,910</u>	<u>79,647</u>	<u>-</u>	<u>11,603,557</u>
Business-type activities capital assets, net	<u>\$11,524,665</u>	<u>79,647</u>	<u>-</u>	<u>11,604,312</u>

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

General Government	\$ 152,763
Public Safety	68,432
Public Works	177,693
Parks and Community Services	204,467
Depreciation on capital assets of the City's internal service funds is charged to the various functions based on their usage of assets	<u>331,036</u>
Total	<u>\$ 934,391</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>\$ 1,000,000</u>	<u>-</u>	<u>105,000</u>	<u>895,000</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:			
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	105,000	12,827	117,827
2019-2021	<u>350,000</u>	<u>18,840</u>	<u>368,840</u>
	<u>\$ 895,000</u>	<u>115,647</u>	<u>1,010,647</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, 2013 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>\$ 1,448,000</u>	<u>-</u>	<u>74,560</u>	<u>1,373,440</u>

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2013

(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>
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	67,000	34,440	101,440
2019-2023	367,000	140,820	507,820
2024-2028	426,000	82,290	508,290
2029-2031	269,440	17,460	286,900
	<u>\$ 1,373,440</u>	<u>431,370</u>	<u>1,804,810</u>

Changes in Long-Term Debt:

During the year ended June 30, 2013 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	\$1,000,000	-	105,000	895,000	110,000
Compensated absences	952,778	13,177	-	965,955	-
Total	<u>\$ 1,952,778</u>	<u>13,177</u>	<u>105,000</u>	<u>1,860,955</u>	<u>110,000</u>
Business-type activities:					
Bonds payable	\$ 1,448,000	-	74,560	1,373,440	58,000
Compensated absences	37,949	21,327	-	59,276	-
Total	<u>\$ 1,485,949</u>	<u>21,327</u>	<u>74,560</u>	<u>1,432,716</u>	<u>58,000</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 2013.

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

It is the government's policy to permit employees to accumulate earned but unused vacation and sick 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 position.

(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, 2013

(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 12.74% of covered salary, in the Non-contributory Retirement System the City is required to contribute 16.04% of its annual covered salary. In fiscal year 2013, the City contributed 33.65% to the Public Safety Non-contributory System and 13.76% 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, 2013, 2012 and 2011 were as follows:

A. Local Governmental System - Contributory

	<u>2013</u>	<u>2012</u>	<u>2011</u>	
\$	6,256	6,321	7,800	Employer paid for employee contributions.
	13,251	10,283	12,169	Employer contributions.
	112,541	105,354	130,006	Salary subject to contributions.

B. Local Governmental System - Non-contributory

	<u>2013</u>	<u>2012</u>	<u>2011</u>	
\$	251,417	202,592	203,974	Employer contributions.
	1,603,600	1,496,557	1,525,607	Salary subject to retirement contributions.

C. Utah Public Retirement System - Public Safety

	<u>2013</u>	<u>2012</u>	<u>2011</u>	
\$	340,031	279,795	277,476	Employer paid contributions.
	1,108,901	1,066,223	962,792	Salary subject to retirement contributions.

D. Firefighters System

	<u>2013</u>	<u>2012</u>	<u>2011</u>	
\$	78,391	71,088	46,495	Employer contributions.
	442,636	457,155	277,250	Salary subject to contributions.

E. 401(K) Plan

	<u>2013</u>	<u>2012</u>	<u>2011</u>	
\$	37,737	35,935	35,935	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, 2013

(10) Inter-fund Transfers

Transfer from general fund	\$ (219,277)
Transfer to capital projects	219,277

(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 1st of March and the 1st 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 22nd 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 22nd and the City is to certify the tax rate to the County Auditor before June 22nd.

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.

Property Tax Calendar

<u>Duties to be Completed</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 st 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
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

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2013

(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 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 \$360,062 for the Riverdale road area, \$368,987 for the 550 West area and \$267,955 for the 1050 West area. There were no tax increments paid to any other taxing agency. The RDA has outstanding bonds of \$895,000 associated with a senior housing project. The RDA has entered into agreements with certain developers that require continuing payments to those developers from the RDA through fiscal year 2023.

The RDA expended funds in the following areas:

Development payments	\$ 329,482
Administrative cost	209,283
Debt service	122,911

(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.

(15) Prior Period Adjustment/Accounting Change

The City implemented GASB Statement No. 63 *Financial Reporting of deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65 *Items Previously Reported as Assets and Liabilities*. The City determined that these two standards needed to be implemented at the same time since Statement 63 introduces us to the new Statement of Net Position while Statement 65 explains the new accounting and reporting treatment for specific items that used to be classified as Assets and Liabilities in the old Statement of Net Assets. With the implementation of Statement 65, an adjustment was made to reduce beginning net position by \$41,069 as a result of bond related items which used to be classified as Other Assets and amortized over the life of the bonds but are now expensed in the year the bonds are issued.

The beginning net position was also adjusted by \$82,840 to correct an overstatement in the accumulated depreciation of governmental capital assets. The net affect of these two adjustments was an increase in beginning net position of \$41,771.

REQUIRED SUPPLEMENTAL INFORMATION

RIVERDALE CITY

Notes to Required Supplementary Information

June 30, 2013

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, 2013

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current year property taxes	\$ 574,408	574,408	613,661	39,253
Delinquent prior years taxes	15,000	15,000	14,527	(473)
Fee in lieu	50,000	50,000	50,226	226
Sales tax	5,730,000	5,767,000	5,855,084	88,084
Transient room tax	9,000	9,000	9,045	45
Total taxes	<u>6,378,408</u>	<u>6,415,408</u>	<u>6,542,543</u>	<u>127,135</u>
Licenses and permits:				
Business licenses	120,000	120,000	133,387	13,387
Building permits	60,000	60,000	61,548	1,548
Building plan/development fees	30,000	30,000	27,499	(2,501)
Animal licenses	7,000	7,000	9,984	2,984
Total licenses and permits	<u>217,000</u>	<u>217,000</u>	<u>232,418</u>	<u>15,418</u>
Intergovernmental:				
Grants	28,400	28,400	40,738	12,338
Class "C" roads	245,000	245,000	259,454	14,454
Class "C" road interest	200	300	1,635	1,335
State liquor allotment	20,000	20,000	18,478	(1,522)
Total intergovernmental	<u>293,700</u>	<u>293,700</u>	<u>320,305</u>	<u>26,605</u>
Charges for services:				
Ambulance fees	180,000	180,000	266,438	86,438
Recreation and user fees	61,700	61,700	65,981	4,281
Senior programs	40,000	40,000	40,637	637
Street repairs	1,000	1,000	1,792	792
Zoning and sub fees	-	-	500	500
Interfund services	36,000	36,000	36,000	-
Total charges for services	<u>318,700</u>	<u>318,700</u>	<u>411,348</u>	<u>92,648</u>
Fines and forfeitures	<u>575,500</u>	<u>575,500</u>	<u>669,983</u>	<u>94,483</u>
Other revenues:				
Donations	1,000	1,000	-	(1,000)
Lease revenue	12,000	12,000	12,096	96
Interest earned	8,000	8,000	5,799	(2,201)
Miscellaneous	20,500	20,500	17,728	(2,772)
Sale of assets	2,000	2,000	1,572	(428)
Total other revenues	<u>43,500</u>	<u>43,500</u>	<u>37,195</u>	<u>(6,305)</u>
Total revenues	<u>7,826,808</u>	<u>7,863,808</u>	<u>8,213,792</u>	<u>349,984</u>
<u>Expenditures</u>				
General government:				
Legislative	105,509	128,509	124,503	(4,006)
Judicial	540,474	540,474	512,476	(27,998)
City administration	353,255	353,255	342,285	(10,970)
Business administration	565,092	565,092	549,893	(15,199)
Non-departmental	24,000	24,000	24,000	-
Total general government	<u>1,588,330</u>	<u>1,611,330</u>	<u>1,553,157</u>	<u>(58,173)</u>

RIVERDALE CITY

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

Year Ended June 30, 2013

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Public safety:				
Police department	\$ 2,613,533	2,660,110	2,593,191	(66,919)
Fire department	<u>1,324,180</u>	<u>1,324,180</u>	<u>1,288,584</u>	<u>(35,596)</u>
Total public safety	<u>3,937,713</u>	<u>3,984,290</u>	<u>3,881,775</u>	<u>(102,515)</u>
Streets and public works	<u>931,356</u>	<u>931,356</u>	<u>426,312</u>	<u>(505,044)</u>
Parks and community services:				
Parks department	367,959	367,959	322,955	(45,004)
Community services	<u>579,444</u>	<u>579,444</u>	<u>545,784</u>	<u>(33,660)</u>
Total parks and community services	<u>947,403</u>	<u>947,403</u>	<u>868,739</u>	<u>(78,664)</u>
Community development	<u>469,834</u>	<u>469,834</u>	<u>451,617</u>	<u>(18,217)</u>
Total expenditures	<u>7,874,636</u>	<u>7,944,213</u>	<u>7,181,600</u>	<u>(762,613)</u>
Excess (deficiency) of revenues over expenditures	<u>(47,828)</u>	<u>(80,405)</u>	<u>1,032,192</u>	<u>1,112,597</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	(149,595)	(149,595)	(219,279)	69,682
Use of fund balance	<u>197,423</u>	<u>230,000</u>	-	<u>230,000</u>
Total other financing sources (uses)	<u>47,828</u>	<u>80,405</u>	<u>(219,277)</u>	<u>299,682</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	812,915	812,915
Fund balance - beginning of year	<u>1,336,906</u>	<u>1,336,906</u>	<u>1,336,906</u>	-
Fund balance - end of year	<u>\$ 1,356,906</u>	<u>1,336,906</u>	<u>2,149,821</u>	<u>812,915</u>

RIVERDALE CITY

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

Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,100,000	1,100,000	997,002	(102,998)
Rents	153,420	153,420	155,101	1,681
Sundry	-	-	342,008	342,008
Interest	<u>28,200</u>	<u>28,200</u>	<u>28,990</u>	<u>790</u>
Total revenues	<u>1,281,620</u>	<u>1,281,620</u>	<u>1,523,101</u>	<u>241,481</u>
Expenditures:				
Community development	1,547,620	1,560,620	538,765	(1,021,855)
Debt service:				
Principal retirement	105,000	105,000	105,000	-
Interest and fiscal charges	<u>45,000</u>	<u>45,000</u>	<u>17,911</u>	<u>(27,089)</u>
Total expenditures	<u>1,697,620</u>	<u>1,710,620</u>	<u>661,676</u>	<u>(1,048,944)</u>
Excess (deficiency) of revenues and expenditures	<u>(416,000)</u>	<u>(429,000)</u>	<u>861,425</u>	<u>1,290,425</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Use of fund balance	<u>416,000</u>	<u>429,000</u>	<u>-</u>	<u>(429,000)</u>
Total other financing sources (uses)	<u>416,000</u>	<u>429,000</u>	<u>-</u>	<u>(429,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	861,425	861,425
Fund balance - beginning of year	<u>3,448,173</u>	<u>3,448,173</u>	<u>3,448,173</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,448,173</u>	<u>3,448,173</u>	<u>4,309,598</u>	<u>861,425</u>

SUPPLEMENTAL INFORMATION

RIVERDALE CITY

Combining Statement of Net Position
Internal Service Funds

June 30, 2013

	<u>Information Technology Fund</u>	<u>Motor Pool Fund</u>	<u>Total</u>
Assets:			
Cash	\$ 310,843	1,656,097	1,966,940
Machinery and equipment	129,628	3,084,448	3,214,076
Accumulated depreciation	<u>(36,947)</u>	<u>(2,270,954)</u>	<u>(2,307,901)</u>
Total assets	<u>403,524</u>	<u>2,469,591</u>	<u>2,873,115</u>
Liabilities:			
Accounts payable	_____ -	_____ -	_____ -
Total liabilities	_____ -	_____ -	_____ -
Net position:			
Net investment in capital assets	92,681	813,494	906,175
Unrestricted	<u>310,843</u>	<u>1,656,097</u>	<u>1,966,940</u>
Total net position	<u>\$ 403,524</u>	<u>2,469,591</u>	<u>2,873,115</u>

RIVERDALE CITY

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

Year Ended June 30, 2013

	<u>Information Technology Fund</u>	<u>Motor Pool Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 28,104	250,776	278,880
Miscellaneous revenue	<u>46,692</u>	<u>4,008</u>	<u>50,700</u>
Total operating revenues	<u>74,796</u>	<u>254,784</u>	<u>329,580</u>
Operating expenses:			
Materials and supplies	98,528	9,364	107,892
Depreciation	21,666	309,370	331,036
Utilities	<u>4,318</u>	<u>6,463</u>	<u>10,781</u>
Total operating expenses	<u>124,512</u>	<u>325,197</u>	<u>449,709</u>
Operating income (loss)	<u>(49,716)</u>	<u>(70,413)</u>	<u>(120,129)</u>
Non-operating revenues:			
Interest revenue	2,087	9,530	11,617
Gain on sale of assets	<u>-</u>	<u>28,444</u>	<u>28,444</u>
Total non-operating revenues	<u>2,087</u>	<u>37,974</u>	<u>40,061</u>
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(47,629)	(32,439)	(80,068)
Net position - beginning of year	<u>451,153</u>	<u>2,502,030</u>	<u>2,953,183</u>
Net position - end of year	<u>\$ 403,524</u>	<u>2,469,591</u>	<u>2,873,115</u>

RIVERDALE CITY

Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2013

	<u>Information Technology Fund</u>	<u>Motor Pool Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 28,104	250,776	278,880
Cash received from other activities	46,692	4,008	50,700
Cash payments for goods and services	<u>(102,846)</u>	<u>(15,827)</u>	<u>(118,673)</u>
Net cash provided (used) by operating activities	<u>(28,050)</u>	<u>238,957</u>	<u>210,907</u>
Cash flows from investing activities:			
Interest earned on cash deposits	<u>2,087</u>	<u>9,530</u>	<u>11,617</u>
Net cash provided by investing activities	<u>2,087</u>	<u>9,530</u>	<u>11,617</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	-	28,444	28,444
Cash payments for property and equipment purchases	<u>(21,300)</u>	<u>(104,071)</u>	<u>(125,371)</u>
Net cash used in capital and related financing activities	<u>(21,300)</u>	<u>(75,627)</u>	<u>(96,927)</u>
Net increase (decrease) in cash and cash equivalents	(47,263)	172,860	125,597
Cash and cash equivalents - beginning of year	<u>358,106</u>	<u>1,483,237</u>	<u>1,841,343</u>
Cash and cash equivalents - end of year	<u>\$ 310,843</u>	<u>1,656,097</u>	<u>1,966,940</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (49,716)	(70,413)	(120,129)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	21,666	309,370	331,036
Change in assets and liabilities:			
Decrease in accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ (28,050)</u>	<u>238,957</u>	<u>210,907</u>



Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*

To the Mayor and City Council
Riverdale City

We have audited, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise Riverdale City's basic financial statements, and have issued our report thereon dated October 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Riverdale City's internal control over financial reporting 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 Riverdale City's internal control. Accordingly, we do not express an opinion on the effectiveness of the Riverdale 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 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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.

Christensen, Palmer & Ambrose P.C.

October 7, 2013



Independent Auditor's Report on Compliance and on
Internal Controls Over Compliance in Accordance With the
State of Utah Legal Compliance Audit Guide

To the Mayor and City Council
Riverdale City

REPORT ON COMPLIANCE

We have audited Riverdale City's compliance with the general program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

The general compliance requirements applicable to Riverdale City are identified as follows:

- Cash Management
- Budgetary Compliance
- Fund Balance
- Justice Courts
- Impact Fees
- Utah Retirement Systems Compliance
- Transfers from Utility Enterprise Funds
- Government Records Access Management Act
- Open and Public Meetings Act

Riverdale City did not receive any major assistance programs from the State of Utah during the year ended June 30, 2013.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit.

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 of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, Riverdale City complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's

internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 the City's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of 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.

Christensen, Palmer + Ambrose P.C.

October 25, 2013