

RIVERDALE CITY  
Financial Statements - June 30, 2016  
(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, 2016, 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 the audit evidence we have obtained 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, 2016, 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 required supplementary information on pages 3-12 and 36-42 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 28, 2016 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 28, 2016

# Riverdale City, Utah

## Management's Discussion and Analysis

*For fiscal year ending June 30, 2016*

### INTRODUCTION

The following is a discussion and analysis of Riverdale City's financial performance and activities for the fiscal year ending June 30, 2016. 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

At Home, Bravo Arts Academy, Advanced Auto Parts and Reeve & Associates Engineering Firm all joined the City during this fiscal year. New residential construction numbers were higher than the previous year. Permits for single family dwelling homes were eight for the current year and three 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, 67.0 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 16.1 percent of total net position and is subject to external restrictions on how they may be used. The remaining 16.9 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

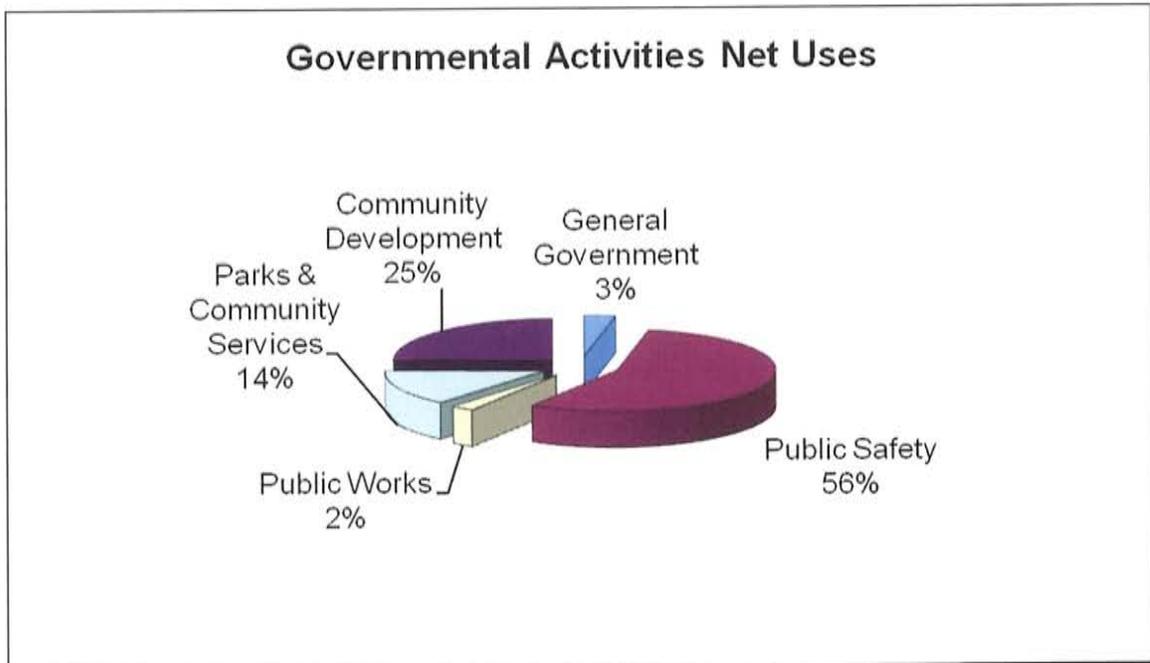
#### Statement of Net Position

#### Comparative

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 11,534,496	\$ 9,944,301	\$ 5,955,080	\$ 5,407,425	\$ 17,489,576	\$ 15,351,726
Capital Assets (Net)	17,906,676	17,453,441	12,586,939	12,661,877	30,493,615	30,115,318
<b>Total Assets</b>	<b>29,441,172</b>	<b>27,397,742</b>	<b>18,542,019</b>	<b>18,069,302</b>	<b>47,983,191</b>	<b>45,467,044</b>
<b>Deferred Outflows</b>	<b>1,245,163</b>	<b>375,353</b>	<b>98,577</b>	<b>26,524</b>	<b>1,343,740</b>	<b>401,877</b>
Current Liabilities	656,709	157,651	274,934	64,005	931,643	221,656
Noncurrent Liabilities	3,613,958	3,157,780	1,407,209	1,411,201	5,021,167	4,568,981
<b>Total Liabilities</b>	<b>4,270,667</b>	<b>3,315,431</b>	<b>1,682,143</b>	<b>1,475,206</b>	<b>5,952,810</b>	<b>4,790,637</b>
<b>Deferred Inflows</b>	<b>422,175</b>	<b>400,471</b>	<b>30,097</b>	<b>28,299</b>	<b>452,272</b>	<b>428,770</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	17,351,676	16,778,441	11,393,499	11,406,437	28,745,175	28,184,878
Restricted	6,925,657	5,878,396	-	-	6,925,657	5,878,396
Unrestricted	1,716,160	1,400,356	5,534,857	5,185,884	7,251,017	6,586,240
<b>Total Net Position</b>	<b>\$ 25,993,493</b>	<b>\$ 24,057,193</b>	<b>\$ 16,928,356</b>	<b>\$ 16,592,321</b>	<b>\$ 42,921,849</b>	<b>\$ 40,649,514</b>

### Governmental Activities

The activities in the governmental funds resulted in an increase in net position of \$1,380,900 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 Position  
Comparative

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Program Revenues:</b>						
Charges for Services	\$ 1,150,988	\$ 1,090,675	\$ 2,589,236	\$ 2,546,311	\$ 3,740,224	\$ 3,636,986
Operating Grants & Contributions	532,565	306,721	-	-	532,565	306,721
Capital Grants & Contributions	-	-	-	-	-	-
<b>General Revenues:</b>						
Property Taxes	1,652,162	1,677,187	-	-	1,652,162	1,677,187
Sales Tax	6,060,162	5,930,940	-	-	6,060,162	5,930,940
Unrestricted interest earned	54,037	42,802	38,188	26,652	92,225	69,454
Miscellaneous	254,907	206,852	-	-	254,907	206,852
Transfers - internal activities	-	-	-	-	-	-
<b>Total Revenues</b>	<b>9,704,821</b>	<b>9,255,177</b>	<b>2,627,424</b>	<b>2,572,963</b>	<b>12,332,245</b>	<b>11,828,140</b>
<b>Expenses:</b>						
General Government	979,423	1,619,314	-	-	979,423	1,619,314
Public Safety	4,015,611	3,966,304	-	-	4,015,611	3,966,304
Public Works	650,271	570,213	-	-	650,271	570,213
Parks & Community Services	1,047,114	1,151,400	-	-	1,047,114	1,151,400
Community Development	1,631,502	863,734	-	-	1,631,502	863,734
Interest on long-term debt	-	-	-	-	-	-
Public Utilities	-	-	2,291,389	2,241,961	2,291,389	2,241,961
<b>Total Expenses</b>	<b>8,323,921</b>	<b>8,170,965</b>	<b>2,291,389</b>	<b>2,241,961</b>	<b>10,615,310</b>	<b>10,412,926</b>
Increase in Net Position before Transfers	1,380,900	1,084,212	336,035	331,002	1,716,935	1,415,214
Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Position	1,380,900	1,084,212	336,035	331,002	1,716,935	1,415,214
Net Position Beginning - restated	24,612,593	22,972,981	16,592,321	16,261,319	41,204,914	39,234,300
<b>Net Position Ending</b>	<b>\$ 25,993,493</b>	<b>\$ 24,057,193</b>	<b>\$ 16,928,356</b>	<b>\$ 16,592,321</b>	<b>\$ 42,921,849</b>	<b>\$ 40,649,514</b>

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 \$1,683,553 or 20.2 percent of their total expenses through charges for services and grants. Taxes and other general revenues covered the remaining 79.8 percent of expenses.

Activities	Total Program Expenses	Less Program Revenues	Net Program Costs	Program Revenues as a Percentage of Total Expense
General Government	\$ 979,423	\$ 766,260	\$ (213,163)	78.2%
Public Safety	4,015,611	315,496	(3,700,115)	7.9%
Public Works	650,271	495,451	(154,820)	76.2%
Parks & Community Services	1,047,114	106,346	(940,768)	10.2%
Community Development	1,631,502	-	(1,631,502)	0.0%
Totals	<u>\$ 8,323,921</u>	<u>\$ 1,683,553</u>	<u>\$ (6,640,368)</u>	<u>20.2%</u>

### **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 \$1,133,155 in net capital assets in governmental and business-type activities during the fiscal year – subtracted \$329,546 in infrastructure, and added \$1,126,978 in buildings, equipment and other assets. There was an increase of \$738,803 in land. Accumulated depreciation on the assets increased by \$1,154,938.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

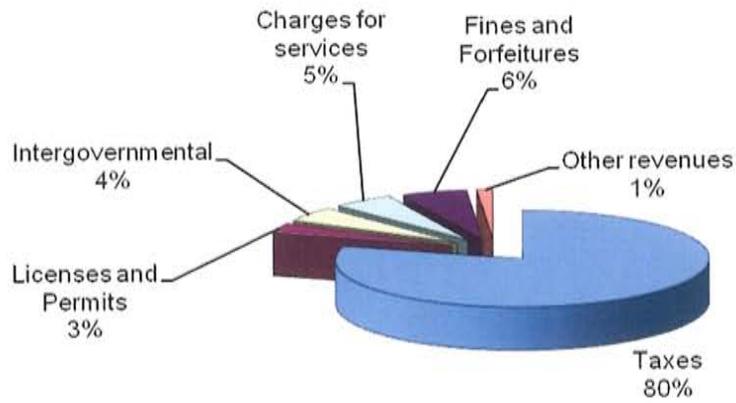
### **Fund Balances**

At June 30, 2016, Riverdale City's governmental funds reported combined fund balances of \$9,015,572. Of this amount, \$4,141,752 or 45.9% is restricted for specific purposes and projects. \$2,783,545 or 30.9% is assigned to Capital Projects and the remaining \$2,090,275 or 23.2% is unreserved.

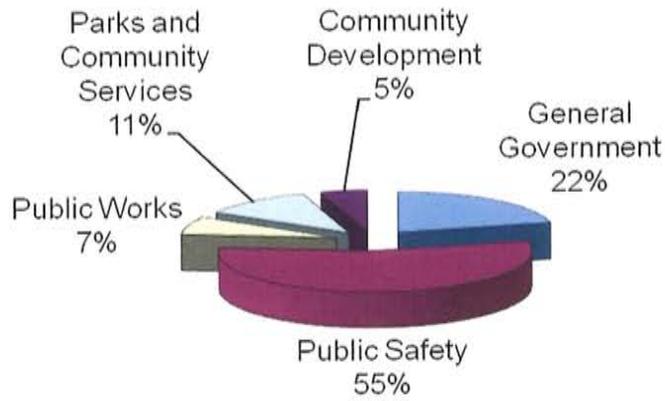
### **General Fund**

During 2016, the fund balance in the general fund increased by \$232,104. Taxes increased \$123,277, a 1.9% increase from the previous year. Total general fund revenue was up \$351,742, a 4.4% increase from the previous year. Total general fund expenditures (excluding transfers) were down \$196,518 or 2.5%.

### 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 made no budget amendments to the General Fund this year.

Actual General Fund revenues were \$439,312 or 5.5% above the budget. Actual expenditures were \$512,207 or 6.3% below the 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 decreased \$220,236.

The RDA budget was amended during this fiscal year. The budget was increased by \$80,000.

### **Capital Projects Fund**

During the fiscal year, the fund balance in the Capital Projects Fund increased \$1,125,308.

### **Enterprise Funds**

The combined change in net position of the enterprise funds shows an increase of \$336,035. This is \$5,033 higher than the previous year.

## OTHER MATTERS

### **Current and Future Projects**

The City is working on a pedestrian bridge on 4400 South to connect the City with surrounding communities. This project is estimated to cost an addition \$1,705,000 and is being funded by the Weber Area Council of Governments. The City may add a generator for the Civic Center in the amount of \$80,000. The City's water department has budgeted \$1,040,000 in various projects, and sewer replacement/repair projects in the amount of \$384,000 in the coming fiscal year. The City will also be working on possible storm water projects in the amount of \$336,500.

## 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:

Cody Cardon  
Business Administrator  
4600 S. Weber River Dr.  
Riverdale, UT 84405

RIVERDALE CITY  
Statement of Net Position  
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 9,326,761	5,586,897	14,913,658
Accounts receivable	400,155	222,103	622,258
Due from other governments	1,140,403	-	1,140,403
Housing loans receivable	630,617	-	630,617
Investments	-	144,465	144,465
Pension asset	36,560	1,615	38,175
Capital assets:			
Land and related non-depreciable assets	5,478,112	755	5,478,867
Depreciable infrastructure	4,565,606	17,319,296	21,884,902
Buildings, equipment, and other depreciable assets	17,746,428	1,742,228	19,488,656
Less accumulated depreciation	<u>(9,883,470)</u>	<u>(6,475,340)</u>	<u>(16,358,810)</u>
Total capital assets	<u>17,906,676</u>	<u>12,586,939</u>	<u>30,493,615</u>
Total assets	<u>29,441,172</u>	<u>18,542,019</u>	<u>47,983,191</u>
Deferred Outflows of Resources - pension related	<u>1,245,163</u>	<u>98,577</u>	<u>1,343,740</u>
Liabilities:			
Accounts payable and accrued liabilities	455,372	212,934	668,306
Customer deposits	101,337	-	101,337
Noncurrent liabilities:			
Due within one year	100,000	62,000	162,000
Due in more than one year	<u>3,613,958</u>	<u>1,407,209</u>	<u>5,021,167</u>
Total liabilities	<u>4,270,667</u>	<u>1,682,143</u>	<u>5,952,810</u>
Deferred Inflows of Resources - pension related	<u>422,175</u>	<u>30,097</u>	<u>452,272</u>
Net position:			
Net investment in capital assets	17,351,676	11,393,499	28,745,175
Restricted for:			
Class C roads	192,828	-	192,828
County Option Hwy	103,660	-	103,660
Special revenue activities	3,845,624	-	3,845,624
Capital projects	2,783,545	-	2,783,545
Unrestricted	<u>1,716,160</u>	<u>5,534,857</u>	<u>7,251,017</u>
Total net position	<u>\$25,993,493</u>	<u>16,928,356</u>	<u>42,921,849</u>

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

RIVERDALE CITY  
Statement of Activities  
Year Ended June 30, 2016

<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	\$ 979,423	766,260	-	-
Public safety	4,015,611	274,136	41,360	-
Public works	650,271	4,246	491,205	-
Parks and community services	1,047,114	106,346	-	-
Community development	<u>1,631,502</u>	-	-	-
Total governmental activities	<u>8,323,921</u>	<u>1,150,988</u>	<u>532,565</u>	<u>-</u>
Business-type:				
Public utilities	<u>2,291,389</u>	<u>2,589,236</u>	-	-
Total business-type activities	<u>2,291,389</u>	<u>2,589,236</u>	-	-
Total primary government	<u>10,615,310</u>	<u>3,740,224</u>	<u>532,565</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 position

Net position - beginning of year  
Prior period adjustment  
Net position - beginning of year - restated  
  
Net position - end of year

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
(213,163)	-	(213,163)
(3,700,115)	-	(3,700,115)
(154,820)	-	(154,820)
(940,768)	-	(940,768)
<u>(1,631,502)</u>	<u>-</u>	<u>(1,631,502)</u>
<u>(6,640,368)</u>	<u>-</u>	<u>(6,640,368)</u>
<u>-</u>	<u>297,847</u>	<u>297,847</u>
<u>-</u>	<u>297,847</u>	<u>297,847</u>
<u>(6,640,368)</u>	<u>297,847</u>	<u>(6,342,521)</u>
1,652,162	-	1,625,162
<u>6,060,162</u>	<u>-</u>	<u>6,060,162</u>
<u>7,712,324</u>	<u>-</u>	<u>7,712,324</u>
54,037	38,188	92,225
254,907	-	254,907
<u>-</u>	<u>-</u>	<u>-</u>
<u>308,944</u>	<u>38,188</u>	<u>347,132</u>
<u>8,021,268</u>	<u>38,188</u>	<u>8,059,456</u>
<u>1,380,900</u>	<u>336,035</u>	<u>1,716,935</u>
24,057,193	16,592,321	40,649,514
555,400	-	555,400
<u>24,612,593</u>	<u>16,592,321</u>	<u>41,204,914</u>
<u>\$25,993,493</u>	<u>16,928,356</u>	<u>42,921,849</u>

RIVERDALE CITY

Balance Sheet  
Governmental Funds

June 30, 2016

<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)	\$ 1,389,159	3,228,351	2,780,444	7,397,954
Restricted cash	-	4,031	-	4,031
Accounts receivable (note 3)	134,331	129	262,687	397,147
Due from other governments	1,134,286	6,117	-	1,140,403
Housing loans receivable	-	<u>630,617</u>	-	<u>630,617</u>
	<u>\$ 2,657,776</u>	<u>3,869,245</u>	<u>3,043,131</u>	<u>9,570,152</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 120,502	15,426	259,586	395,514
Accrued liabilities	57,729	-	-	57,729
Deposits	<u>92,782</u>	<u>8,555</u>	-	<u>101,337</u>
Total liabilities	<u>271,013</u>	<u>23,981</u>	<u>259,586</u>	<u>554,580</u>
Fund balances:				
Restricted for: (note 1)				
Class C roads	192,828	-	-	192,828
County Option Hwy	103,660	-	-	103,660
Redevelopment Agency	-	3,845,264	-	3,845,264
Assigned to:				
Capital projects	-	-	2,783,545	2,783,545
Unassigned	<u>2,090,275</u>	<u>-</u>	<u>-</u>	<u>2,090,275</u>
Total fund balances	<u>2,386,763</u>	<u>3,845,264</u>	<u>2,783,545</u>	<u>9,015,572</u>
	<u>\$ 2,657,776</u>	<u>3,869,245</u>	<u>3,043,131</u>	<u>9,570,152</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, 2016

Total fund balance - governmental funds		\$ 9,015,572
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	\$ 5,478,112	
Depreciable infrastructure	4,565,606	
Buildings, equipment, and other depreciable assets	14,100,528	
Accumulated depreciation	<u>(7,637,709)</u>	
Total capital assets		16,506,537
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.)		3,325,794
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	(555,000)	
Compensated absences	(874,248)	
Net pension liability	<u>(2,284,710)</u>	
Total long-term debt		(3,713,958)
The net pension asset is not an available resource and, therefore, is not reported in the funds		36,560
Deferred inflows for pension credits (\$422,175) and deferred outflows for pension charges (\$1,245,163) reflected in the fund statements but are reported as part of the entity-wide statement of activities		<u>822,988</u>
Total net position - governmental activities		<u>\$25,993,493</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, 2016

	General Fund	Redevelopment Agency Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 6,708,888	1,003,436	-	7,712,324
Licenses and permits	268,796	-	-	268,796
Intergovernmental	408,959	-	123,606	532,565
Charges for services	411,468	-	-	411,468
Fines and forfeitures	470,724	-	-	470,724
Interest	12,931	29,394	11,712	54,037
Other revenues	<u>99,335</u>	<u>155,572</u>	-	<u>254,907</u>
Total revenues	<u>8,381,101</u>	<u>1,188,402</u>	<u>135,318</u>	<u>9,704,821</u>
Expenditures:				
Current:				
General government	1,632,765	-	-	1,632,765
Public safety	4,174,073	-	-	4,174,073
Public works	529,453	-	-	529,453
Parks and community services	865,899	-	-	865,899
Community development	358,659	1,408,638	-	1,767,297
Capital outlay	-	-	<u>153,558</u>	<u>153,558</u>
Total expenditures	<u>7,560,849</u>	<u>1,408,638</u>	<u>153,558</u>	<u>9,123,045</u>
Excess (deficiency) of revenues over expenditures	<u>820,252</u>	<u>(220,236)</u>	<u>(18,240)</u>	<u>(581,776)</u>
Other financing sources (uses):				
Operating transfers in	-	-	1,143,548	1,143,548
Operating transfers out	<u>(1,143,548)</u>	-	-	<u>(1,143,548)</u>
Total other financing sources (uses)	<u>(1,143,548)</u>	-	<u>1,143,548</u>	-
Net changes in fund balances	<u>(323,296)</u>	<u>(220,236)</u>	<u>1,125,308</u>	<u>581,776</u>
Fund balances - beginning of year	2,154,659	4,065,500	1,658,237	7,878,396
Prior period adjustment	<u>555,400</u>	-	-	<u>555,400</u>
Fund balances - beginning of year- restated	<u>2,710,059</u>	<u>4,056,500</u>	<u>1,658,237</u>	<u>8,433,796</u>
Fund balances - end of year	<u>\$ 2,386,763</u>	<u>3,845,264</u>	<u>2,783,545</u>	<u>9,015,572</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, 2016

Net change in fund balance - total governmental funds		\$ 581,776
Amount reported for governmental activities in the statement of activities are different because:		
Government funds report capital outlays as expenditures (\$967,058). However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$670,243). Capital outlays exceeded depreciation for the period.		269,815
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.		179,998
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	\$ 120,000	
Decrease in compensated absences	<u>54,375</u>	
Total changes in long-term debt		174,375
GASB Statement 68 entries resulted in a net reduction of pension expenses at the entity-wide level		<u>174,936</u>
Changes in net position of governmental activities		<u>\$ 1,380,900</u>

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

RIVERDALE CITY

Statement of Net Position  
Proprietary Funds

June 30, 2016

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Storm Water Fund	Garbage Fund	Total Enterprise Funds	Activities - Internal Service Funds
<b>Assets:</b>						
Current assets:						
Cash	\$ 1,732,024	2,250,223	1,330,815	273,835	5,586,897	1,924,776
Accounts receivable	53,592	108,828	23,000	36,683	222,103	3,008
Total current assets	<u>1,785,616</u>	<u>2,359,051</u>	<u>1,353,815</u>	<u>310,518</u>	<u>5,809,000</u>	<u>1,927,784</u>
Noncurrent assets:						
Pension asset	1,376	145	94	-	1,615	-
Investments	144,465	-	-	-	144,465	-
Land	755	-	-	-	755	-
Buildings	797,776	-	43,663	-	841,439	-
Infrastructure	7,416,515	6,731,969	3,170,812	-	17,319,296	-
Machinery and equipment	888,185	6,094	6,510	-	900,789	3,645,900
Accumulated depreciation	(3,593,935)	(2,421,300)	(460,105)	-	(6,475,340)	(2,245,761)
Total noncurrent assets	<u>5,655,137</u>	<u>4,316,908</u>	<u>2,760,974</u>	<u>-</u>	<u>12,733,017</u>	<u>1,400,139</u>
Total assets	<u>7,400,753</u>	<u>6,675,959</u>	<u>4,114,789</u>	<u>310,518</u>	<u>18,542,019</u>	<u>3,327,923</u>
Deferred outflows of resources:						
Deferred pension charge	64,734	20,604	13,239	-	98,577	-
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable	15,738	2,287	169,791	25,118	212,934	2,129
Bonds payable and current	-	62,000	-	-	62,000	-
Total current liabilities	<u>15,738</u>	<u>64,287</u>	<u>169,791</u>	<u>25,118</u>	<u>274,935</u>	<u>2,129</u>
Noncurrent liabilities:						
Compensated absences	56,981	26,370	23,418	-	106,769	-
Bonds payable	-	1,131,440	-	-	1,131,440	-
Net pension liability	113,908	33,537	21,555	-	169,000	-
Total noncurrent liabilities	<u>170,889</u>	<u>1,191,347</u>	<u>44,973</u>	<u>-</u>	<u>1,682,209</u>	<u>-</u>
Total liabilities	<u>186,627</u>	<u>1,255,634</u>	<u>214,764</u>	<u>25,118</u>	<u>1,475,206</u>	<u>-</u>
Deferred inflows of resources:						
Deferred pension credit	20,584	5,791	3,722	-	30,097	-
<b>Net position:</b>						
Net investment in capital assets	5,509,296	3,123,323	2,760,880	-	11,393,499	1,243,719
Unrestricted	1,788,980	2,311,815	1,148,662	285,400	5,534,857	1,902,077
Total net position	<u>\$ 7,298,276</u>	<u>5,435,138</u>	<u>3,909,542</u>	<u>285,400</u>	<u>16,928,356</u>	<u>3,325,794</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, 2016

	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	\$ 873,848	1,138,315	226,615	344,749	2,583,527	415,692
Miscellaneous	5,709	-	-	-	5,709	3,008
Total operating revenues	<u>879,557</u>	<u>1,138,315</u>	<u>226,615</u>	<u>344,749</u>	<u>2,589,236</u>	<u>418,700</u>
Operating expenses:						
Personnel services	315,949	107,818	62,962	-	486,729	-
Contractual services	236,847	685,736	16,697	303,731	1,243,011	-
Materials and supplies	54,230	7,345	7,266	7,106	75,947	52,730
Depreciation	199,894	127,797	61,326	-	389,017	275,776
Utilities	70,355	468	-	-	70,823	10,312
Bad debts	485	-	-	-	485	-
Total operating expenses	<u>877,760</u>	<u>929,164</u>	<u>148,251</u>	<u>310,837</u>	<u>2,266,012</u>	<u>338,818</u>
Operating income (loss)	<u>(1,797)</u>	<u>209,151</u>	<u>78,364</u>	<u>33,912</u>	<u>323,224</u>	<u>79,882</u>
Non-operating revenues (expenses):						
Interest revenue	11,274	16,093	8,743	2,078	38,188	13,513
Interest expense	-	(25,377)	-	-	(25,377)	-
Gain on sale of assets	-	-	-	-	-	86,603
Total non-operating revenues (expenses)	<u>11,274</u>	<u>(9,284)</u>	<u>8,743</u>	<u>2,078</u>	<u>12,811</u>	<u>100,116</u>
Income before contributions and transfers	<u>13,071</u>	<u>199,867</u>	<u>87,107</u>	<u>35,990</u>	<u>336,035</u>	<u>179,998</u>
Operating transfers in	-	-	-	-	-	-
Contributed capital - developers	-	-	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>13,071</u>	<u>199,867</u>	<u>87,107</u>	<u>35,990</u>	<u>336,035</u>	<u>179,998</u>
Net position - beginning of year	7,285,205	5,235,271	3,822,435	249,410	16,592,321	3,145,796
Net position - end of year	<u>\$ 7,298,276</u>	<u>5,435,138</u>	<u>3,909,542</u>	<u>285,400</u>	<u>16,928,356</u>	<u>3,325,794</u>

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

RIVERDALE CITY  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Garbage Fund	Total Enterprise Funds	
Cash flows from operating activities:						
Cash received from customers	\$ 1,040,562	1,029,487	203,615	308,066	2,581,730	412,684
Cash received from other activities	5,709	-	145,828	-	151,537	3,008
Cash payments for payroll and benefits	(310,695)	(105,215)	(62,216)	-	(478,126)	-
Cash payments for goods and services	(350,184)	(691,262)	-	(285,719)	(1,327,165)	(60,913)
Net cash provided by operating activities	<u>385,392</u>	<u>233,010</u>	<u>287,227</u>	<u>22,347</u>	<u>927,976</u>	<u>354,799</u>
Cash flows from investing activities:						
Interest earned on cash deposits	<u>11,274</u>	<u>16,093</u>	<u>8,743</u>	<u>2,078</u>	<u>38,188</u>	<u>13,513</u>
Net cash provided by investing activities	<u>11,274</u>	<u>16,093</u>	<u>8,743</u>	<u>2,078</u>	<u>38,188</u>	<u>13,513</u>
Cash flows from noncapital financing activities:						
Operating transfers in	-	-	-	-	-	-
Net cash provided by noncapital financing activities	-	-	-	-	-	-
Cash flows from capital and related financing activities:						
Interest on debt	-	(25,377)	-	-	(25,377)	-
Principal paid on debt	-	(62,000)	-	-	(62,000)	-
Cash payments for property and equipment purchases	(139,718)	-	(174,277)	-	(313,995)	(490,321)
Property and equipment disposals	-	-	-	-	-	58,125
Gain on sale of assets	-	-	-	-	-	15,450
Pension related items	(7,914)	(2,642)	1,783	-	(12,339)	-
Net cash used for capital and related financing activities	<u>(147,632)</u>	<u>(90,019)</u>	<u>(176,060)</u>	<u>-</u>	<u>(413,711)</u>	<u>(345,593)</u>
Net increase (decrease) in cash and cash equivalents	249,034	159,084	119,910	24,425	532,453	22,699
Cash and cash equivalents - beginning of year	<u>1,485,990</u>	<u>2,091,139</u>	<u>1,210,905</u>	<u>249,410</u>	<u>5,034,444</u>	<u>1,902,077</u>
Cash and cash equivalents - end of year	<u>\$ 1,732,024</u>	<u>2,250,223</u>	<u>1,330,815</u>	<u>273,835</u>	<u>5,086,897</u>	<u>1,924,776</u>

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

RIVERDALE CITY

Statement of Cash Flows - Continued  
Proprietary Funds

Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Garbage Fund		
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 1,797	209,151	78,364	33,912	323,224	79,882
Adjustments to reconcile operating income to net cash provided by by operating activities:						
Depreciation	199,894	127,797	61,326	-	389,017	275,776
(Increase) decrease in accounts receivable	166,714	(108,828)	(23,000)	(36,683)	(1,797)	(3,008)
Increase (decrease) in accounts payable and accrued liabilities	11,733	2,287	169,971	25,118	208,929	2,129
Increase (decrease) in compensated absences	<u>5,254</u>	<u>2,603</u>	<u>746</u>	<u>-</u>	<u>8,603</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 385,392</u>	<u>233,010</u>	<u>287,227</u>	<u>22,347</u>	<u>927,976</u>	<u>354,779</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, 2016

### (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, 2016

(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 22<sup>nd</sup> for the following fiscal year which begins on July 1.

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2016

(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, two supplemental amendments were made to the City's budgets. The General Fund budget was increased by \$46,708, Capital projects budget was increased by \$1,493,000 and the RDA budget was increased by \$80,000.

**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 it 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, 2016

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

#### **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. Pensions**

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

#### **I. Deferred outflows/inflows of resources**

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

#### **J. 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.

#### **K. Subsequent Events**

Management has evaluated subsequent events through October 28, 2016, 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, 2016 were \$575,324, of which \$325,324 was uninsured and uncollateralized.

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2016

(2) Deposits and Investments - continued

**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, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	<u>\$14,579,693</u>	53 days*	not rated

\*Weighted-average maturity

**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 \$39,848 and accounts receivable in the enterprise fund are shown net of an allowance for doubtful accounts of \$16,751.

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2016

(4) Capital Assets

Capital asset activity for the year ended June 30, 2016 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	\$ 4,739,309	738,803	-	5,478,112
Capital assets being depreciated:				
Building and improvements	9,755,647	23,163	-	9,778,810
Other improvements	2,882,931	-	-	2,882,931
Equipment	4,783,767	544,263	(243,343)	5,084,687
Infrastructure	4,409,252	156,354	-	4,565,606
Total	<u>21,831,597</u>	<u>723,780</u>	<u>(243,343)</u>	<u>22,312,034</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,465,134)	(251,476)	-	(3,716,610)
Other improvements	(1,191,968)	(138,368)	-	(3,716,610)
Equipment	(3,137,799)	(363,812)	(180,107)	(3,321,504)
Infrastructure	(1,322,564)	(192,456)	-	(1,515,020)
Total	<u>(9,117,465)</u>	<u>(946,112)</u>	<u>(180,107)</u>	<u>(9,883,470)</u>
Capital assets being depreciated, net	<u>12,714,132</u>	<u>222,332</u>	<u>(63,236)</u>	<u>12,714,132</u>
Governmental activity capital assets, net	<u>\$17,453,441</u>	<u>516,471</u>	<u>(63,236)</u>	<u>17,906,676</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 755	-	-	755
Capital assets being depreciated:				
Buildings	836,273	5,166	-	841,439
Infrastructure	17,805,196	301,141	787,041	17,319,296
Equipment and improvements	106,060	794,729	-	900,789
Total	<u>18,747,529</u>	<u>1,101,036</u>	<u>787,041</u>	<u>19,061,524</u>
Less accumulated depreciation for:				
Buildings	(399,753)	(14,066)	-	(413,819)
Infrastructure	(5,605,393)	(332,468)	(32,183)	(5,605,393)
Equipment	(81,261)	(74,582)	-	(155,843)
Total	<u>(6,086,407)</u>	<u>(421,116)</u>	<u>(32,183)</u>	<u>(6,475,340)</u>
Capital assets being depreciated, net	<u>12,661,122</u>	<u>679,920</u>	<u>-</u>	<u>12,586,184</u>
Business-type activities capital assets, net	<u>\$12,661,877</u>	<u>679,920</u>	<u>-</u>	<u>12,586,939</u>

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

General Government	\$ 162,639
Public Safety	87,906
Public Works	215,435
Parks and Community Services	204,356
Depreciation on capital assets of the City's internal service funds is charged to the various functions based on their usage of assets	<u>275,776</u>
Total	<u>\$ 946,112</u>

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2016

(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>675,000</u>	<u>-</u>	<u>120,000</u>	<u>555,000</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:			
2017	\$ 100,000	15,871	115,871
2018	105,000	12,827	117,827
2019	110,000	9,668	119,668
2020	115,000	6,343	121,343
2021	125,000	2,800	127,800
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 555,000</u>	<u>47,509</u>	<u>602,509</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, 2016 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>1,255,440</u>	<u>-</u>	<u>62,000</u>	<u>1,193,440</u>

Annual debt service requirements on the bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
Year ending June 30:			
2017	\$ 62,000	36,360	98,360
2018	64,000	34,440	98,440
2019	69,000	32,430	99,430
2020	69,000	30,360	99,360
2021	70,000	28,210	98,210
2022-2026	378,000	117,100	495,400
2027-2031	439,000	14,490	453,490
2032-2036	44,440	1,350	45,790
	<u>\$ 1,193,440</u>	<u>294,740</u>	<u>1,488,180</u>

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2016

(5) Long-Term Debt - Continued

**Changes in Long-Term Debt:**

During the year ended June 30, 2016 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	\$ 675,000	-	120,000	555,000	100,000
Compensated absences	928,623	-	54,375	874,248	-
Net pension liability	<u>1,664,157</u>	<u>620,553</u>	<u>-</u>	<u>2,284,710</u>	<u>-</u>
Total	<u>\$ 3,267,780</u>	<u>620,553</u>	<u>174,375</u>	<u>3,713,958</u>	<u>100,000</u>
Business-type activities:					
Bonds payable	\$ 1,255,440	-	62,000	1,193,440	62,000
Compensated absences	98,166	8,603	-	106,769	-
Net pension liability	<u>117,595</u>	<u>51,405</u>	<u>-</u>	<u>169,000</u>	<u>-</u>
Total	<u>\$ 1,471,201</u>	<u>160,008</u>	<u>62,000</u>	<u>1,469,109</u>	<u>62,000</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 2016.

(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

***General Information about the Pension Plan***

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

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System); Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employees, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employees, retirement systems.

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

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2016

(8) Retirement Plans - Continued

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1053, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

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

Summary of Benefits by System

<u>System</u>	<u>Final Average Salary</u>	<u>Years of Service Required and/or Age Eligible for Benefit</u>	<u>Benefit Percent Per Year Service</u>	<u>COLA**</u>
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% 4% depending on the employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%

<u>System</u>	<u>Final Average Salary</u>	<u>Years of Service Required and/or Age Eligible for Benefit</u>	<u>Benefit Percent Per Year Service</u>	<u>COLA</u>
Tier 2 Public Employees Systems	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2016

(8) Retirement Plans - Continued

\*With actuarial reductions.

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

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

Utah Retirement Systems

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>
Contributory System			
11 - Local Governmental Division Tier 1	N/A	6.000%	14.460%
111 - Local Governmental Division Tier 2	N/A	N/A	16.670%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System			
75 - Other Division A Noncontributory Tier 1	N/A	N/A	35.710%
122 - Other Division A Contributory Tier 2	N/A	N/A	23.660%
Firefighters System			
31 - Division A Tier 1	N/A	15.050%	3.990%
132 - Division B Tier 2	N/A	N/A	10.750%

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

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 300,490	N/A
Contributory System	6,860	-
Public Safety System	381,657	-
Firefighters System	22,099	-
Tier 2 Public Employees System	13,225	-
Tier 2 Public Safety and Firefighter	5,481	-
Tier 2 DC Only System	6,011	N/A
Tier 2 Public Safety and Firefighter System	239	N/A
Total Contributions	<u>\$ 736,060</u>	<u>-</u>

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

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

At June 30, 2016, we reported a net pension asset of \$38,175 and a net pension liability of \$2,453,712.

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.1888669%	\$ -	1,068,701
Contributory System	0.1099487%	-	77,278
Public Safety System	0.7300668%	-	1,307,733
Firefighters System	2.0532168%	37,188	-
Tier 2 Public Employees System	0.0047096%	10	-
Tier 2 Public Safety and Firefighter System	0.0668458%	977	-
Total Net Pension Asset/Liability		<u>\$ 38,175</u>	<u>2,453,712</u>

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2016

(8) Retirement Plans - Continued

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

For the year ended June 30, 2015, we recognized pension expense of \$575,813. At June 30, 2015, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 170	220,401
Changes in assumptions	-	209,661
Net difference between projected and actual earnings on pension plan investments	972,661	-
Changes in proportion and differences between contributions and proportionate share of contributions	7,884	22,210
Contributions subsequent to the measurement date	<u>363,025</u>	<u>-</u>
Total	<u>\$ 1,343,740</u>	<u>452,272</u>

\$363,027 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2016	\$ 101,495
2017	105,561
2018	141,857
2019	212,268
2020	(15,944)
Thereafter	(16,796)

Actuarial assumptions: The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2016

(8) Retirement Plans - Continued

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

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

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

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

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

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

	1% Decrease <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Noncontributory System	\$ 2,258,059	1,068,701	75,825
Contributory System	136,094	77,278	27,899
Public Safety System	2,769,227	1,307,733	117,807
Firefighters System	506,196	(37,188)	(478,527)
Tier 2 Public Employee System	1,885	(10)	(1,447)
Tier 2 Public Safety and <u>Firefighters</u>	1,660	(977)	(3,007)
Total	<u>\$ 5,673,121</u>	<u>2,415,537</u>	<u>(261,444)</u>

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

(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 2016, 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, 2016

(10) Inter-fund Transfers

Transfer from general fund	\$ (1,143,548)
Transfer to capital <u>projects</u>	<u>1,143,548</u>
Net transfers	<u><u>\$ -</u></u>

(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.

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 <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
County to set proposed tax rates	59-2-909	6/22

RIVERDALE CITY

Notes to Financial Statements - Continued

June 30, 2016

(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>
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 \$396,283 for the Riverdale road area, \$329,563 for the 550 West area and \$277,590 for the 1050 West area. There were no tax increments paid to any other taxing agency. The RDA has outstanding bonds of \$555,000 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	\$ 350,433
Administrative cost	223,153
Debt service	131,334
Land Acquisition	703,718

(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

The City changed its policy for accruing earned revenues. This implementation required an adjustment to the beginning net position of the governmental activities of \$555,400 and the beginning fund balance of the general fund of \$555,400.

**REQUIRED SUPPLEMENTAL INFORMATION**

RIVERDALE CITY

Notes to Required Supplementary Information

June 30, 2016

**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.

**Pension Plan**

As explained in Note 8 to the Financial Statements, the City implemented GASB statement 68 during the prior year which requires the City to provide a 10-year history for certain pension related amounts. The schedule of Proportionate Share of the Net Pension Liability shows the City's share of various assets and liabilities related to the net pension liability. The Schedule of Contributions shows the City's contractually required contributions, actual amounts contributed and contributions as a percentage of covered payroll. Both schedules show information only for the current and prior year since this is the second year of this required information.

**Defined Contribution Savings Plan**

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

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
401(k) Plan			
Employer Contributions	\$ 22,998	22,146	34,625
Employee Contributions	52,338	19,226	52,405
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	29	1,615	845
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	1,200	1,200	1,200

## RIVERDALE CITY

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

Year Ended June 30, 2016

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current year property taxes	\$ 591,538	591,538	594,505	2,967
Delinquent prior years taxes	10,000	10,000	6,782	(3,218)
Fee in lieu	48,000	48,000	47,439	(561)
Sales tax	5,890,000	5,890,000	6,047,479	157,479
Transient room tax	10,000	10,000	12,683	2,683
Total taxes	<u>6,549,538</u>	<u>6,549,538</u>	<u>6,708,888</u>	<u>159,350</u>
Licenses and permits:				
Business licenses	132,000	132,000	137,722	5,722
Building permits	30,000	30,000	69,835	39,835
Building plan/development fees	15,000	15,000	51,979	36,979
Animal licenses	10,000	10,000	9,260	(740)
Total licenses and permits	<u>187,000</u>	<u>187,000</u>	<u>268,796</u>	<u>81,796</u>
Intergovernmental:				
Grants	26,000	26,000	21,778	(4,222)
Other local governments	-	-	103,657	103,657
Class "C" roads	260,001	260,001	262,882	2,881
Class "C" road interest	1,000	1,000	1,060	60
State liquor allotment	18,000	18,000	19,582	1,582
Total intergovernmental	<u>305,001</u>	<u>305,001</u>	<u>408,959</u>	<u>103,958</u>
Charges for services:				
Ambulance fees	180,000	210,000	264,876	54,876
Recreation and user fees	58,250	58,250	58,286	36
Senior programs	49,000	49,000	48,060	(940)
Street repairs	1,000	1,000	3,546	2,546
Zoning and sub fees	-	-	700	700
Interfund services	36,000	36,000	36,000	-
Total charges for services	<u>324,250</u>	<u>354,250</u>	<u>441,468</u>	<u>57,218</u>
Fines and forfeitures	<u>505,500</u>	<u>505,500</u>	<u>470,724</u>	<u>(34,776)</u>
Other revenues:				
Donations	500	500	2,550	2,050
Lease revenue	12,000	12,000	12,836	836
Interest earned	6,000	6,000	12,931	6,931
Miscellaneous	20,000	20,000	82,053	62,053
Sale of assets	2,000	2,000	1,896	(104)
Total other revenues	<u>40,500</u>	<u>40,500</u>	<u>112,266</u>	<u>71,766</u>
Total revenues	<u>7,911,789</u>	<u>7,941,789</u>	<u>8,381,101</u>	<u>439,312</u>
<u>Expenditures</u>				
General government:				
Legislative	119,030	119,030	105,395	(13,635)
Judicial	553,719	553,719	513,238	(40,481)
City administration	338,761	338,761	322,805	(15,956)
Business administration	632,510	632,510	622,327	(10,183)
Non-departmental	69,000	69,000	69,000	-
Total general government	<u>1,713,020</u>	<u>1,713,020</u>	<u>1,632,765</u>	<u>(80,255)</u>

## RIVERDALE CITY

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

Year Ended June 30, 2015

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Public safety:				
Police department	\$ 2,797,649	3,844,357	2,760,446	(83,911)
Fire department	<u>1,433,694</u>	<u>1,433,694</u>	<u>1,413,627</u>	<u>(20,067)</u>
Total public safety	<u>4,231,343</u>	<u>4,278,051</u>	<u>4,174,073</u>	<u>(103,978)</u>
Streets and public works	<u>775,076</u>	<u>775,076</u>	<u>529,453</u>	<u>(245,623)</u>
Parks and community services:				
Parks department	398,864	398,864	350,315	(48,549)
Community services	<u>543,499</u>	<u>543,499</u>	<u>515,584</u>	<u>(27,915)</u>
Total parks and community services	<u>942,363</u>	<u>942,363</u>	<u>865,899</u>	<u>(76,464)</u>
Community development	<u>364,546</u>	<u>364,546</u>	<u>358,659</u>	<u>(5,887)</u>
Total expenditures	<u>8,026,348</u>	<u>8,073,056</u>	<u>7,560,849</u>	<u>(512,207)</u>
Excess (deficiency) of revenues over expenditures	<u>(114,559)</u>	<u>(131,267)</u>	<u>820,252</u>	<u>(951,519)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	(256,800)	(1,156,800)	(1,143,548)	(13,252)
Increase in reserves	154,733	154,733	-	(51,733)
Use of fund balance	<u>183,000</u>	<u>1,083,000</u>	<u>-</u>	<u>1,083,000</u>
Total other financing sources (uses)	<u>(73,800)</u>	<u>(125,533)</u>	<u>(1,143,548)</u>	<u>1,018,015</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(188,359)	(256,800)	(323,296)	(66,496)
Fund balance - beginning of year	<u>2,154,659</u>	<u>2,154,659</u>	<u>2,154,659</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,966,300</u>	<u>1,897,859</u>	<u>1,831,363</u>	<u>(66,496)</u>

RIVERDALE CITY

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

Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,090,000	1,090,000	1,003,436	(86,564)
Rents	171,800	171,800	155,012	(16,778)
Sundry	-	-	550	550
Interest	26,000	26,000	29,394	3,394
Total revenues	<u>1,287,800</u>	<u>1,287,800</u>	<u>1,188,402</u>	<u>(99,398)</u>
Expenditures:				
Community development	1,731,712	2,261,712	1,277,304	(984,408)
Debt service:				
Principal retirement	120,000	120,000	-	-
Interest and fiscal charges	30,000	30,000	11,334	(18,666)
Total expenditures	<u>1,881,712</u>	<u>2,411,712</u>	<u>1,408,638</u>	<u>(1,003,074)</u>
Excess (deficiency) of revenues and expenditures	<u>(593,912)</u>	<u>(1,123,912)</u>	<u>(220,236)</u>	<u>903,676</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Use of fund balance	593,912	1,123,912	-	(1,123,912)
Total other financing sources (uses)	<u>593,912</u>	<u>1,123,912</u>	<u>-</u>	<u>(1,123,912)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	(220,236)	(220,236)
Fund balance - beginning of year	<u>4,065,500</u>	<u>4,065,500</u>	<u>4,065,500</u>	<u>-</u>
Fund balance - end of year	<u>\$ 4,065,500</u>	<u>4,4065,500</u>	<u>3,845,264</u>	<u>(220,236)</u>

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

RIVERDALE CITY

Utah Retirement Systems

As of December 31, 2015

Last 10 Fiscal Years

	2015	2014	Contributory		Public Safety		Firefighters		Tier 2 Public		Tier 2 Public	
			Noncontributory System	Retirement System	System	System	System	System	Employees	Firefighter System	System	System
Proportion of the net pension liability (asset)	0.1888669%	0.1862885%	0.1099487%	0.7300668%	2.0532168%	0.0047096%	0.0668458%					
	\$1,068,701	\$808,908	\$77,278	\$1,307,753	(\$37,188)	(\$977)						
	\$808,908		\$31,968	\$940,877	(\$122,787)	(\$246)						
Proportionate share of the net pension liability (asset)	\$1,654,141	\$1,647,872	\$46,848	\$1,161,250	\$552,574	\$30,431	\$39,775					
Covered employee payroll	\$1,647,872		\$59,870	\$1,159,107	\$563,736	\$39,676	\$37,806					
Proportionate share of the net pension liability(asset) as a percentage of its covered-employee payroll	165.0%	49.1%	164.9%	112.6%	-6.73%	-0.03%	-2.5%					
	49.1%		53.4%	81.2%	-21.8%	-0.6%	-3.6%					
Plan fiduciary net position as a percentage of the total pension liability	87.8%	90.2%	85.7%	87.1%	101.0%	100.2%	110.7%					
	90.2%		94.0%	90.5%	103.5%	103.5%	103.5%					

\*In accordance with GASB 68, the City will need to disclose a 10-year history of its proportionate share of the Net Pension Liability (Asset). The 10-year schedule will be built prospectively. The schedule above is only for the two most recent years.

SCHEDULE OF CONTRIBUTIONS RIVERDALE CITY  
 Utah Retirement Systems  
 As of December 31, 2015  
 Last 10 Fiscal Years

	As of fiscal year ended June 30	Actuarial Determined Contributions	Contributions in relation to the contractually required	Contribution deficiency (excess)	Covered Employee Payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory System</b>						
2014	\$ 262,775	\$ 262,775	\$ -	\$ -	\$ 1,563,026	16.81%
2015	\$ 308,465	\$ 308,465	\$ -	\$ -	\$ 1,687,618	18.28%
2016	\$ 300,490	\$ 300,490	\$ -	\$ -	\$ 1,628,476	18.45%
<b>Contributory System</b>						
2014	\$ 11,815	\$ 11,815	\$ -	\$ -	\$ 89,368	13.22%
2015	\$ 6,640	\$ 6,640	\$ -	\$ -	\$ 45,918	14.46%
2016	\$ 6,860	\$ 6,860	\$ -	\$ -	\$ 47,438	14.46%
<b>Public Safety System</b>						
2014	\$ 347,200	\$ 347,200	\$ -	\$ -	\$ 1,119,275	31.02%
2015	\$ 373,565	\$ 373,565	\$ -	\$ -	\$ 1,153,983	32.37%
2016	\$ 381,657	\$ 381,657	\$ -	\$ -	\$ 1,185,471	32.19%
<b>Firefighters System</b>						
2014	\$ 16,240	\$ 16,240	\$ -	\$ -	\$ 550,953	2.95%
2015	\$ 21,886	\$ 21,886	\$ -	\$ -	\$ 572,951	3.82%
2016	\$ 22,099	\$ 22,099	\$ -	\$ -	\$ 553,855	3.99%
<b>Tier 2 Public Employees System</b>						
2014	\$ 7,396	\$ 7,396	\$ -	\$ -	\$ 53,293	13.88%
2015	\$ 7,202	\$ 7,202	\$ -	\$ -	\$ 47,809	15.07%
2016	\$ 13,225	\$ 13,225	\$ -	\$ -	\$ 88,697	14.91%
<b>Tier 2 Public Safety and Firefighter System</b>						
2014	\$ 4,101	\$ 4,101	\$ -	\$ -	\$ 37,418	10.96%
2105	\$ 4,165	\$ 4,165	\$ -	\$ -	\$ 38,352	10.86%
2016	\$ 5,481	\$ 5,481	\$ -	\$ -	\$ 45,532	12.04%
<b>Tier 2 Public Employees DC Only System</b>						
2014	\$ -	\$ -	\$ -	\$ -	\$ -	00.00%
2015	\$ 1,047	\$ 1,047	\$ -	\$ -	\$ 15,553	6.73%
2016	\$ 6,011	\$ 6,011	\$ -	\$ -	\$ 89,847	6.69%
<b>Tier 2 Public Safety and Firefighter DC Only System</b>						
2014	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
2015	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
2016	\$ 239	\$ 239	\$ -	\$ -	\$ 1,838	12.99%

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

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

RIVERDALE CITY

Combining Statement of Net Position  
Internal Service Funds

June 30, 2016

	Information Technology Fund	Motor Pool Fund	Total
Assets:			
Cash	\$ 224,129	1,700,647	1,924,776
Accounts Receivable	-	3,008	3,008
Machinery and equipment	324,261	3,321,639	3,645,900
Accumulated depreciation	<u>(127,239)</u>	<u>(2,118,522)</u>	<u>(2,245,761)</u>
Total assets	<u>421,151</u>	<u>2,906,772</u>	<u>3,327,923</u>
Liabilities:			
Accounts payable	<u>1,324</u>	<u>805</u>	<u>2,129</u>
Total liabilities	<u>1,324</u>	<u>805</u>	<u>2,129</u>
Net position:			
Net investment in capital assets	197,022	1,203,117	1,400,139
Unrestricted	<u>222,805</u>	<u>1,702,850</u>	<u>1,925,655</u>
Total net position	<u>\$ 419,827</u>	<u>2,905,967</u>	<u>3,325,794</u>

RIVERDALE CITY

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

Year Ended June 30, 2016

	Information Technology <u>Fund</u>	Motor Pool <u>Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 127,872	287,820	415,692
Miscellaneous revenue	<u>-</u>	<u>3,008</u>	<u>3,008</u>
Total operating revenues	<u>127,872</u>	<u>290,828</u>	<u>418,700</u>
Operating expenses:			
Materials and supplies	39,499	13,231	52,730
Depreciation	58,363	217,413	275,776
Utilities	<u>3,697</u>	<u>6,615</u>	<u>10,312</u>
Total operating expenses	<u>101,559</u>	<u>237,259</u>	<u>338,818</u>
Operating income (loss)	<u>(26,313)</u>	<u>(53,569)</u>	<u>(79,882)</u>
Non-operating revenues:			
Interest revenue	1,350	12,163	13,513
Gain on sale of assets	<u>228</u>	<u>86,375</u>	<u>86,603</u>
Total non-operating revenues	<u>1,578</u>	<u>98,538</u>	<u>100,116</u>
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	27,891	152,107	179,998
Net position - beginning of year	<u>391,936</u>	<u>2,753,860</u>	<u>3,145,796</u>
Net position - end of year	<u>\$ 419,827</u>	<u>2,905,967</u>	<u>3,325,794</u>

RIVERDALE CITY

Combining Statement of Cash Flows  
Internal Service Funds

Year Ended June 30, 2016

	Information Technology Fund	Motor Pool Fund	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 127,872	284,812	412,684
Cash received from other activities	-	3,008	3,008
Cash payments for goods and services	<u>(41,872)</u>	<u>(19,041)</u>	<u>(60,913)</u>
Net cash provided by operating activities	<u>86,000</u>	<u>268,779</u>	<u>354,779</u>
Cash flows from investing activities:			
Interest earned on cash deposits	<u>1,350</u>	<u>12,163</u>	<u>13,513</u>
Net cash provided by investing activities	<u>1,350</u>	<u>12,163</u>	<u>13,513</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	228	86,375	86,603
Cash payments for property and equipment purchases	(18,873)	(471,448)	(490,321)
Property and equipment disposals	<u>-</u>	<u>58,125</u>	<u>58,125</u>
Net cash used in capital and related financing activities	<u>( 18,645)</u>	<u>(326,948)</u>	<u>(345,593)</u>
Net increase (decrease) in cash and cash equivalents	68,705	(46,006)	22,699
Cash and cash equivalents - beginning of year	<u>155,424</u>	<u>1,746,653</u>	<u>1,902,077</u>
Cash and cash equivalents - end of year	<u>\$ 224,129</u>	<u>1,700,647</u>	<u>1,924,776</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 26,313	53,569	79,882
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	58,363	217,413	275,776
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	-	(3,008)	(3,008)
Increase (decrease) in accounts payable	<u>1,324</u>	<u>805</u>	<u>1,129</u>
Net cash provided by operating activities	<u>\$ 86,000</u>	<u>268,779</u>	<u>354,779</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, 2016, 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 28, 2016.

### **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 28, 2016



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, 2016.

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

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems Compliance
- Restricted taxes and related revenues
- Open and Public Meeting Act
- Treasurer's Bond
- Cash Management

Riverdale City did not receive any major assistance programs from the State of Utah during the year ended June 30, 2016.

***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, 2016.

**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 28, 2016

Mayor and City Council  
Riverdale City  
4600 South Weber River Drive  
Riverdale, UT 84405

We have audited the financial statements of Riverdale City for the year ended June 30, 2016, and have issued our report thereon dated October 28, 2016. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 7, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Riverdale City are described in Note 1 to the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The estimates affecting the financial statements were estimated useful lives of property and equipment and allowances for doubtful accounts.

We evaluated the key factors and assumptions used to develop the useful lives of property and equipment and allowances for doubtful accounts in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are consistent and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatement*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Some misstatements were discovered during the audit. We proposed adjusting journal entries to management in order to correct the misstatements. Management has reviewed and approved all of those adjusting entries.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 28, 2016.

*Other Audit Findings or Issues*

We generally discuss a variety of other matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As a result of observations made during our audit, we have no additional recommendations to communicate.

This information is intended solely for the use of the Mayor, City Council, and management of Riverdale City and is not intended to be and should not be used by anyone other than these specified parties.

*Christensen, Palmer & Ambrose P.C.*