

Richfield City Corporation

Financial Statements

June 30, 2013

MAKING *Life*
BETTER

Main Street, Richfield, Utah, February 1938



KIMBALL & ROBERTS

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

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RICHFIELD CITY
FINANCIAL STATEMENTS
JUNE 30, 2013

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Box 663

Richfield, Utah 84701

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Richfield City
Richfield, Utah 84701

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 Richfield City as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of Richfield City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

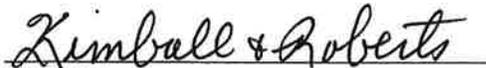
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

Honorable Mayor and City Council
Richfield City
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2013, on our consideration of Richfield City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Richfield City's internal control over financial reporting and compliance.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 18, 2013
Richfield, Utah

**RICHFIELD CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public health, highways and public improvements, and parks and recreation. The business-type activities of the City are the enterprise funds; water, sewer sanitation and pressurized irrigation services.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Richfield City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Richfield City maintains five governmental funds: the General Fund; Capital Projects Fund; Building Authority Fund; Debt Service Fund; and Perpetual Care Fund.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided to demonstrate legal compliance with the adopted budget for the General Fund.

Refer to the table of contents for the location of the basic governmental fund financial statements.

**RICHFIELD CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Richfield City's Net Position

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	3,048,478	6,893,981	2,242,750	2,506,628	5,291,228	9,400,609
Capital Assets	<u>32,917,796</u>	<u>25,838,235</u>	<u>16,647,700</u>	<u>16,921,166</u>	<u>49,565,496</u>	<u>42,759,401</u>
Total Assets	<u>35,966,274</u>	<u>32,732,216</u>	<u>18,890,450</u>	<u>19,427,794</u>	<u>54,856,724</u>	<u>52,160,010</u>
Long-Term Liabilities	4,103,980	4,924,192	8,611,461	9,190,562	12,715,441	14,114,754
Other Liabilities	<u>928,186</u>	<u>2,910,480</u>	<u>812,950</u>	<u>831,122</u>	<u>1,741,136</u>	<u>3,741,602</u>
Total Liabilities	<u>5,032,166</u>	<u>7,834,672</u>	<u>9,424,411</u>	<u>10,021,684</u>	<u>14,456,577</u>	<u>17,856,356</u>
Deferred Inflows of Resources	<u>643,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>643,000</u>	<u>-</u>
Net Position:						
Net Investment in						
Capital Assets	28,502,773	21,032,952	7,484,992	7,237,483	35,987,765	28,270,435
Restricted	989,747	2,722,351	30,888	462,681	1,020,635	3,185,032
Unrestricted	<u>798,588</u>	<u>1,142,241</u>	<u>1,950,159</u>	<u>1,705,946</u>	<u>2,748,747</u>	<u>2,848,187</u>
Total Net Position	<u>30,291,108</u>	<u>24,897,544</u>	<u>9,466,039</u>	<u>9,406,110</u>	<u>39,757,147</u>	<u>34,303,654</u>

A portion of the City's net position (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$2,748,747, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the City is able to report positive balances in all three categories of net position, both for the the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

Governmental activities increased the City's net position by \$5,393,564. Key elements of the changes are shown below:

**RICHFIELD CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Business-Type Activities

Business-type activities increased the City's net position by \$59,929. Key elements of the changes are shown above.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the City's governmental funds reported ending fund balances of \$1,942,798 a decrease of \$2,075,834 in comparison with the prior year. Approximately 44 percent of this amount, \$953,051 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been assigned to: 1) perpetual care, \$121,932, 2) capital outlay, \$632,178 and 3) debt service, \$112,636.

The General Fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was \$953,051, while total fund balance reached \$1,076,052. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17 percent of total General Fund expenditures, while total fund balance represents 20 percent of that same amount.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the enterprise fund at the end of the year were \$1,950,159. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business type activities.

**RICHFIELD CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Long -Term Debt

At the end of the current year, the City had bonds outstanding of \$13,004,730 and notes payable of \$573,002.

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Notes Payable	226,023	278,283	346,979	414,003	573,002	692,286
Revenue Bonds	4,189,000	4,527,000	8,815,730	9,269,691	13,004,730	13,796,691
Total Long-Term Debt	4,415,023	4,805,283	9,162,709	9,683,694	13,577,732	14,488,977

State statutes limit the amount of general obligation debt a governmental entity may issue to 4 percent of its total fair market value of taxable property in the City. The current debt limitation for the City is approximately \$10,000,000. The city has no general obligation debt.

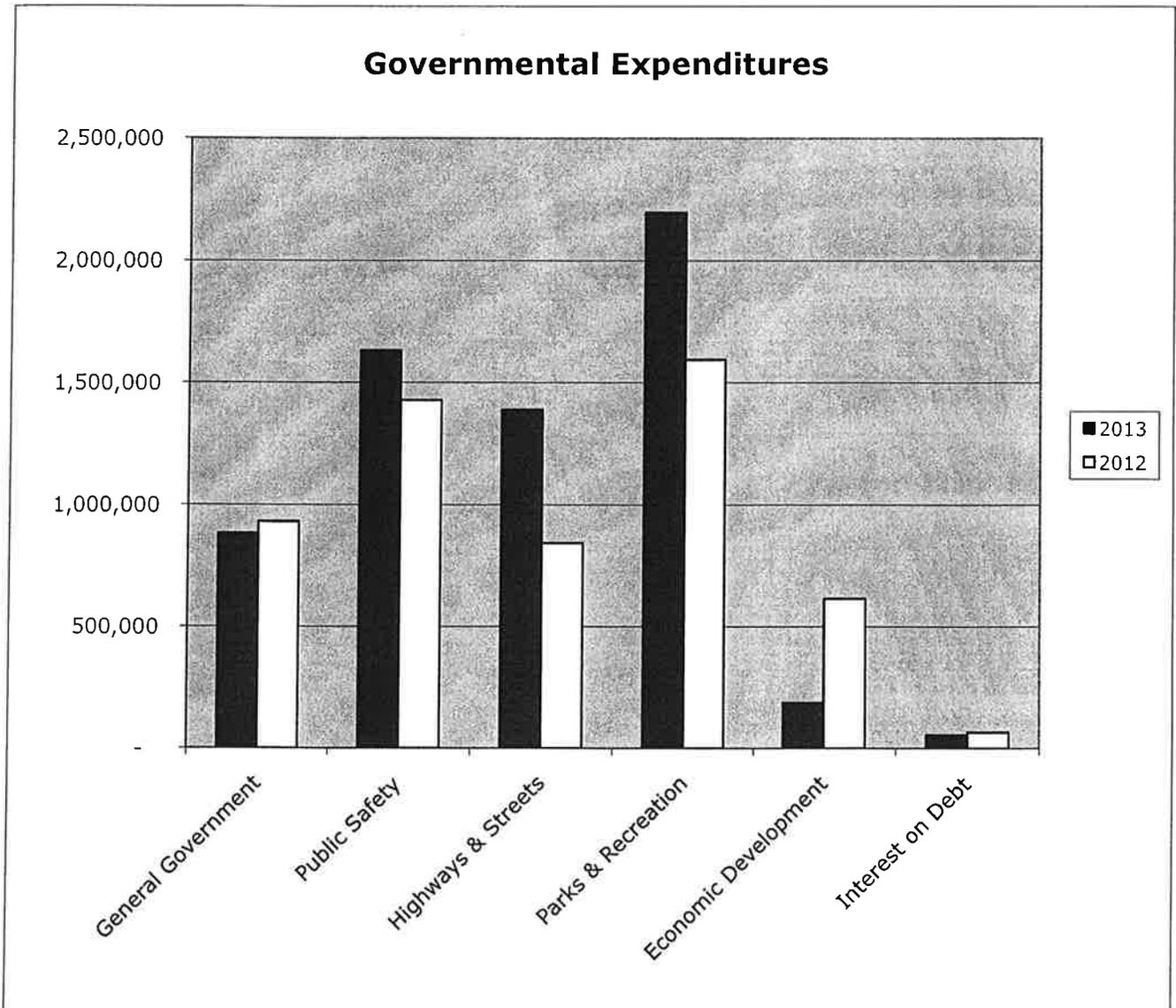
Additional information on the City's long-term debt can be found in the notes of the financial statements.

Request for Information

This financial report is designed to provide a general overview of Richfield City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Richfield City Recorder, P.O. Box 250, Richfield, Utah, 84701

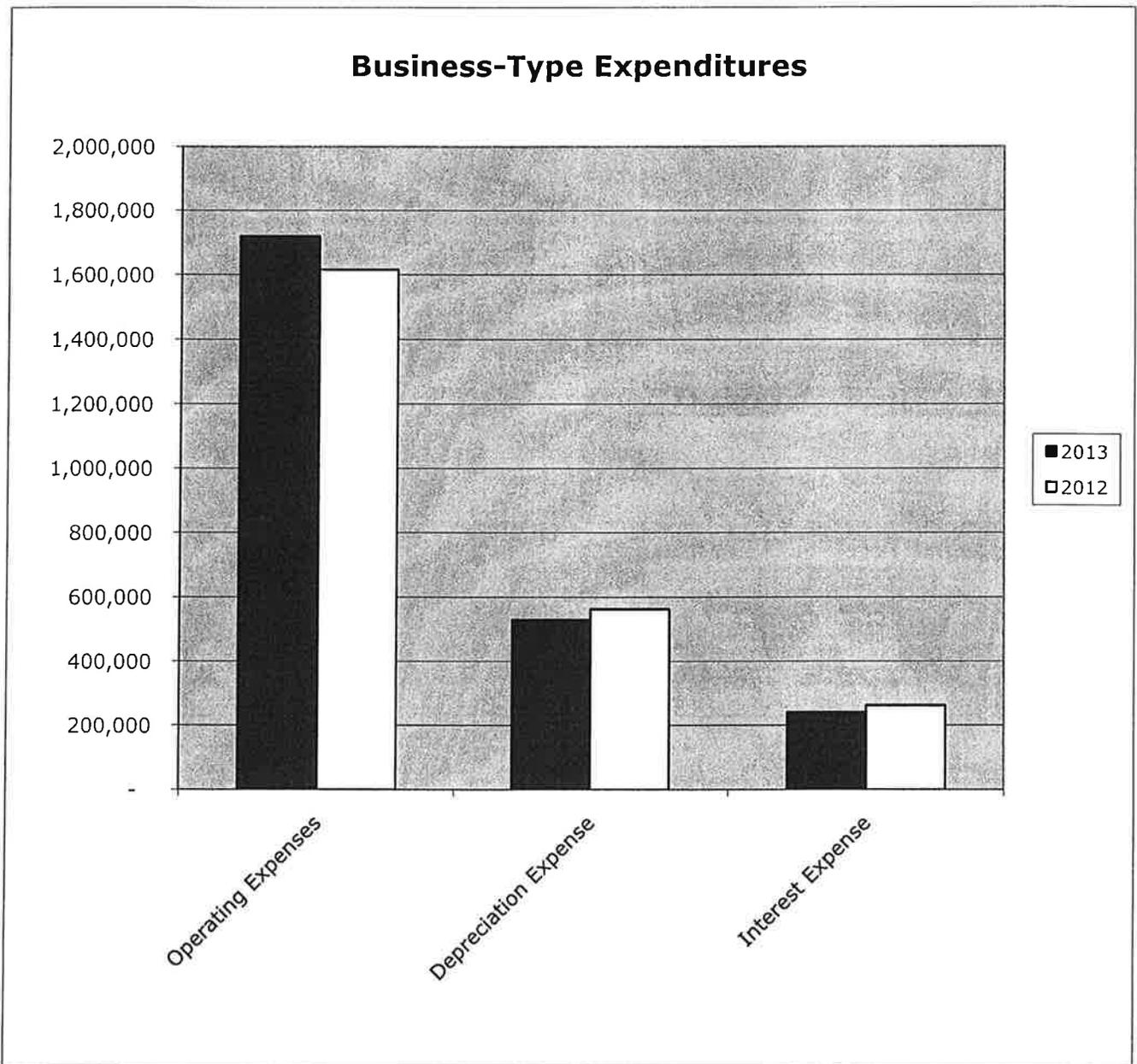
**Richfield City
Governmental Expenditures
For The Fiscal Years Ending June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
General Government	882,689	930,855
Public Safety	1,631,694	1,427,087
Highways & Streets	1,388,846	843,615
Parks & Recreation	2,195,486	1,594,805
Economic Development	186,481	615,271
Interest on Debt	53,956	65,725
Total Expenditures	<u>6,339,152</u>	<u>5,477,358</u>



**Richfield City
Business-Type Expenditures
For The Fiscal Years Ending June 30, 2013 and 2012**

	2013	2012
Operating Expenses	1,718,529	1,615,481
Depreciation Expense	528,914	562,760
Interest Expense	239,839	262,056
 Total Expenditures	<u>2,487,282</u>	<u>2,440,297</u>



BASIC FINANCIAL STATEMENTS

RICHFIELD CITY
STATEMENT OF ACTIVITIES
For The Fiscal Year Ended June 30, 2013

	Program Revenues		Net (Expense) Revenues and Changes in Net Position			
	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Governmental Activities	Business-Type Activities	Total
Function/Programs Primary Government:						
Governmental Activities:						
General Government	882,689	-	-	(260,944)	-	(260,944)
Public Safety	1,631,694	110,232	-	(1,478,382)	-	(1,478,382)
Highways and Public Improvements	1,388,846	326,795	-	(1,062,051)	-	(1,062,051)
Park and Recreation	2,195,486	156,926	5,670,150	4,682,283	-	4,682,283
Economic Development	186,481	-	-	(186,481)	-	(186,481)
Interest on Long-Term Debt	53,956	-	-	(53,956)	(239,839)	(293,795)
Total Governmental Activities	6,339,152	593,953	5,670,150	1,640,469	(239,839)	1,400,630
Business-Type Activities:						
Water Fund	860,906	-	-	-	110,324	110,324
Sewer Fund	912,500	-	-	-	79,125	79,125
Landfill Fund	224,090	-	-	-	17,203	17,203
Refuse Fund	249,947	-	-	-	2,207	2,207
Total Business-Type Activities	2,247,443	-	-	-	208,859	208,859
Total Primary Government	8,586,595	593,953	5,670,150	1,640,469	(30,980)	1,609,489
General Revenues:						
Property Taxes				493,489	-	493,489
Fee-In-Lieu of Property Taxes				86,286	-	86,286
Sales Taxes				1,913,253	-	1,913,253
Transient Room Taxes				75,868	-	75,868
Franchise Taxes				265,636	-	265,636
Highway Taxes				563,166	-	563,166
Communication Tax				115,649	-	115,649
Impact/Connection Fees				-	107,095	107,095
Recreation Tax				197,092	-	197,092
Transfers In				648,649	-	648,649
Transfers Out				(631,446)	(17,203)	(648,649)
Unrestricted Investment Earnings				25,453	1,017	26,470
Total General Revenues and Transfers				3,753,095	90,909	3,844,004
Change in Net Position				5,393,564	59,929	5,453,493
Net Position - Beginning				24,897,544	9,406,110	34,303,654
Net Position - Ending				30,291,108	9,466,039	39,757,147

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

RICHFIELD CITY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET POSITION
June 30, 2013

Total Fund Balances - Governmental Fund Types 1,942,798

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	4,922,231	
Buildings	3,539,904	
Improvements	5,480,726	
Equipment	657,944	
Vehicles	198,255	
Infrastructure	5,356,021	
Construction In Progress	<u>12,762,715</u>	
 Total		 32,917,796

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Bond Interest Payable	(32,609)	
Notes Payable	(226,023)	
Revenue Bonds	(4,189,000)	
Compensated Absences	<u>(121,854)</u>	
 Total		 <u>(4,569,486)</u>

Net Position of Government Activities 30,291,108

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

RICHFIELD CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Fiscal Year Ended June 30, 2013

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

Net Changes in Fund Balances - Total Governmental Funds (2,075,834)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	7,950,296	
Depreciation Expense	<u>(870,735)</u>	
Total		7,079,561

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Decrease in Accrued Interest Payable	2,522	
Increase in Compensated Absences	(2,945)	
Principal Payment on Long-Term Debt	<u>390,260</u>	
Total		<u>389,837</u>

Changes In Net Position of Governmental Activities 5,393,564

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

RICHFIELD CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For The Fiscal Year Ended June 30, 2013

	Business-Type Activities			Total
	Enterprise Fund			
	Water	Sewer	Nonmajor Funds	
Operating Revenues:				
Charges for Sales and Services:	934,344	978,784	493,447	2,406,575
Other Revenue	25,840	11,191	-	37,031
Total Operating Revenues	960,184	989,975	493,447	2,443,606
Operating Expenses:				
Salaries and Wages	111,561	153,739	-	265,300
Employee Benefits	67,437	88,217	-	155,654
Contractual Services	-	-	474,037	474,037
Depreciation	194,406	334,508	-	528,914
Insurance	25,000	28,000	-	53,000
Miscellaneous	14,459	11,387	-	25,846
Administrative Expense	140,000	140,000	-	280,000
Professional Services	32,278	16,114	-	48,392
Repairs and Maintenance	138,780	83,436	-	222,216
Sewage Treatment	-	24,374	-	24,374
Supplies	8,432	8,572	-	17,004
Travel and Training	737	1,292	-	2,029
Bad Debts	1,050	1,098	-	2,148
Utilities	126,766	21,763	-	148,529
Total Operating Expenses	860,906	912,500	474,037	2,247,443
Operating Income	99,278	77,475	19,410	196,163
Nonoperating Revenues (Expenses):				
Connection Fees	11,046	1,650	-	12,696
Impact Fees	49,428	57,667	-	107,095
Interest Earned	1,001	16	-	1,017
Interest Expense	(68,651)	(171,188)	-	(239,839)
Transfer to General Fund	-	-	(17,203)	(17,203)
Total Nonoperating Revenues (Expenses)	(7,176)	(111,855)	(17,203)	(136,234)
Change in Net Position	92,102	(34,380)	2,207	59,929
Total Net Position - Beginning	4,915,809	4,458,665	31,636	9,406,110
Total Net Position - Ending	5,007,911	4,424,285	33,843	9,466,039

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

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Richfield City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2013.

The following is a summary of the more significant policies:

A. Reporting Entity

Richfield City is a municipal corporation in Sevier County, Utah. It is governed by an elected Mayor and a five-member council. As required by generally accepted accounting principles, these financial statements are of the primary government, Richfield City, the reporting entity. The City has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities 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 with a specific function or segment. 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 or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Government reports the following Proprietary Funds:

The Utility Fund accounts for the activities of the water, sewer, landfill and refuse collection operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of water, sewer, landfill and refuse collection are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments:

The government's cash and investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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 \$5,000 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 date of donation.

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Restricted Fund Balance - classification are 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.

Committed Fund Balance - classification include those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

Assigned Fund Balance - classification include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Also includes all remaining amounts that are reported in governmental funds, other than the General Fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.

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.

Proprietary Fund equity is classified the same as in the government-wide statements.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Property Taxes

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

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

Governmental Activities - Unrestricted	88,749
Governmental Activities - Restricted	866,746
Business-Type Activities - Unrestricted	1,946,023
Business-Type Activities - Restricted	<u>30,888</u>
Total Cash and Investments	<u><u>2,932,406</u></u>

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

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 3 - WATER SHARES

The Utility Fund has water shares and water rights which are shown on the balance sheet at a cost of \$1,618,793. The current value of the water shares and water rights is in excess of the cost.

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	4,507,031	49,200	-	4,556,231
Land Related to Infrastructure	250,000	-	-	250,000
Water Rights	116,000	-	-	116,000
Construction In Progress	<u>8,198,119</u>	<u>7,652,645</u>	<u>3,088,049</u>	<u>12,762,715</u>
 Total Capital Assets Not Being Depreciated	 <u>13,071,150</u>	 <u>7,701,845</u>	 <u>3,088,049</u>	 <u>17,684,946</u>
Capital Assets Being Depreciated:				
Buildings	4,233,983	2,519,102	10,000	6,743,085
Improvements	9,972,305	-	-	9,972,305
Machinery and Equipment	1,900,574	185,342	412,255	1,673,661
Vehicles	1,995,970	105,998	74,648	2,027,320
Infrastructure	<u>6,137,208</u>	<u>526,058</u>	<u>-</u>	<u>6,663,266</u>
 Total Capital Assets Being Depreciated	 <u>24,240,040</u>	 <u>3,336,500</u>	 <u>496,903</u>	 <u>27,079,637</u>
Less Accumulated Depreciation For:				
Buildings	3,118,503	94,678	10,000	3,203,181
Improvements	4,163,788	327,791	-	4,491,579
Machinery and Equipment	1,353,458	74,514	412,255	1,015,717
Vehicles	1,836,858	66,855	74,648	1,829,065
Infrastructure	<u>1,000,348</u>	<u>306,897</u>	<u>-</u>	<u>1,307,245</u>
 Total Accumulated Depreciation	 <u>11,472,955</u>	 <u>870,735</u>	 <u>496,903</u>	 <u>11,846,787</u>
 Total Capital Assets Being Depreciated (Net)	 <u>12,767,085</u>	 <u>2,465,765</u>	 <u>-</u>	 <u>15,232,850</u>
 Governmental Activities Capital Assets, Net	 <u>25,838,235</u>	 <u>10,167,610</u>	 <u>3,088,049</u>	 <u>32,917,796</u>

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	Governmental Activities	Business Type Activities	Total
General Government	134,123	-	134,123
Public Safety	61,918	-	61,918
Public Health	-	528,914	528,914
Highways and Public Improvements	372,074	-	372,074
Parks and Recreation	218,664	-	218,664
Community Development	83,956	-	83,956
Total Depreciation Expense	870,735	528,914	1,399,649

NOTE 5 - LONG-TERM DEBT

Long-term debt for the primary government at June 30, 2013 is comprised of the following issues:

(1) Notes Payable

Water Fund:

Note Payable to Doug and Mona Peterson with annual principal and interest installment of \$50,000 through 2006 and \$80,000 thereafter, bearing interest at 5% maturing December 21, 2017.

346,979

Total Notes Payable for Business-Type Activities

346,979

Governmental Fund:

Note Payable to Zions First National Bank with annual principal and interest installments of \$50,486, bearing interest at 3.9%, maturing June 24, 2013.

226,023

Total Notes Payable for Governmental Activities

226,023

Total Notes Payable

573,002

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Governmental Fund:

Building Authority Golf Course Bonds, Series 2000A due in annual principal installments of \$25,000, with interest at 0%, maturing July 1, 2022.	250,000
Building Authority Golf Course Bonds, Series 2000B due in annual installments of principal and interest of varying amounts of approximately \$80,000, with interest at 2.5%, maturing July 1, 2022.	703,000
Downtown Enhancement Project, Series A, due in annual installments of principal and interest of varying amounts, with interest at 2.5% maturing April 1, 2018.	79,000
Downtown Enhancement Project, Series B, due in annual installments of principal and interest of varying amounts, with interest at 1.5% maturing April 1, 2018.	38,000
Building Authority Fire Truck Revenue Bond, Series 2005 due in annual installments of principal amounts of \$20,000, no interest, maturing April 1, 2015.	40,000
Street Improvement Revenue Bond, Series 2007A due in annual installments of principal amounts of \$13,000, no interest, maturing April 1, 2017.	56,000
Street Improvement Revenue Bond, Series 2007B due in annual installments of principal amounts of \$100,000, no interest, beginning October 1, 2008 and maturing October 1, 2017.	500,000
Street Improvement Revenue Bonds, Series 2008 due in annual installments of principal amounts of \$77,000, no interest beginning January 1, 2010 and maturing January 1, 2019.	539,000
Sales Tax Revenue Bonds, Series 2008 due in annual installments of principal and interest of \$42,680 to \$48,207. Interest rates begin at 4.10% and increases to 5.09% during the loan amortization. Matures December 31, 2019 with one payment of \$369,000.	520,000
CIB Fire Station Bonds, MBA \$805,000, 30 years no interest. Payments are \$27,000 per year for 25 years and \$26,000 per year for five years.	805,000
CIB Airport Revenue Bonds, \$659,000 Series 2012 due in annual installments of principal payments of \$22,000 with no interest. Payments begin July 1, 2013.	<u>659,000</u>
Total Revenue Bonds for Governmental Activities	<u>4,189,000</u>
Total Revenue Bonds	<u>13,004,730</u>
Total Long-Term Debt Payable	<u><u>13,577,732</u></u>

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in long-term debt:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
Governmental Activities:					
Notes Payable	278,283	-	52,260	226,023	41,897
Revenue Bonds	<u>4,527,000</u>	<u>-</u>	<u>338,000</u>	<u>4,189,000</u>	<u>391,000</u>
Total	<u>4,805,283</u>	<u>-</u>	<u>390,260</u>	<u>4,415,023</u>	<u>432,897</u>
Business-Type Activities:					
Notes Payable	414,003	-	67,024	346,979	62,651
Revenue Bonds	<u>9,269,681</u>	<u>-</u>	<u>453,951</u>	<u>8,815,730</u>	<u>488,580</u>
Total	<u>9,683,684</u>	<u>-</u>	<u>520,975</u>	<u>9,162,709</u>	<u>551,231</u>
Total Long-Term Debt	<u>14,488,967</u>	<u>-</u>	<u>911,235</u>	<u>13,577,732</u>	<u>984,128</u>

The annual requirements to amortize bonds and notes payable at June 30, 2013 are as follows:

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	Principal
2014	432,897	51,953	551,231	237,630	984,128
2015	437,489	47,731	482,453	218,831	919,942
2016	423,142	43,307	498,609	199,281	921,751
2017	431,857	38,964	541,323	181,741	973,180
2018	419,638	34,466	591,414	162,893	1,011,052
2019-2023	1,296,000	157,702	1,846,679	584,951	3,142,679
2024-2028	245,000	-	1,793,000	397,700	2,038,000
2029-2033	245,000	-	1,932,000	202,650	2,177,000
2034-2038	245,000	-	926,000	22,525	1,171,000
2039-2043	<u>239,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,000</u>
Total	<u>4,415,023</u>	<u>374,123</u>	<u>9,162,709</u>	<u>2,208,202</u>	<u>13,577,732</u>

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - CLASS C ROAD

The following schedule is a statement of revenues, expenditures and changes in Class C Road:

Balance - Beginning of Year		178,000
Revenues:		
Class C Road Allotment	326,795	
Highway Tax	<u>563,166</u>	
Total Revenues		889,961
Expenditures:		
Streets and Highways	(877,961)	
Bond Principal Payment	<u>(190,000)</u>	
Total Expenditures		<u>(1,067,961)</u>
Balance - End of Year		<u><u>-</u></u>

NOTE 8 - CEMETERY PERPETUAL CARE FUND

The following schedule is a statement of revenues, expenses and changes in fund balances:

Balance - Beginning of Year		114,288
Operating Revenues:		
Perpetual Care	7,644	
Interest	<u>760</u>	
Total Operating Revenues		8,404
Expenditures:		
Transfer Interest to General Fund		<u>(760)</u>
Balance - End of Year		<u><u>121,932</u></u>

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 10 - PENSION PLAN (CONTINUED)

Funding Policy:

Richfield City is required to contribute a percent of covered salary to the respective systems; 12.74% to the Contributory, 16.04% to the Noncontributory and 33.65% to the Public Safety Other Division A Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Richfield City contributions to the various systems for the years ending June 30, 2013, 2012 and 2011 respectively were: for the Contributory System, \$3,632.88, \$2,656.84, and \$0.00; for the Noncontributory System, \$157,328.62, \$127,359.90, and \$119,304.84; and for the Public Safety Other Division A Noncontributory System, \$162,363.64, \$138,710.58, and \$119,059.05. The contributions were equal to the required contributions for each year.

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries and disasters. The City maintains insurance coverage for most all risks through commercial insurance carriers including general liability, errors and omissions, property damage, and other coverages. These carriers also provides medical and health coverage for the City.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 12 - ROUNDING CONVENTION

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

RICHFIELD CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> Budgetary Basis	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Taxes	458,438	455,958	469,238	13,280
Recreation Tax	183,092	182,102	187,406	5,304
Prior Years Taxes	21,500	35,000	33,936	(1,064)
Sales and Use Taxes	1,690,000	1,710,000	1,726,830	16,830
Highway Sales Taxes	555,000	555,000	563,166	8,166
Recreation Sales Taxes	188,490	185,000	186,424	1,424
Franchise Taxes	246,500	276,500	265,636	(10,864)
Communications Tax	122,000	120,000	115,649	(4,351)
Transient Room Taxes	63,000	68,000	75,868	7,868
Motor Vehicle Fee	97,000	87,239	86,286	(953)
Recreation Revenue	-	531,500	516,835	(14,665)
Licenses, Permits and Fees	157,600	203,420	204,691	1,271
Intergovernmental Revenue	419,825	619,963	631,744	11,781
Charges for Services	1,168,000	675,507	698,982	23,475
Investment Earnings	21,012	21,000	17,108	(3,892)
Other Revenues	54,809	50,681	62,380	11,699
Use of Prior Year's Fund Balance	142,305	474,415	-	(474,415)
Total Revenue	<u>5,588,571</u>	<u>6,251,285</u>	<u>5,842,179</u>	<u>(409,106)</u>
Expenditures:				
Current:				
General Government	689,704	773,647	741,211	32,436
Public Safety	1,568,489	1,605,178	1,569,776	35,402
Highways and Public Improvements	1,107,970	1,258,607	1,218,972	39,635
Parks and Recreation	1,665,619	1,925,607	1,798,187	127,420
Economic Development	108,450	110,199	102,525	7,674
Debt Service:				
Principal	101,045	50,278	50,278	-
Total Expenditures	<u>5,241,277</u>	<u>5,723,516</u>	<u>5,480,949</u>	<u>242,567</u>
Excess Revenues Over (Under) Expenditures	<u>347,294</u>	<u>527,769</u>	<u>361,230</u>	<u>(166,539)</u>
Other Financing Sources (Uses):				
Transfers In	18,750	24,785	35,998	11,213
Transfers Out	(366,044)	(552,554)	(612,651)	(60,097)
Total Other Financing Sources (Uses)	<u>(347,294)</u>	<u>(527,769)</u>	<u>(576,653)</u>	<u>(48,884)</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>(215,423)</u>	<u>(215,423)</u>
Fund Balance - Beginning of Year			<u>1,291,475</u>	
Fund Balance - End of Year			<u>1,076,052</u>	

**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES**

**RICHFIELD CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013**

	Debt Service		Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
	1994 Street Improvement District	Commercial Park	Building Authority	Perpetual Care	Total Nonmajor Governmental Funds
Restricted Cash and Investments	-	260	112,376	121,745	234,381
Accounts Receivable	8,001	-	-	187	8,188
TOTAL ASSETS	8,001	260	112,376	121,932	242,569
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred Payable - Other	8,001	-	-	-	8,001
TOTAL LIABILITIES	8,001	-	-	-	8,001
Fund Balances:					
Restricted	-	-	112,376	121,932	234,308
Unrestricted	-	260	-	-	260
TOTAL FUND BALANCES	-	260	112,376	121,932	234,568
TOTAL LIABILITIES AND FUND BALANCES	8,001	-	112,376	121,932	242,569

RICHFIELD CITY
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2013

	Nonmajor Business-Type Activities		
	Enterprise Fund		
	<u>Landfill</u>	<u>Refuse Collection</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Investments	(5,295)	9,071	3,776
Accounts Receivable	<u>23,831</u>	<u>24,772</u>	<u>48,603</u>
 TOTAL ASSETS	 <u><u>18,536</u></u>	 <u><u>33,843</u></u>	 <u><u>52,379</u></u>
 LIABILITIES:			
Liabilities:			
Accounts Payable	<u>18,536</u>	<u>-</u>	<u>18,536</u>
 TOTAL LIABILITIES	 <u><u>18,536</u></u>	 <u><u>-</u></u>	 <u><u>18,536</u></u>
 NET POSITION:			
Unrestricted	<u>-</u>	<u>33,843</u>	<u>33,843</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>18,536</u></u>	 <u><u>33,843</u></u>	 <u><u>52,379</u></u>

RICHFIELD CITY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2013

	Nonmajor Business-Type Activities Enterprise Fund		
	<u>Landfill</u>	<u>Refuse Collection</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts From Customers	240,610	251,332	491,942
Payments to Suppliers	<u>(224,158)</u>	<u>(270,160)</u>	<u>(494,318)</u>
Net Cash Provided by Operating Activities	<u>16,452</u>	<u>(18,828)</u>	<u>(2,376)</u>
Cash Flows from Investing Activities:			
Transfer to other fund	<u>(17,203)</u>	<u>-</u>	<u>(17,203)</u>
Net Cash Provided (Used) by Investing Activities	<u>(17,203)</u>	<u>-</u>	<u>(17,203)</u>
Net Increase (Decrease) in Cash and Investments	(751)	(18,828)	(19,579)
Cash and Investments - Beginning	<u>(4,544)</u>	<u>27,899</u>	<u>23,355</u>
Cash and Investments - Ending	<u><u>(5,295)</u></u>	<u><u>9,071</u></u>	<u><u>3,776</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:			
Operating Income	<u>17,203</u>	<u>2,207</u>	<u>19,410</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:			
Increase (Decrease) in Operating Assets:			
Accounts Receivable	(683)	(822)	(1,505)
Accrued Liabilities	<u>(68)</u>	<u>(20,213)</u>	<u>(20,281)</u>
Total Adjustments	<u>(751)</u>	<u>(21,035)</u>	<u>(21,786)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>16,452</u></u>	<u><u>(18,828)</u></u>	<u><u>(2,376)</u></u>

COMPLIANCE SECTION

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of Richfield City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Federal Awards Expended Required by OMB Circular A-133

We have audited the financial statements of the City as of and for the year ended June 30, 2013, and have issued our report thereon dated October 18, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Federal Awards Expended is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

RICHFIELD CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2013

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of independent auditor's report issued: Unmodified

Internal control over financial reporting:

- * Material weakness identified? Yes No
- * Significant deficiency identified that is not considered to be a material weakness? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

- * Material weaknesses identified? Yes No
- * Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of circular A-133? Yes No

Identification of major programs.

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes No

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No significant matters were noted.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No significant matters were noted.

RICHFIELD CITY
SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2013

There were no prior audit findings.

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, Richfield City complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other an instance of noncompliance, which is required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which is described below.

Budgetary Compliance:

State law states that officers and employees of an entity shall not incur expenditures in excess of the total appropriation for any department or fund.

Finding:

We noted during our audit that the City exceeded the legal budget for Transfers.

Recommendation:

We recommend that the City restrict expenditures to the legally adopted budget. If expenditures are anticipated to exceed budget, a public hearing should be held to increase budgeted revenues and expenditures.

Response:

The City has reviewed the above finding with management and management agrees with the recommendation.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Richfield 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.

RICHFIELD CITY
SCHEDULE OF EXPENDITURES OF STATE GRANTS, CONTRACTS AND LOAN FUNDS
For The Year Ended June 30, 2013

<u>State Grantor:</u>	<u>Award/Contract Number</u>	<u>Year of Last Audit</u>	<u>Expenditures</u>
Public Safety			
Utah State - DUI	AR-OT-2013-UHSO-00506		729.20
Utah State - DUI	AR-OT-2013-UHSO-00506		729.20
Utah State - DUI	AR-OT-2013-UHSO-00506		589.26
Utah State - DUI	AR-OT-2013-UHSO-00506		731.91
State Liquor			13,447.15
Utah State DUI Enforcement Equipment	PSAUG40651		<u>9,790.00</u>
Total Public Safety			<u>26,016.72</u>
Natural Resources			
Fire Academy Grant	146162		<u>3,050.00</u>
Transportation (UDOT) (810)			
UDOT Pedestrian Safety Project	#909434-49H/138368-1		5,812.50
State Airport Payment	DOT-FA11NM-1042	2013	35,510.20
State Airport Payment	DOT-FA11NM-1042	2013	30,835.00
State Airport Payment	DOT-FA11NM-1042	2013	7,097.84
State Airport Payment	DOT-FA11NM-1042	2013	1,034.31
State Airport Payment	DOT-FA11NM-1042	2013	4,146.18
State Airport Payment	DOT-FA11NM-1042	2013	3,617.60
State Airport Payment	DOT-FA11NM-1042	2013	442.08
State Airport Payment	DOT-FA11NM-1042	2013	963.40
State Airport Payment	DOT-FA12NM-1093	2013	3,076.00
State Airport Payment	DOT-FA12NM-1093	2013	17,341.13
State Airport Payment	DOT-FA12NM-1093	2013	169.08
State Airport Payment	DOT-FA12NM-1093	2013	94.76
State Airport Payment	DOT-FA12NM-1093	2013	77.84
Class C Road Runds		2013	<u>326,794.90</u>
Total Transportation (UDOT)			<u>437,012.82</u>
Community/Economic Development (710)			
USL-Young Adult Literature	USL13-0087		500.00
USL-CLEF	USL13-0130		4,457.00
USL-AWE	USL13-0189		2,228.00
USL-CILS	USL13-0066-1		61,831.03
USL-CILS	USL13-0066		<u>74,212.00</u>
Total Community/Economic Development			<u>143,228.03</u>
TOTAL STATE GRANTS, CONTRACTS AND LOAN FUND EXPENDITURES			<u><u>609,307.57</u></u>