

**RICHFIELD CITY**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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Certified Public Accountants  
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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, 2014, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Richfield City at June 30, 2014, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 6 through 17 and 49 through 50, respectively, be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Richfield City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Richfield City. The accompanying Schedule of Federal Awards Expended is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Richfield City. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Federal Awards Expended have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2014, 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

September 26, 2014  
Richfield, Utah

**RICHFIELD CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

This discussion of Richfield City's financial performance provides an overview of the City's financial activities for the year ending June 30, 2014. This report is in conjunction with the City's financial statements.

The City's purpose is to provide general services to its residents which includes general government, public safety, highways and public improvements, economic development, and parks and recreation.

**Financial Highlights**

- \* The assets of the City exceeded its liabilities as of the close of the most recent year by \$46,793,331 (net position). Of this amount, \$2,631,346 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- \* The government's total net position increased by \$7,036,184. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- \* At the close of the current year, the City's governmental funds reported ending fund balances of \$2,251,213, an increase of \$308,415 in comparison with the prior year. Approximately 43 percent of this total amount, \$968,540, is available for spending at the government's discretion (unassigned fund balance).
- \* At the end of the current year, unassigned fund balance for the General Fund was \$968,540, or 17 percent of total General Fund expenditures.
- \* The City's total debt decreased by a net \$469,418 during the current year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Richfield City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the City's position and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**RICHFIELD CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 proprietary funds; water, sewer, landfill, and refuse.

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 proprietary 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, 2014**

**Proprietary Funds**

Richfield City maintains four types of proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses proprietary funds to account for its water, sewer, landfill, and refuse operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer proprietary funds are considered major funds of the City.

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

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

**Notes To The Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Richfield City, assets exceeded liabilities by \$46,793,331 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (91 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**RICHFIELD CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Richfield City's Net Position**

|                               | Governmental<br>Activities |                   | Business-Type<br>Activities |                   | Total             |                   |
|-------------------------------|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
|                               | 2014                       | 2013              | 2014                        | 2013              | 2014              | 2013              |
| Current and Other Assets      | 5,059,754                  | 3,048,478         | 2,115,795                   | 2,242,750         | 7,175,549         | 5,291,228         |
| Capital Assets                | <u>39,667,949</u>          | <u>32,917,796</u> | <u>16,331,309</u>           | <u>16,647,700</u> | <u>55,999,258</u> | <u>49,565,496</u> |
| Total Assets                  | <u>44,727,703</u>          | <u>35,966,274</u> | <u>18,447,104</u>           | <u>18,890,450</u> | <u>63,174,807</u> | <u>54,856,724</u> |
| Long-Term Liabilities         | 4,091,204                  | 4,103,980         | 8,211,704                   | 8,611,461         | 12,302,908        | 12,715,441        |
| Other Liabilities             | <u>2,652,577</u>           | <u>928,186</u>    | <u>801,991</u>              | <u>812,950</u>    | <u>3,454,568</u>  | <u>1,741,136</u>  |
| Total Liabilities             | <u>6,743,781</u>           | <u>5,032,166</u>  | <u>9,013,695</u>            | <u>9,424,411</u>  | <u>15,757,476</u> | <u>14,456,577</u> |
| Deferred Inflows of Resources | <u>624,000</u>             | <u>643,000</u>    | <u>-</u>                    | <u>-</u>          | <u>624,000</u>    | <u>643,000</u>    |
| Net Position:                 |                            |                   |                             |                   |                   |                   |
| Net Investment in             |                            |                   |                             |                   |                   |                   |
| Capital Assets                | 35,268,041                 | 28,502,773        | 7,611,896                   | 7,484,992         | 42,879,937        | 35,987,765        |
| Restricted                    | 1,282,048                  | 989,747           | -                           | 30,888            | 1,282,048         | 1,020,635         |
| Unrestricted                  | <u>809,833</u>             | <u>798,588</u>    | <u>1,821,513</u>            | <u>1,950,159</u>  | <u>2,631,346</u>  | <u>2,748,747</u>  |
| Total Net Position            | <u>37,359,922</u>          | <u>30,291,108</u> | <u>9,433,409</u>            | <u>9,466,039</u>  | <u>46,793,331</u> | <u>39,757,147</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, \$2,620,340, 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 \$7,068,814. Key elements of the changes are shown on the following page:

**RICHFIELD CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Richfield City's Changes in Net Position**

|  | Governmental<br>Activities |                   | Business-Type<br>Activities |                  | Total             |                   |
|--|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
|  | 2014                       | 2013              | 2014                        | 2013             | 2014              | 2013              |
| Revenues:                                    |                            |                   |                             |                  |                   |                   |
| Program Revenues:                            |                            |                   |                             |                  |                   |                   |
| Charges for Services                         | 1,607,279                  | 1,715,518         | 2,462,989                   | 2,456,302        | 4,070,268         | 4,171,820         |
| Operating Grants                             | 681,235                    | 593,953           | -                           | -                | 681,235           | 593,953           |
| Capital Grants                               | 6,855,175                  | 5,670,150         | -                           | -                | 6,855,175         | 5,670,150         |
| General Revenues:                            |                            |                   |                             |                  |                   |                   |
| Property Taxes                               | 936,379                    | 776,866           | -                           | -                | 936,379           | 776,866           |
| Other Taxes                                  | 3,072,873                  | 2,933,573         | -                           | -                | 3,072,873         | 2,933,573         |
| Impact Fees                                  | -                          | -                 | 28,050                      | 107,095          | 28,050            | 107,095           |
| Sale of Capital Assets                       | 243,415                    | -                 | -                           | -                | 243,415           | -                 |
| Unrestricted Investment<br>Earnings          | 18,220                     | 25,453            | 2                           | 1,017            | 18,222            | 26,470            |
| <b>Total Revenues</b>                        | <b>13,414,576</b>          | <b>11,715,513</b> | <b>2,491,041</b>            | <b>2,564,414</b> | <b>15,905,617</b> | <b>14,279,927</b> |
| Expenses:                                    |                            |                   |                             |                  |                   |                   |
| General Government                           | 900,836                    | 882,689           | -                           | -                | 900,836           | 882,689           |
| Public Safety                                | 1,836,826                  | 1,631,694         | -                           | -                | 1,836,826         | 1,631,694         |
| Highways                                     | 990,942                    | 1,388,846         | -                           | -                | 990,942           | 1,388,846         |
| Parks and Recreation                         | 2,168,017                  | 2,195,486         | -                           | -                | 2,168,017         | 2,195,486         |
| Economic Development                         | 427,375                    | 186,481           | -                           | -                | 427,375           | 186,481           |
| Interest on Long-Term Debt                   | 42,907                     | 53,956            | 232,947                     | 239,839          | 275,854           | 293,795           |
| Business-Type Activities                     | -                          | -                 | 2,269,583                   | 2,247,443        | 2,269,583         | 2,247,443         |
| <b>Total Expenses</b>                        | <b>6,366,903</b>           | <b>6,339,152</b>  | <b>2,502,530</b>            | <b>2,487,282</b> | <b>8,869,433</b>  | <b>8,826,434</b>  |
| Increase in Net Position<br>Before Transfers | 7,047,673                  | 5,376,361         | (11,489)                    | 77,132           | 7,036,184         | 5,453,493         |
| Transfers                                    | 21,141                     | 17,203            | (21,141)                    | (17,203)         | -                 | -                 |
| Increase (Decrease) in<br>Net Position       | 7,068,814                  | 5,393,564         | (32,630)                    | 59,929           | 7,036,184         | 5,453,493         |
| Net Position - Beginning                     | 30,291,108                 | 24,897,544        | 9,466,039                   | 9,406,110        | 39,757,147        | 34,303,654        |
| Net Position - Ending                        | 37,359,922                 | 30,291,108        | 9,433,409                   | 9,466,039        | 46,793,331        | 39,757,147        |

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

**RICHFIELD CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Business-Type Activities**

Business-type activities decreased the City's net position by \$32,630. Key elements of the changes are shown on the previous page.

**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 \$2,251,213, an increase of \$308,415 in comparison with the prior year. Approximately 43 percent of this amount, \$968,540, 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, \$117,454; 2) capital outlay, \$707,535; 3) debt service, \$160,168; and 4) class C roads, \$180,510. Fund balance has also been assigned for street improvements, \$625.

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 \$968,540, while total fund balance reached \$1,265,431. 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 23 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 proprietary funds at the end of the year were \$1,821,513. 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, 2014**

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget of \$509,622 can be briefly summarized as follows:

- \* \$71,595 increase in General Government.
- \* \$149,860 increase in Public Safety.
- \* \$49,104 decrease in Streets and Public Improvements.
- \* \$98,848 increase in Parks and Recreation.
- \* \$31,165 decrease in Community Development.
- \* \$80,000 increase in Debt Service.
- \* \$92,243 net increase in Transfers Out.
- \* \$97,345 increase in Budgeted Increase in Fund Balance.

**Capital Assets and Debt Administration**

**Capital Assets**

The City's investment in capital assets for its governmental activities as of June 30, 2014, was \$39,667,949 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads, highways and public improvements.

**Richfield City's Capital Assets**

(net of depreciation)

|                          | Governmental<br>Activities |                   | Business-Type<br>Activities |                   | Total             |                   |
|--------------------------|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
|                          | 2014                       | 2013              | 2014                        | 2013              | 2014              | 2013              |
| Land                     | 4,806,231                  | 4,806,231         | 1,479,302                   | 1,479,302         | 6,285,533         | 6,285,533         |
| Water Shares             | 116,000                    | 116,000           | 1,734,918                   | 1,618,793         | 1,850,918         | 1,734,793         |
| Buildings                | 3,401,728                  | 3,539,904         | 18,307                      | 10,227            | 3,420,035         | 3,550,131         |
| Improvements             | 5,246,438                  | 5,480,726         | 12,971,941                  | 13,426,197        | 18,218,379        | 18,906,923        |
| Equipment                | 653,071                    | 657,944           | 45,467                      | 32,448            | 698,538           | 690,392           |
| Vehicles                 | 164,073                    | 198,255           | 81,374                      | 80,734            | 245,447           | 278,989           |
| Infrastructure           | 5,047,885                  | 5,356,021         | -                           | -                 | 5,047,885         | 5,356,021         |
| Construction in Progress | 20,232,523                 | 12,762,715        | -                           | -                 | 20,232,523        | 12,762,715        |
| <b>Total</b>             | <b>39,667,949</b>          | <b>32,917,796</b> | <b>16,331,309</b>           | <b>16,647,701</b> | <b>55,999,258</b> | <b>49,565,497</b> |

Additional information on the City's capital assets can be found in the notes to the financial statements.

**RICHFIELD CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Long -Term Debt**

At the end of the current year, the City had bonds outstanding of \$12,625,150 and notes payable of \$483,164.

|                      | Governmental<br>Activities |                  | Business-Type<br>Activities |                  | Total             |                   |
|----------------------|----------------------------|------------------|-----------------------------|------------------|-------------------|-------------------|
|                      | 2014                       | 2013             | 2014                        | 2013             | 2014              | 2013              |
| Notes Payable        | 101,908                    | 226,023          | 381,256                     | 346,979          | 483,164           | 573,002           |
| Revenue Bonds        | <u>4,298,000</u>           | <u>4,189,000</u> | <u>8,327,151</u>            | <u>8,815,730</u> | <u>12,625,151</u> | <u>13,004,730</u> |
| Total Long-Term Debt | <u>4,399,908</u>           | <u>4,415,023</u> | <u>8,708,407</u>            | <u>9,162,709</u> | <u>13,108,315</u> | <u>13,577,732</u> |

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.

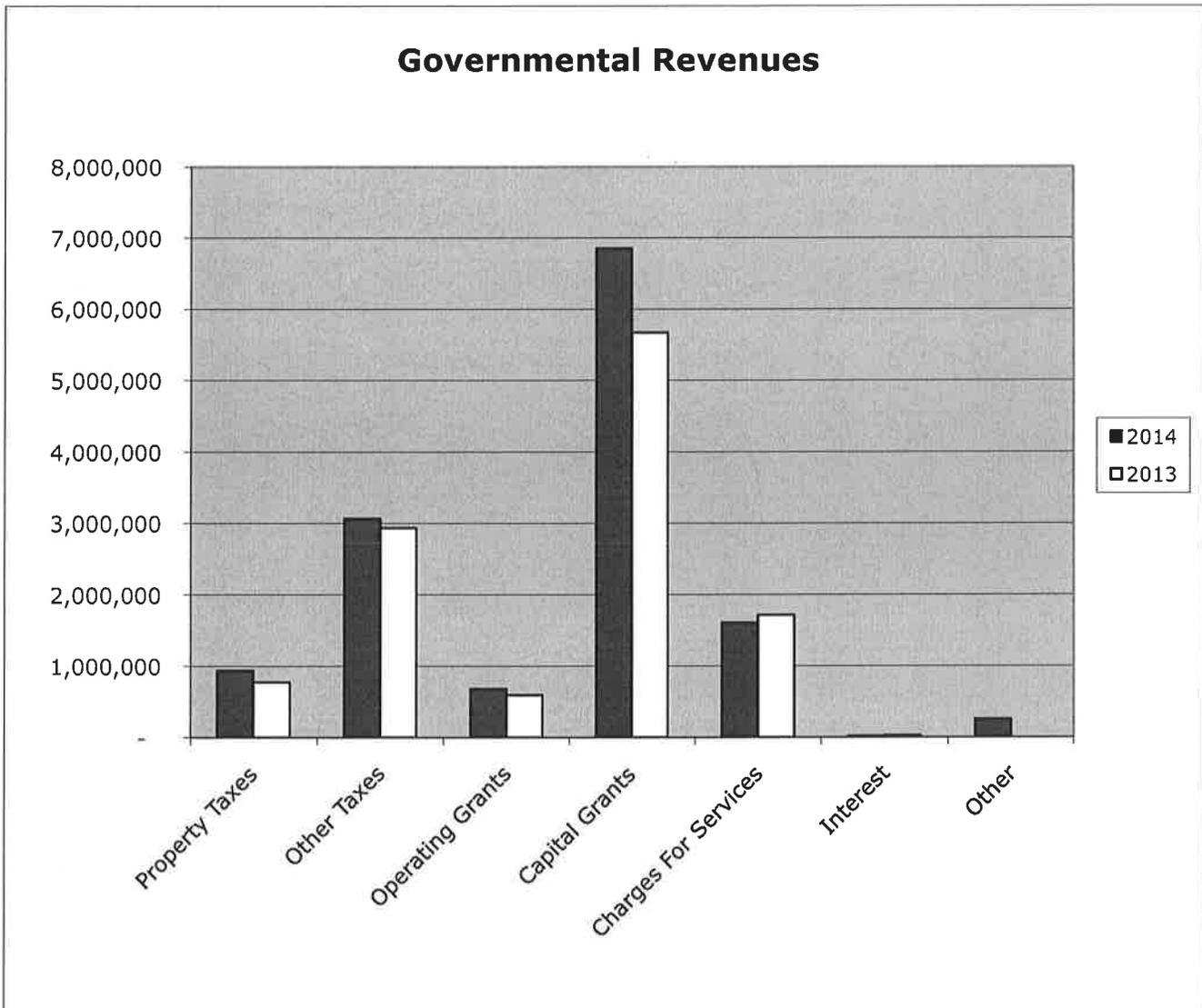
Additional information on the City's long-term debt can be found in the notes of the financial statements.

**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

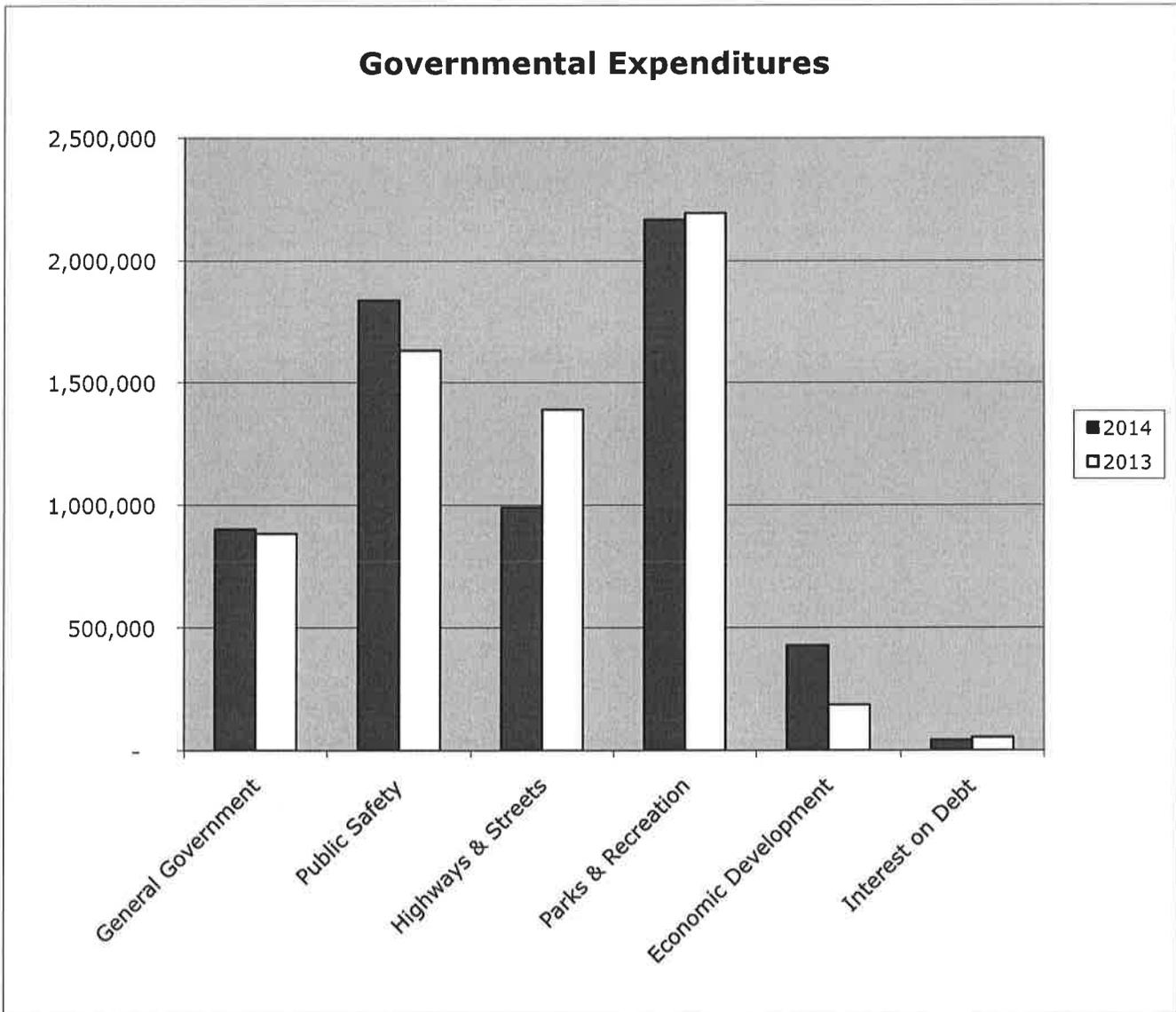
**Richfield City  
Governmental Revenues  
For The Fiscal Years Ending June 30, 2014 and 2013**

|                       | 2014                     | 2013                     |
|-----------------------|--------------------------|--------------------------|
| Property Taxes        | 936,379                  | 776,866                  |
| Other Taxes           | 3,061,922                | 2,933,573                |
| Operating Grants      | 681,235                  | 593,953                  |
| Capital Grants        | 6,855,175                | 5,670,150                |
| Charges For Services  | 1,607,279                | 1,715,518                |
| Interest              | 18,220                   | 25,483                   |
| Other                 | 254,366                  | -                        |
| <b>Total Revenues</b> | <b><u>13,414,576</u></b> | <b><u>11,715,543</u></b> |



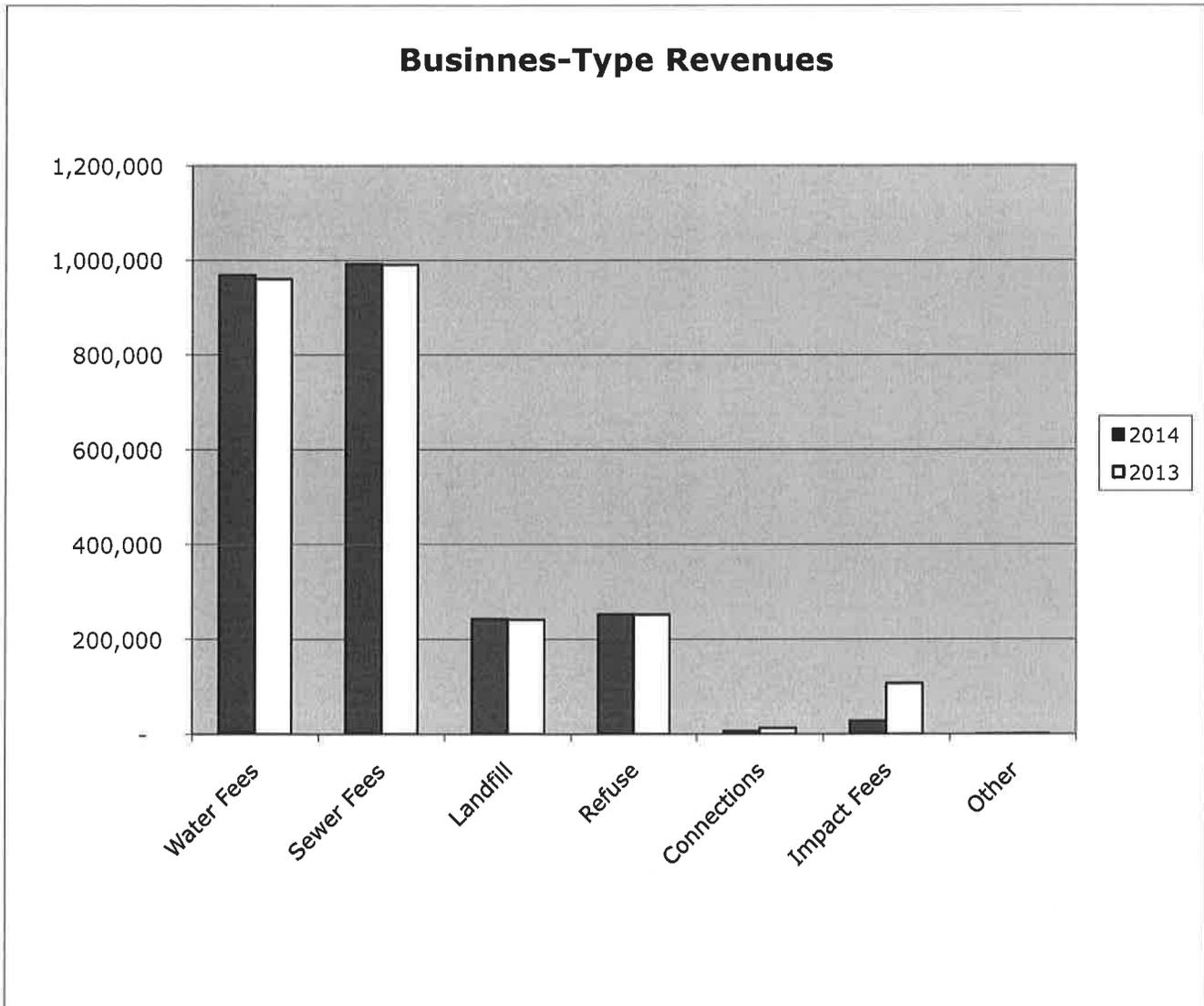
**Richfield City  
Governmental Expenditures  
For The Fiscal Years Ending June 30, 2014 and 2013**

|                           | 2014                    | 2013                    |
|---------------------------|-------------------------|-------------------------|
| General Government        | 900,836                 | 882,689                 |
| Public Safety             | 1,836,826               | 1,631,694               |
| Highways & Streets        | 990,942                 | 1,388,846               |
| Parks & Recreation        | 2,168,017               | 2,195,486               |
| Economic Development      | 427,375                 | 186,481                 |
| Interest on Debt          | 42,907                  | 53,956                  |
| <b>Total Expenditures</b> | <b><u>6,366,903</u></b> | <b><u>6,339,152</u></b> |



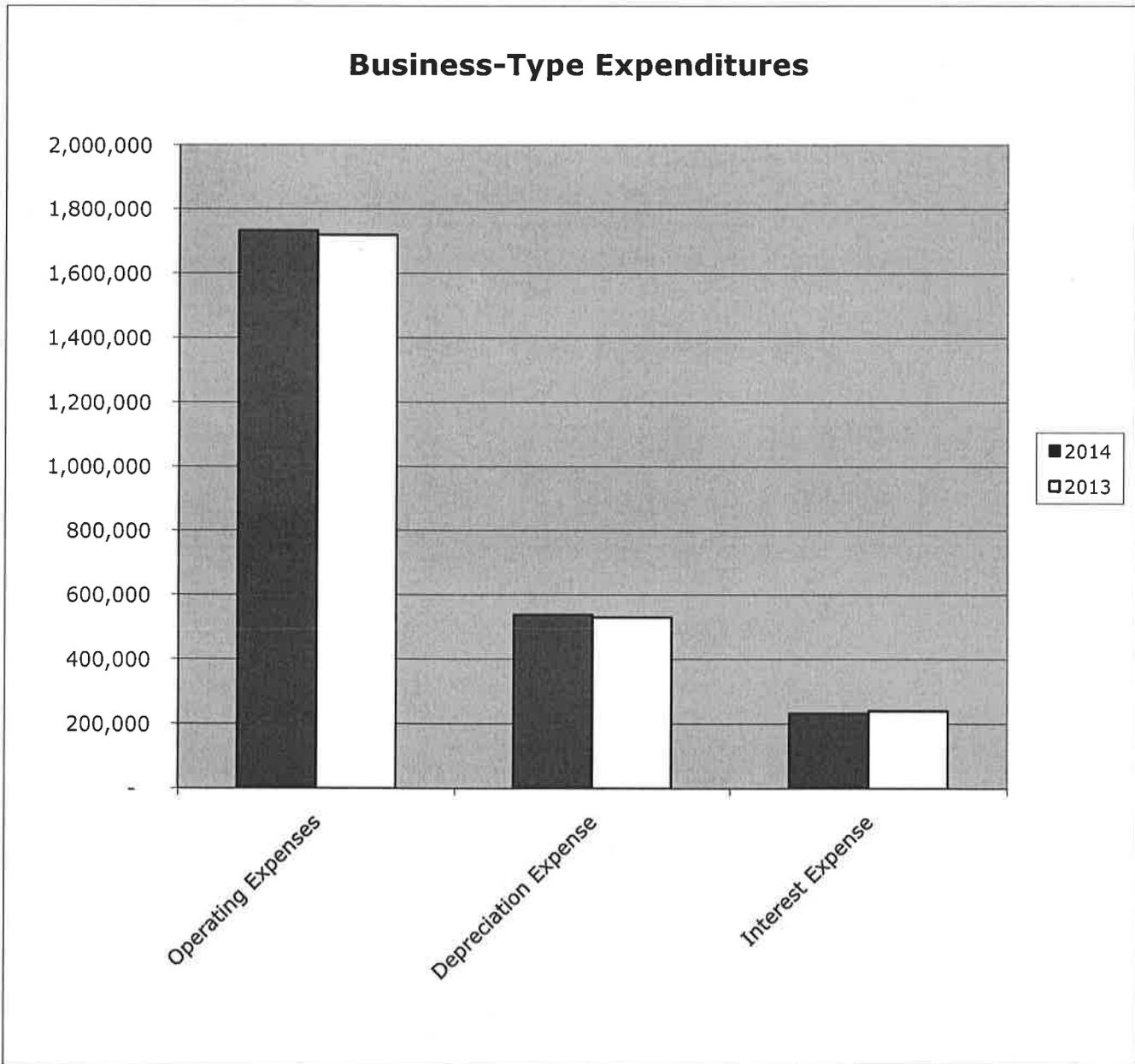
**Richfield City  
Business-Type Revenues  
For The Fiscal Years Ending June 30, 2014 and 2013**

|                       | 2014                    | 2013                    |
|-----------------------|-------------------------|-------------------------|
| Water Fees            | 968,304                 | 960,184                 |
| Sewer Fees            | 991,952                 | 989,975                 |
| Landfill              | 242,971                 | 241,293                 |
| Refuse                | 253,232                 | 252,154                 |
| Connections           | 6,530                   | 12,696                  |
| Impact Fees           | 28,050                  | 107,095                 |
| Other                 | 2                       | 1,017                   |
| <b>Total Revenues</b> | <b><u>2,491,041</u></b> | <b><u>2,564,414</u></b> |



**Richfield City  
Business-Type Expenditures  
For The Fiscal Years Ending June 30, 2014 and 2013**

|                        | 2014             | 2013             |
|------------------------|------------------|------------------|
| Operating Expenses     | 1,732,352        | 1,718,529        |
| Depreciation Expense   | 537,231          | 528,914          |
| Interest Expense       | 232,947          | 239,839          |
| <br>Total Expenditures | <u>2,502,530</u> | <u>2,487,282</u> |



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# **BASIC FINANCIAL STATEMENTS**

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**RICHFIELD CITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

|   | Primary Government         |                             | Total             |
|---|----------------------------|-----------------------------|-------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities |                   |
| <b>ASSETS</b>   |                            |                             |                   |
| Current Assets:   |                            |                             |                   |
| Cash and Investments:   |                            |                             |                   |
| Unrestricted  | 1,658,012                  | 1,859,802                   | 3,517,814         |
| Restricted  | 1,026,949                  | -                           | 1,026,949         |
| Accounts Receivable (Net)   | 41,130                     | 255,993                     | 297,123           |
| Property Taxes Receivable   | 624,000                    | -                           | 624,000           |
| Due From Other Government Units                                       | 1,593,282                  | -                           | 1,593,282         |
| Inventory   | 116,381                    | -                           | 116,381           |
| Total Current Assets  | <u>5,059,754</u>           | <u>2,115,795</u>            | <u>7,175,549</u>  |
| Noncurrent Assets:  |                            |                             |                   |
| Capital Assets (Net of Accumulated Depreciation)                      | <u>39,667,949</u>          | <u>16,331,309</u>           | <u>55,999,258</u> |
| TOTAL ASSETS  | <u>44,727,703</u>          | <u>18,447,104</u>           | <u>63,174,807</u> |
| <b>LIABILITIES</b>  |                            |                             |                   |
| Current Liabilities:  |                            |                             |                   |
| Accounts Payable  | 1,846,910                  | 71,237                      | 1,918,147         |
| Accrued Liabilities   | 114,850                    | -                           | 114,850           |
| Retention Payable   | 214,780                    | -                           | 214,780           |
| Deposits Payable  | -                          | 65,441                      | 65,441            |
| Unearned Revenue  | 8,001                      | -                           | 8,001             |
| Bond Interest Payable   | 29,383                     | 168,610                     | 197,993           |
| Notes Payable - Due Within One Year                                   | 44,653                     | 80,034                      | 124,687           |
| Revenue Bonds Payable - Due Within One Year                           | 394,000                    | 416,669                     | 810,669           |
| Total Current Liabilities   | <u>2,652,577</u>           | <u>801,991</u>              | <u>3,454,568</u>  |
| Noncurrent Liabilities:   |                            |                             |                   |
| Notes Payable - More Than One Year                                    | 57,255                     | 301,222                     | 358,477           |
| Revenue Bonds Payable - More Than One Year                            | 3,904,000                  | 7,910,482                   | 11,814,482        |
| Compensated Absences  | 129,949                    | -                           | 129,949           |
| Total Noncurrent Liabilities  | <u>4,091,204</u>           | <u>8,211,704</u>            | <u>12,302,908</u> |
| TOTAL LIABILITIES   | <u>6,743,781</u>           | <u>9,013,695</u>            | <u>15,757,476</u> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                            |                             |                   |
| Unavailable Revenue - Property Taxes                                  | <u>624,000</u>             | <u>-</u>                    | <u>624,000</u>    |
| <b>NET POSITION</b>   |                            |                             |                   |
| Net Investment in Capital Assets                                      | 35,268,041                 | 7,611,896                   | 42,879,937        |
| Restricted For:   |                            |                             |                   |
| Inventory   | 116,381                    | -                           | 116,381           |
| Class C Roads   | 180,510                    | -                           | 180,510           |
| Debt Service  | 160,168                    | -                           | 160,168           |
| Capital Outlay  | 707,535                    | -                           | 707,535           |
| Perpetual Care  | 117,454                    | -                           | 117,454           |
| Unrestricted  | 809,833                    | 1,821,513                   | 2,631,346         |
| TOTAL NET POSITION  | <u>37,359,922</u>          | <u>9,433,409</u>            | <u>46,793,331</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS<br>OF RESOURCES, AND NET POSITION | <u>44,727,703</u>          | <u>18,447,104</u>           | <u>63,174,807</u> |

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

**RICHFIELD CITY**  
**STATEMENT OF ACTIVITIES**  
**For The Fiscal Year Ended June 30, 2014**

| Function/Programs Primary Government: | Program Revenues |                      |                                | Net (Expense) Revenues and Changes in Net Position |                         |                          |                  |
|---------------------------------------|------------------|----------------------|--------------------------------|--|-------------------------|--------------------------|------------------|
|                                       | Expenses         | Charges for Services | Operating Grants/Contributions | Capital Grants/Contributions                       | Governmental Activities | Business-Type Activities | Total            |
| <b>Governmental Activities:</b>       |                  |                      |                                |  |                         |                          |                  |
| General Government                    | 900,836          | 724,897              | 233,273                        | -  | 57,334                  | -                        | 57,334           |
| Public Safety                         | 1,836,826        | 6,158                | 128,763                        | -  | (1,701,905)             | -                        | (1,701,905)      |
| Highways and Public Improvements      | 990,942          | -                    | 315,948                        | -  | (674,994)               | -                        | (674,994)        |
| Parks and Recreation                  | 2,168,017        | 876,224              | 3,251                          | 6,855,175  | 5,566,633               | -                        | 5,566,633        |
| Economic Development                  | 427,375          | -                    | -                              | -  | (427,375)               | -                        | (427,375)        |
| Interest on Long-Term Debt            | 42,907           | -                    | -                              | -  | (42,907)                | (232,947)                | (275,854)        |
| Total Governmental Activities         | 6,366,903        | 1,607,279            | 681,235                        | 6,855,175  | 2,776,786               | (232,947)                | 2,543,839        |
| <b>Business-Type Activities:</b>      |                  |                      |                                |  |                         |                          |                  |
| Water Fund                            | 891,129          | 974,834              | -                              | -  | -                       | 83,705                   | 83,705           |
| Sewer Fund                            | 906,449          | 991,952              | -                              | -  | -                       | 85,503                   | 85,503           |
| Landfill Fund                         | 221,830          | 242,971              | -                              | -  | -                       | 21,141                   | 21,141           |
| Refuse Fund                           | 250,175          | 253,232              | -                              | -  | -                       | 3,057                    | 3,057            |
| Total Business-Type Activities        | 2,269,583        | 2,462,989            | -                              | -  | -                       | 193,406                  | 193,406          |
| <b>Total Primary Government</b>       | <b>8,636,486</b> | <b>4,070,268</b>     | <b>681,235</b>                 | <b>6,855,175</b>                                   | <b>2,776,786</b>        | <b>(39,541)</b>          | <b>2,737,245</b> |
| <b>General Revenues:</b>              |                  |                      |                                |  |                         |                          |                  |
| Property Taxes                        |                  |                      |                                |  | 515,821                 | -                        | 515,821          |
| Fee-In-Lieu of Property Taxes         |                  |                      |                                |  | 88,198                  | -                        | 88,198           |
| Sales Taxes                           |                  |                      |                                |  | 1,875,117               | -                        | 1,875,117        |
| Transient Room Taxes                  |                  |                      |                                |  | 77,348                  | -                        | 77,348           |
| Franchise Taxes                       |                  |                      |                                |  | 276,255                 | -                        | 276,255          |
| Highway Taxes                         |                  |                      |                                |  | 644,593                 | -                        | 644,593          |
| Communication Tax                     |                  |                      |                                |  | 100,411                 | -                        | 100,411          |
| Impact/Connection Fees                |                  |                      |                                |  | -                       | 28,050                   | 28,050           |
| Recreation Tax                        |                  |                      |                                |  | 420,558                 | -                        | 420,558          |
| Sale of Capital Assets                |                  |                      |                                |  | 243,415                 | -                        | 243,415          |
| Other                                 |                  |                      |                                |  | 10,951                  | -                        | 10,951           |
| Transfers In                          |                  |                      |                                |  | 542,221                 | -                        | 542,221          |
| Transfers Out                         |                  |                      |                                |  | (521,080)               | (21,141)                 | (542,221)        |
| Unrestricted Investment Earnings      |                  |                      |                                |  | 18,220                  | 2                        | 18,222           |
| Total General Revenues and Transfers  |                  |                      |                                |  | 4,292,028               | 6,911                    | 4,298,939        |
| Change in Net Position                |                  |                      |                                |  | 7,068,814               | (32,630)                 | 7,036,184        |
| Net Position - Beginning              |                  |                      |                                |  | 30,291,108              | 9,466,039                | 39,757,147       |
| Net Position - Ending                 |                  |                      |                                |  | 37,359,922              | 9,433,409                | 46,793,331       |

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

**RICHFIELD CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014**

|  | General<br>Fund  | Capital<br>Projects<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|------------------|-----------------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>  |                  |                             |                                   |                                |
| Cash and Investments   | 1,414,906        | 992,170                     | 277,885                           | 2,684,961                      |
| Accounts Receivable (Net)  | 32,767           | -                           | 8,363                             | 41,130                         |
| Property Taxes Receivable  | 624,000          | -                           | -                                 | 624,000                        |
| Due From Other Government Units  | 379,599          | 1,213,683                   | -                                 | 1,593,282                      |
| Inventory  | 116,381          | -                           | -                                 | 116,381                        |
| <b>TOTAL ASSETS</b>  | <u>2,567,653</u> | <u>2,205,853</u>            | <u>286,248</u>                    | <u>5,059,754</u>               |
| <b>LIABILITIES AND FUND BALANCES</b>   |                  |                             |                                   |                                |
| Liabilities:   |                  |                             |                                   |                                |
| Accounts Payable   | 563,372          | 1,283,538                   | -                                 | 1,846,910                      |
| Accrued Liabilities  | 114,850          | -                           | -                                 | 114,850                        |
| Retention Payable  | -                | 214,780                     | -                                 | 214,780                        |
| Unearned Revenue   | -                | -                           | 8,001                             | 8,001                          |
| <b>TOTAL LIABILITIES</b>   | <u>678,222</u>   | <u>1,498,318</u>            | <u>8,001</u>                      | <u>2,184,541</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                  |                             |                                   |                                |
| Unavailable Revenue - Property Taxes   | 624,000          | -                           | -                                 | 624,000                        |
| <b>FUND BALANCES</b>   |                  |                             |                                   |                                |
| Nonspendable Inventory   | 116,381          | -                           | -                                 | 116,381                        |
| Restricted For:  |                  |                             |                                   |                                |
| Perpetual Care   | -                | -                           | 117,454                           | 117,454                        |
| Capital Outlay   | -                | 707,535                     | -                                 | 707,535                        |
| Debt Service   | -                | -                           | 160,168                           | 160,168                        |
| Class C Roads  | 180,510          | -                           | -                                 | 180,510                        |
| Assigned For:  |                  |                             |                                   |                                |
| Street Improvements  | -                | -                           | 625                               | 625                            |
| Unassigned:  |                  |                             |                                   |                                |
| General Fund   | 968,540          | -                           | -                                 | 968,540                        |
| <b>Total Fund Balance</b>  | <u>1,265,431</u> | <u>707,535</u>              | <u>278,247</u>                    | <u>2,251,213</u>               |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES<br/>AND FUND BALANCE</b> | <u>2,567,653</u> | <u>2,205,853</u>            | <u>286,248</u>                    | <u>5,059,754</u>               |

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, 2014**

Total Fund Balances - Governmental Fund Types 2,251,213

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                     | 4,806,231         |                |
| Buildings                | 3,401,728         |                |
| Improvements             | 5,362,438         |                |
| Equipment                | 653,071           |                |
| Vehicles                 | 164,073           |                |
| Infrastructure           | 5,047,885         |                |
| Construction In Progress | <u>20,232,523</u> |                |
| <br>Total                |                   | <br>39,667,949 |

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 | (29,383)         |                        |
| Notes Payable         | (101,908)        |                        |
| Revenue Bonds         | (4,298,000)      |                        |
| Compensated Absences  | <u>(129,949)</u> |                        |
| <br>Total             |                  | <br><u>(4,559,240)</u> |

Net Position of Governmental Activities 37,359,922

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

**RICHFIELD CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Fiscal Year Ended June 30, 2014**

|  | <u>General<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|--------------------------------------|--|---|
| <b>Revenues:</b>                       |                         |                                      |  |   |
| Taxes                                  | 3,910,104               | -                                    | -  | 3,910,104                               |
| Licenses and Permits                   | 222,686                 | -                                    | -  | 222,686                                 |
| Intergovernmental Revenue              | 681,235                 | 6,855,174                            | -  | 7,536,409                               |
| Charges for Services                   | 1,143,025               | -                                    | -  | 1,143,025                               |
| Interest                               | 15,727                  | 1,078                                | 1,416                                      | 18,221                                  |
| Miscellaneous Revenues                 | 316,415                 | 10,926                               | 256,790                                    | 584,131                                 |
|  | <u>6,289,192</u>        | <u>6,867,178</u>                     | <u>258,206</u>                             | <u>13,414,576</u>                       |
| <b>Expenditures:</b>                   |                         |                                      |  |   |
| Current:                               |                         |                                      |  |   |
| General Government                     | 821,847                 | 8,018                                | 4,410                                      | 834,275                                 |
| Public Safety                          | 1,720,059               | 2,178                                | -  | 1,722,237                               |
| Highways and Public Improvements       | 615,939                 | 13,178                               | -  | 629,117                                 |
| Parks and Recreation                   | 1,826,239               | 48,656                               | -  | 1,874,895                               |
| Community Development                  | 322,184                 | -                                    | -  | 322,184                                 |
| Capital Outlay                         | -                       | 7,683,346                            | -  | 7,683,346                               |
| Debt Service:                          |                         |                                      |  |   |
| Principal                              | 314,115                 | -                                    | 201,000                                    | 515,115                                 |
| Interest                               | 2,757                   | -                                    | 43,376                                     | 46,133                                  |
|  | <u>5,623,140</u>        | <u>7,755,376</u>                     | <u>248,786</u>                             | <u>13,627,302</u>                       |
| Excess Revenues Over (Under)           |                         |                                      |  |   |
| Expenditures                           | 666,052                 | (888,198)                            | 9,420                                      | (212,726)                               |
| <b>Other Financing Sources (Uses):</b> |                         |                                      |  |   |
| Bond Proceeds                          | -                       | 500,000                              | -  | 500,000                                 |
| Operating Transfers In                 | 32,774                  | 463,555                              | 45,892                                     | 542,221                                 |
| Operating Transfers Out                | (509,447)               | -                                    | (11,633)                                   | (521,080)                               |
|  | <u>(476,673)</u>        | <u>963,555</u>                       | <u>34,259</u>                              | <u>521,141</u>                          |
| Net Change In Fund Balance             | 189,379                 | 75,357                               | 43,679                                     | 308,415                                 |
| Fund Balance - Beginning               | 1,076,052               | 632,178                              | 234,568                                    | 1,942,798                               |
| Fund Balance - Ending                  | <u>1,265,431</u>        | <u>707,535</u>                       | <u>278,247</u>                             | <u>2,251,213</u>                        |

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, 2014**

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

|   |         |
|---|---------|
| Net Changes in Fund Balances - Total Governmental Funds | 308,415 |
|---|---------|

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       | 7,683,346        |           |
| Depreciation Expense | <u>(933,193)</u> |           |
| Total                |                  | 6,750,153 |

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 | 3,226          |               |
| Increase in Compensated Absences     | (8,095)        |               |
| Issuance of Long-Term Debt           | (500,000)      |               |
| Principal Payment on Long-Term Debt  | <u>515,115</u> |               |
| Total                                |                | <u>10,246</u> |

|  |                         |
|--|-------------------------|
| Changes In Net Position of Governmental Activities | <u><u>7,068,814</u></u> |
|--|-------------------------|

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

**RICHFIELD CITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**June 30, 2014**

|   | Business-Type Activities<br>Proprietary Fund |                  |                   | Total             |
|---|--|------------------|-------------------|-------------------|
|   | Water  | Sewer            | Nonmajor<br>Funds |                   |
| <b>ASSETS:</b>                                      |  |                  |                   |                   |
| Current Assets:                                     |  |                  |                   |                   |
| Cash and Investments                                | 847,371                                      | 984,921          | 27,510            | 1,859,802         |
| Accounts Receivable                                 | 108,172                                      | 99,224           | 48,597            | 255,993           |
| Total Current Assets                                | <u>955,543</u>                               | <u>1,084,145</u> | <u>76,107</u>     | <u>2,115,795</u>  |
| Noncurrent Assets:                                  |  |                  |                   |                   |
| Capital Assets (Net of Accumulated<br>Depreciation) | 7,585,006                                    | 8,746,303        | -                 | 16,331,309        |
| TOTAL ASSETS  | <u>8,540,549</u>                             | <u>9,830,448</u> | <u>76,107</u>     | <u>18,447,104</u> |
| <b>LIABILITIES:</b>                                 |  |                  |                   |                   |
| Current Liabilities:                                |  |                  |                   |                   |
| Accounts Payable                                    | 26,717                                       | 5,313            | 39,207            | 71,237            |
| Customer Deposits Payable                           | 65,441                                       | -                | -                 | 65,441            |
| Bond Interest Payable                               | 48,241                                       | 120,369          | -                 | 168,610           |
| Notes Payable - Current Portion                     | 80,034                                       | -                | -                 | 80,034            |
| Bonds Payable - Current Portion                     | 163,000                                      | 253,669          | -                 | 416,669           |
| Total Current Liabilities                           | <u>383,433</u>                               | <u>379,351</u>   | <u>39,207</u>     | <u>801,991</u>    |
| Noncurrent Liabilities:                             |  |                  |                   |                   |
| Notes Payable - Long-Term Portion                   | 301,222                                      | -                | -                 | 301,222           |
| Bonds Payable - Long-Term Portion                   | 2,804,000                                    | 5,106,482        | -                 | 7,910,482         |
| Total Noncurrent Liabilities                        | <u>3,105,222</u>                             | <u>5,106,482</u> | <u>-</u>          | <u>8,211,704</u>  |
| TOTAL LIABILITIES                                   | <u>3,488,655</u>                             | <u>5,485,833</u> | <u>39,207</u>     | <u>9,013,695</u>  |
| <b>NET POSITION:</b>                                |  |                  |                   |                   |
| Net Investment in Capital Assets                    | 4,225,744                                    | 3,386,152        | -                 | 7,611,896         |
| Unrestricted  | 826,150                                      | 958,463          | 36,900            | 1,821,513         |
| TOTAL NET POSITION                                  | <u>5,051,894</u>                             | <u>4,344,615</u> | <u>36,900</u>     | <u>9,433,409</u>  |
| TOTAL LIABILITIES AND NET POSITION                  | <u>8,540,549</u>                             | <u>9,830,448</u> | <u>76,107</u>     | <u>18,447,104</u> |

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, 2014**

|   | Business-Type Activities<br>Proprietary Fund |                  |                   | Total            |
|---|--|------------------|-------------------|------------------|
|   | Water  | Sewer            | Nonmajor<br>Funds |                  |
| <b>Operating Revenues:</b>                        |  |                  |                   |                  |
| Charges for Sales and Services:                   | 937,794                                      | 976,212          | 496,203           | 2,410,209        |
| Other Revenue                                     | 30,510                                       | 15,740           | -                 | 46,250           |
| <b>Total Operating Revenues</b>                   | <b>968,304</b>                               | <b>991,952</b>   | <b>496,203</b>    | <b>2,456,459</b> |
| <b>Operating Expenses:</b>                        |  |                  |                   |                  |
| Salaries and Wages                                | 112,861                                      | 164,829          | -                 | 277,690          |
| Employee Benefits                                 | 72,390                                       | 97,406           | -                 | 169,796          |
| Contractual Services                              | -  | -                | 472,005           | 472,005          |
| Depreciation                                      | 208,113                                      | 329,118          | -                 | 537,231          |
| Insurance   | 25,000                                       | 28,000           | -                 | 53,000           |
| Miscellaneous                                     | 22,015                                       | 21,678           | -                 | 43,693           |
| Administrative Expense                            | 140,000                                      | 140,000          | -                 | 280,000          |
| Professional Services                             | 19,177                                       | 12,902           | -                 | 32,079           |
| Repairs and Maintenance                           | 135,312                                      | 62,092           | -                 | 197,404          |
| Sewage Treatment                                  | -  | 15,268           | -                 | 15,268           |
| Supplies  | 8,031  | 7,130            | -                 | 15,161           |
| Travel and Training                               | 1,207  | 318              | -                 | 1,525            |
| Bad Debts   | 575  | 664              | -                 | 1,239            |
| Utilities   | 146,448                                      | 27,044           | -                 | 173,492          |
| <b>Total Operating Expenses</b>                   | <b>891,129</b>                               | <b>906,449</b>   | <b>472,005</b>    | <b>2,269,583</b> |
| <b>Operating Income</b>                           | <b>77,175</b>                                | <b>85,503</b>    | <b>24,198</b>     | <b>186,876</b>   |
| <b>Nonoperating Revenues (Expenses):</b>          |  |                  |                   |                  |
| Connection Fees                                   | 6,530  | -                | -                 | 6,530            |
| Impact Fees                                       | 21,714                                       | 6,336            | -                 | 28,050           |
| Interest Earned                                   | 2  | -                | -                 | 2                |
| Interest Expense                                  | (61,438)                                     | (171,509)        | -                 | (232,947)        |
| Transfer to General Fund                          | -  | -                | (21,141)          | (21,141)         |
| <b>Total Nonoperating Revenues<br/>(Expenses)</b> | <b>(33,192)</b>                              | <b>(165,173)</b> | <b>(21,141)</b>   | <b>(219,506)</b> |
| <b>Change in Net Position</b>                     | <b>43,983</b>                                | <b>(79,670)</b>  | <b>3,057</b>      | <b>(32,630)</b>  |
| <b>Total Net Position - Beginning</b>             | <b>5,007,911</b>                             | <b>4,424,285</b> | <b>33,843</b>     | <b>9,466,039</b> |
| <b>Total Net Position - Ending</b>                | <b>5,051,894</b>                             | <b>4,344,615</b> | <b>36,900</b>     | <b>9,433,409</b> |

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

**RICHFIELD CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For The Fiscal Year Ended June 30, 2014**

|  | Business-Type Activities<br>Proprietary Fund |                  |                   | Total            |
|--|--|------------------|-------------------|------------------|
|  | Water  | Sewer            | Nonmajor<br>Funds |                  |
| <b>Cash Flows From Operating Activities:</b>   |  |                  |                   |                  |
| Receipts From Customers  | 975,348                                      | 994,750          | 496,209           | 2,466,307        |
| Payments to Suppliers  | (478,133)                                    | (309,795)        | (451,334)         | (1,239,262)      |
| Payments to Employees  | (185,251)                                    | (262,235)        | -                 | (447,486)        |
| Net Cash Provided by Operating Activities  | <u>311,964</u>                               | <u>422,720</u>   | <u>44,875</u>     | <u>779,559</u>   |
| <b>Cash Flows From Capital and Related<br/>Financing Activities:</b>                               |  |                  |                   |                  |
| Long Term Debt Issued  | 116,025                                      | -                | -                 | 116,025          |
| Principal Paid on Capital Debt   | (240,748)                                    | (329,580)        | -                 | (570,328)        |
| Capital Outlay   | (176,273)                                    | (44,566)         | -                 | (220,839)        |
| Interest Paid on Capital Debt  | (64,252)                                     | (170,715)        | -                 | (234,967)        |
| Net Cash Provided (Used) by Capital<br>and Related Financing Activities                            | <u>(365,248)</u>                             | <u>(544,861)</u> | <u>-</u>          | <u>(910,109)</u> |
| <b>Cash Flows from Investing Activities:</b>   |  |                  |                   |                  |
| Transfer To Other Funds  | -  | -                | (21,141)          | (21,141)         |
| Interest Earned  | 2  | -                | -                 | 2                |
| Connection and Impact Fees   | 28,244                                       | 6,336            | -                 | 34,580           |
| Net Cash Provided (Used) by<br>Investing Activities  | <u>28,246</u>                                | <u>6,336</u>     | <u>(21,141)</u>   | <u>13,441</u>    |
| Net Increase (Decrease) in Cash and<br>Investments   | (25,038)                                     | (115,805)        | 23,734            | (117,109)        |
| Cash and Investments - Beginning   | 872,409                                      | 1,100,726        | 3,776             | 1,976,911        |
| Cash and Investments - Ending  | <u>847,371</u>                               | <u>984,921</u>   | <u>27,510</u>     | <u>1,859,802</u> |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided (Used) By Operating Activities:</b> |  |                  |                   |                  |
| Operating Income   | 77,175                                       | 85,503           | 24,198            | 186,876          |
| Adjustments to Reconcile Operating Income to<br>Net Cash Provided By Operating Activities:         |  |                  |                   |                  |
| Depreciation   | 208,113                                      | 329,118          | -                 | 537,231          |
| Increase (Decrease) in Operating Assets  |  |                  |                   |                  |
| Accounts Receivable  | 7,043  | 2,798            | 6                 | 9,847            |
| Accounts Payable   | 19,630                                       | 5,301            | 20,671            | 45,602           |
| Accrued Liabilities  | 3  | -                | -                 | 3                |
| Total Adjustments  | <u>234,789</u>                               | <u>337,217</u>   | <u>20,677</u>     | <u>592,683</u>   |
| Net Cash Provided by Operating Activities  | <u>311,964</u>                               | <u>422,720</u>   | <u>44,875</u>     | <u>779,559</u>   |

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

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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, 2014.

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)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Richfield City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

Capital Projects Fund account for the acquisition of fixed assets or construction of major capital improvements not being financed by proprietary or nonexpendable trust funds.

The Government also reports the following Other Governmental Funds:

The Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The Debt Service Funds which accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Perpetual Care Permanent Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Government reports the following Proprietary Funds:

The Water, Sewer, Landfill, and Refuse Funds account for the activities of the City utility funds operation. 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 proprietary 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.

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.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

|                                   |               |
|-----------------------------------|---------------|
| Buildings                         | 40 Years      |
| Improvements Other Than Buildings | 20 - 40 Years |
| Machinery and Equipment           | 3 - 10 Years  |
| Distribution System               | 30 - 40 Years |
| Infrastructure                    | 40 Years      |

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Equity Classifications:**

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

**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 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Budgets and Budgetary Accounting:**

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City council on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 18% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the City council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

**H. Deferred Inflows of Resources**

In addition to liabilities, the Statement of Net Position 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 so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

**I. Date of Subsequent Event Evaluation**

Richfield City's subsequent events have been evaluated through the day of the financial statement issuance of September 26, 2014.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments".

**Deposits:**

At year-end the carrying amounts of bank deposits were \$1,530,950 and bank balances were \$1,197,912. Of the bank balance \$280,261 was covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council. Cash on hand was \$1,781.

Cash and investments as of June 30, 2014, consist of the following:

|                            | Fair Value |
|----------------------------|------------|
| Cash on Hand               | 1,781      |
| Demand Deposits            | 36,994     |
| Sweep Account              | 1,493,956  |
| Investments - PTIF         | 2,858,797  |
| Zions Escrow Accounts      | 153,235    |
| Total Cash and Investments | 4,544,763  |

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

|   |           |
|---|-----------|
| Governmental Activities - Unrestricted  | 1,658,012 |
| Governmental Activities - Restricted    | 1,026,949 |
| Business-Type Activities - Unrestricted | 1,859,802 |
| Total Cash and Investments              | 4,544,763 |

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.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

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.

**Custodial Credit Risk:**

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government 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 requirements of the Act and adhering to the rules of the Utah Money Management Council.

As of June 30, 2014, \$917,651 of the local government's bank balances of \$1,197,912 were uninsured and uncollateralized.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**Credit Risk:**

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is 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 cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2014, the local governments has investments of \$2,858,797 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

**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 local government manages its exposure to declines in fair value by investments mainly 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.

**Concentration of Credit Risk:**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**NOTE 3 - WATER SHARES**

The Water Fund has water shares and water rights which are shown on the balance sheet at a cost of \$1,734,918. The current value of the water shares and water rights is in excess of the cost.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2014, was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| <b>Governmental Activities:</b>              |                              |                  |                  |                           |
| Capital Assets Not Being Depreciated:        |                              |                  |                  |                           |
| Land   | 4,556,231                    | -                | -                | 4,556,231                 |
| Land Related to Infrastructure               | 250,000                      | -                | -                | 250,000                   |
| Water Rights                                 | 116,000                      | -                | 116,000          | -                         |
| Construction In Progress                     | <u>12,762,715</u>            | <u>7,469,808</u> | <u>-</u>         | <u>20,232,523</u>         |
| <br>   |                              |                  |                  |                           |
| Total Capital Assets Not Being Depreciated   | <u>17,684,946</u>            | <u>7,469,808</u> | <u>116,000</u>   | <u>25,038,754</u>         |
| <br>   |                              |                  |                  |                           |
| Capital Assets Being Depreciated:            |                              |                  |                  |                           |
| Buildings                                    | 6,743,085                    | -                | 300,000          | 6,443,085                 |
| Improvements                                 | 9,972,305                    | 210,356          | -                | 10,182,661                |
| Machinery and Equipment                      | 1,673,661                    | 78,529           | 23,880           | 1,728,310                 |
| Vehicles                                     | 2,027,320                    | 28,578           | 44,539           | 2,011,359                 |
| Infrastructure                               | <u>6,663,266</u>             | <u>12,075</u>    | <u>-</u>         | <u>6,675,341</u>          |
| <br>   |                              |                  |                  |                           |
| Total Capital Assets Being Depreciated       | <u>27,079,637</u>            | <u>329,538</u>   | <u>368,419</u>   | <u>27,040,756</u>         |
| <br>   |                              |                  |                  |                           |
| Less Accumulated Depreciation For:           |                              |                  |                  |                           |
| Buildings                                    | 3,203,181                    | 138,176          | 300,000          | 3,041,357                 |
| Improvements                                 | 4,491,579                    | 328,644          | -                | 4,820,223                 |
| Machinery and Equipment                      | 1,015,717                    | 83,400           | 23,878           | 1,075,239                 |
| Vehicles                                     | 1,829,065                    | 62,762           | 44,541           | 1,847,286                 |
| Infrastructure                               | <u>1,307,245</u>             | <u>320,211</u>   | <u>-</u>         | <u>1,627,456</u>          |
| <br>   |                              |                  |                  |                           |
| Total Accumulated Depreciation               | <u>11,846,787</u>            | <u>933,193</u>   | <u>368,419</u>   | <u>12,411,561</u>         |
| <br>   |                              |                  |                  |                           |
| Total Capital Assets Being Depreciated (Net) | <u>15,232,850</u>            | <u>(603,655)</u> | <u>-</u>         | <u>14,629,195</u>         |
| <br>   |                              |                  |                  |                           |
| Governmental Activities Capital Assets, Net  | <u>32,917,796</u>            | <u>6,866,153</u> | <u>116,000</u>   | <u>39,667,949</u>         |

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

|   | Beginning<br>Balance | Additions        | Deletions      | Ending<br>Balance |
|---|----------------------|------------------|----------------|-------------------|
| <b>Business-Type Activities:</b>                    |                      |                  |                |                   |
| Capital Assets Not Being Depreciated:               |                      |                  |                |                   |
| Land  | 1,479,302            | -                | -              | 1,479,302         |
| Water Shares  | 1,618,793            | 116,125          | -              | 1,734,918         |
| <b>Total Capital Assets Not Being Depreciated</b>   | <b>3,098,095</b>     | <b>116,125</b>   | <b>-</b>       | <b>3,214,220</b>  |
| Capital Assets Being Depreciated:                   |                      |                  |                |                   |
| Buildings   | 36,345               | 19,000           | -              | 55,345            |
| Machinery and Equipment                             | 316,118              | 60,139           | -              | 376,257           |
| Vehicles  | 237,070              | 25,575           | -              | 262,645           |
| Distribution System                                 | 19,645,790           | -                | -              | 19,645,790        |
| <b>Total Capital Assets Being Depreciated</b>       | <b>20,235,323</b>    | <b>104,714</b>   | <b>-</b>       | <b>20,340,037</b> |
| Less Accumulated Depreciation For:                  |                      |                  |                |                   |
| Buildings   | 26,118               | 10,920           | -              | 37,038            |
| Machinery and Equipment                             | 283,670              | 47,120           | -              | 330,790           |
| Vehicles  | 156,336              | 24,935           | -              | 181,271           |
| Distribution System                                 | 6,219,593            | 454,256          | -              | 6,673,849         |
| <b>Total Accumulated Depreciation</b>               | <b>6,685,717</b>     | <b>537,231</b>   | <b>-</b>       | <b>7,222,948</b>  |
| <b>Total Capital Assets Being Depreciated (Net)</b> | <b>13,549,606</b>    | <b>(432,517)</b> | <b>-</b>       | <b>13,117,089</b> |
| <b>Business-Type Activities Capital Assets, Net</b> | <b>16,647,701</b>    | <b>(316,392)</b> | <b>-</b>       | <b>16,331,309</b> |
| <b>Total Capital Assets</b>                         | <b>49,565,497</b>    | <b>6,549,761</b> | <b>116,000</b> | <b>55,999,258</b> |

**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<br>Activities |
|----------------------------------|----------------------------|
| General Government               | 58,466                     |
| Public Safety                    | 114,589                    |
| Highways and Public Improvements | 361,825                    |
| Parks and Recreation             | 293,122                    |
| Community Development            | 105,191                    |
| Total Depreciation Expense       | 933,193                    |

**NOTE 5 - LONG-TERM DEBT**

Long-term debt for the primary government at June 30, 2014, is comprised of the following issues:

**(1) Notes Payable**

**Water Fund:**

Note Payable to 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.

284,328

Note Payable to Dave Dastrup for \$116,025, 5%, annual principal and interest payments of \$19,096.59 due August 15th of each year for six years, maturing on August 15, 2019.

96,928

Total Notes Payable for Business-Type Activities

381,256

**Governmental Fund:**

Note Payable to Zions First National Bank with annual principal and interest installments of \$46,872.31, bearing interest at 1.22%, maturing March 1, 2018.

101,908

Total Notes Payable for Governmental Activities

101,908

Total Notes Payable

483,164

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**  
**(2) Revenue Bonds**

**Business-Type Activities:**

**Water Fund:**

|   |         |
|---|---------|
| Parity Water Revenue Bonds, Series 2003A, due in annual principal and interest installments of varying amounts of approximately \$45,000, with 2.5% interest, maturing March 1, 2024. | 392,000 |
|---|---------|

|   |           |
|---|-----------|
| Parity Water Revenue Bonds, Series 2003B, due in annual principal and interest installments of varying amounts beginning at \$70,000 and increasing to \$141,450 at maturity of July 1, 2024, with 2.5% interest. | 1,345,000 |
|---|-----------|

|   |                  |
|---|------------------|
| Water Revenue Bond, Series 2011, due in annual installments of \$20,000, beginning January 1, 2014, and continuing until January 1, 2038, with 0% interest. | <u>1,230,000</u> |
|---|------------------|

|   |                  |
|---|------------------|
| Total Revenue Bonds for Water Fund Activities | <u>2,967,000</u> |
|---|------------------|

**Sewer Fund:**

|  |           |
|--|-----------|
| Parity Sewer Revenue Bonds, Series 1999, due in annual installments of varying amounts, with 4% hardship grant interest assessment, maturing February 1, 2020. | 1,636,150 |
|--|-----------|

|   |                  |
|---|------------------|
| Sewer Improvements Revenue Bonds, Series 2008, due in annual principal and interest installments of \$100,000 to \$367,000. Interest rate is 2.5%. Payments begin December 31, 2010 and maturing December 31, 2034. | <u>3,724,000</u> |
|---|------------------|

|   |                  |
|---|------------------|
| Total Revenue Bonds for Sewer Fund Activities | <u>5,360,150</u> |
|---|------------------|

|  |                  |
|--|------------------|
| Total Revenue Bonds for Business-Type Activities | <u>8,327,150</u> |
|--|------------------|

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**  
**Governmental Activities:**

|  |                          |
|--|--------------------------|
| Building Authority Golf Course Bonds, Series 2000A due in annual principal installments of \$25,000, with interest at 0%, maturing July 1, 2022.   | 225,000                  |
| 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.  | 640,000                  |
| 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.   | 65,000                   |
| 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.   | 30,000                   |
| Building Authority Fire Truck Revenue Bond, Series 2005 due in annual installments of principal amounts of \$20,000, no interest, maturing April 1, 2015.  | 20,000                   |
| Street Improvement Revenue Bond, Series 2007A due in annual installments of principal amounts of \$13,000, no interest, maturing April 1, 2017.  | 43,000                   |
| 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.   | 400,000                  |
| 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.   | 462,000                  |
| 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. Payments began December 31, 2009. | 498,000                  |
| 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.   | 778,000                  |
| CIB Airport Revenue Bonds, \$659,000 Series 2013 due in annual installments of principal payments of \$22,000 with no interest. Payments begin July 1, 2014.   | 637,000                  |
| CIB Airport Lease Revenue Bonds, \$500,000 Series 2014. Due in annual installments of \$17,000 to \$13,000. No interest. Due July 1 each year for 30 years starting 2016.  | <u>500,000</u>           |
| Total Revenue Bonds for Governmental Activities  | <u>4,298,000</u>         |
| Total Revenue Bonds  | <u>12,625,150</u>        |
| Total Long-Term Debt Payable   | <u><u>13,108,314</u></u> |

**RICHLAND CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 5 - LONG-TERM DEBT PAYABLE (CONTINUED)**

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

| Bond Issue                                | Date of Issue | Interest Rate | Total Authorized  | Outstanding June 30, 2013 | Current Year Changes |                  | Outstanding June 30, 2014 |
|---|---------------|---------------|-------------------|---------------------------|----------------------|------------------|---------------------------|
|   |               |               |                   |                           | Issued               | Matured          |                           |
| <b>Business-Type Activities:</b>          |               |               |                   |                           |                      |                  |                           |
| Note Payable - Mona Peterson              | 2000          | 5%            | 750,000           | 346,979                   | -                    | 62,651           | 284,328                   |
| Note Payable - Dave Dastrup               | 2014          | 5%            | 116,025           | -                         | 116,025              | 19,097           | 96,928                    |
| Parity Water Revenue Bonds, Series 2003A  | 2003          | 2.5%          | 700,000           | 426,000                   | -                    | 34,000           | 392,000                   |
| Parity Water Revenue Bonds, Series 2003B  | 2003          | 3%            | 2,000,000         | 1,450,000                 | -                    | 105,000          | 1,345,000                 |
| Water Revenue Bond, Series 2011           | 2011          | 0%            | 1,250,000         | 1,250,000                 | -                    | 20,000           | 1,230,000                 |
| Parity Sewer Revenue Bonds, Series 1999   | 1999          | 4%            | 4,000,000         | 1,873,332                 | -                    | 237,182          | 1,636,150                 |
| Sewer Revenue Bonds, Series 1983          | 1983          | 0%            | 800,000           | 26,666                    | -                    | 26,666           | -                         |
| Sewer Revenue Bonds, Series 1983          | 1983          | 4.5%          | 1,000,000         | 58,732                    | -                    | 58,732           | -                         |
| Sewer Revenue Bonds, Series 2008          | 2008          | 2.5%          | 3,750,000         | 3,731,000                 | -                    | 7,000            | 3,724,000                 |
| <b>Total Business-Type Activities</b>     |               |               | <b>14,366,025</b> | <b>9,162,709</b>          | <b>116,025</b>       | <b>570,328</b>   | <b>8,708,406</b>          |
| <b>Governmental Activities:</b>           |               |               |                   |                           |                      |                  |                           |
| Note Payable - Zions National Bank        | 2003          | 3.9%          | 565,000           | 226,023                   | -                    | 124,115          | 101,908                   |
| Golf Course Bonds Series 2000A            | 2000          | 0%            | 500,000           | 250,000                   | -                    | 25,000           | 225,000                   |
| Golf Course Bonds Series 2000B            | 2000          | 2.5%          | 1,250,000         | 703,000                   | -                    | 63,000           | 640,000                   |
| Downtown Enhancement Proj. Series A       | 2003          | 2.5%          | 650,000           | 79,000                    | -                    | 14,000           | 65,000                    |
| Downtown Enhancement Proj. Series B       | 2003          | 1.5%          | 100,000           | 38,000                    | -                    | 8,000            | 30,000                    |
| Building Authority Rev. Bonds Series 2005 | 2005          | 0%            | 200,000           | 40,000                    | -                    | 20,000           | 20,000                    |
| Street Improv. Rev. Bonds Series 2007A    | 2007          | 0%            | 134,000           | 56,000                    | -                    | 13,000           | 43,000                    |
| Street Improv. Rev. Bonds Series 2007B    | 2007          | 0%            | 1,000,000         | 500,000                   | -                    | 100,000          | 400,000                   |
| Street Improv. Rev. Bonds Series 2008     | 2008          | 0%            | 770,000           | 539,000                   | -                    | 77,000           | 462,000                   |
| Sales Tax Revenue Bonds Series 2008       | 2008          | 4.1%          | 600,000           | 520,000                   | -                    | 22,000           | 498,000                   |
| CIB Fire Station Bond                     | 2012          | 0%            | 805,000           | 805,000                   | -                    | 27,000           | 778,000                   |
| CIB Airport Revenue Bond                  | 2012          | 0%            | 659,000           | 659,000                   | -                    | 22,000           | 637,000                   |
| CIB Airport Lease Revenue Bond            | 2014          | 0%            | 500,000           | -                         | 500,000              | -                | 500,000                   |
| <b>Total Governmental Activities</b>      |               |               | <b>7,733,000</b>  | <b>4,415,023</b>          | <b>500,000</b>       | <b>515,115</b>   | <b>4,399,908</b>          |
| <b>Total Bonded Indebtedness</b>          |               |               | <b>22,099,025</b> | <b>13,577,732</b>         | <b>616,025</b>       | <b>1,085,443</b> | <b>13,108,314</b>         |

**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<br>June 30, 2013 | Additions | Retirements | Balance<br>June 30, 2014 | Current<br>Portion |
|----------------------------------|--------------------------|-----------|-------------|--------------------------|--------------------|
| <b>Governmental Activities:</b>  |                          |           |             |                          |                    |
| Notes Payable                    | 226,023                  | -         | 124,115     | 101,908                  | 44,653             |
| Revenue Bonds                    | 4,189,000                | 500,000   | 391,000     | 4,298,000                | 394,000            |
| Total                            | 4,415,023                | 500,000   | 515,115     | 4,399,908                | 438,653            |
| <b>Business-Type Activities:</b> |                          |           |             |                          |                    |
| Notes Payable                    | 346,979                  | 116,025   | 81,748      | 381,256                  | 80,034             |
| Revenue Bonds                    | 8,815,730                | -         | 488,580     | 8,327,150                | 416,669            |
| Total                            | 9,162,709                | 116,025   | 570,328     | 8,708,406                | 496,703            |
| Total Long-Term Debt             | 13,577,732               | 616,025   | 1,085,443   | 13,108,314               | 935,356            |

The annual requirements to amortize bonds and notes payable at June 30, 2014 are as follows:

|           | Governmental Activities |          | Business-Type Activities |           | Total      |
|-----------|-------------------------|----------|--------------------------|-----------|------------|
|           | Principal               | Interest | Principal                | Interest  | Principal  |
| 2015      | 438,653                 | 41,977   | 496,703                  | 268,764   | 935,356    |
| 2016      | 423,198                 | 38,662   | 513,572                  | 246,722   | 936,770    |
| 2017      | 414,057                 | 35,482   | 557,034                  | 224,092   | 971,091    |
| 2018      | 388,000                 | 32,618   | 607,910                  | 199,969   | 995,910    |
| 2019      | 267,000                 | 29,582   | 547,889                  | 186,633   | 814,889    |
| 2020-2024 | 1,180,000               | 128,120  | 1,601,298                | 653,229   | 2,781,298  |
| 2025-2029 | 330,000                 | -        | 1,897,000                | 359,925   | 2,227,000  |
| 2030-2034 | 330,000                 | -        | 1,972,000                | 162,030   | 2,302,000  |
| 2035-2039 | 329,000                 | -        | 515,000                  | 6,875     | 844,000    |
| 2040-2044 | 273,000                 | -        | -                        | -         | 273,000    |
| 2045-2049 | 27,000                  | -        | -                        | -         | 27,000     |
| Total     | 4,399,908               | 306,441  | 8,708,406                | 2,308,239 | 13,108,314 |

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

**Special Assessment and Guaranty Funds:**

The Governmental Accounting Standards Board requires special assessment debt to be recorded on the books when establishment and maintenance of a guarantee fund is required; however, the Assessment Bonds are not general obligations of the City, but are payable exclusively out of the Special Assessment Fund and the Guaranty Fund. The City will not be held liable for the payment of the Assessment Bonds, except to the extent of the Special Assessment Fund and Guaranty Fund, but will be held responsible for the lawful levy of all regular assessments, for the maintenance of the Guaranty Fund as provided by law, and for the faithful accounting, collection, settlement and payment of the assessments and moneys in the Funds.

**Compensated Absences:**

Compensated absences of Richfield City represent accrued vacation pay and associated payroll costs owed at June 30, 2014, in the amount of \$129,949.

|                      | Beginning<br>Balance | Additions | Deletions | Ending<br>Balance |
|----------------------|----------------------|-----------|-----------|-------------------|
| Compensated Absences | 121,854              | 8,095     | -         | 129,949           |

**NOTE 6 - DEFEASANCE OF LONG-TERM DEBT**

In prior years, Richfield City defeased certain general obligation and other bonds by placing the proceeds for new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2014, \$1,592,081 of bonds outstanding is considered defeased.

**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 |                  | -                     |
| Revenues:                   |                  |                       |
| Class C Road Allotment      | 315,948          |                       |
| Highway Tax                 | <u>644,593</u>   |                       |
| Total Revenues              |                  | 960,541               |
| Expenditures:               |                  |                       |
| Streets and Highways        | (590,031)        |                       |
| Bond Principal Payment      | <u>(190,000)</u> |                       |
| Total Expenditures          |                  | <u>(780,031)</u>      |
| Balance - End of Year       |                  | <u><u>180,510</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       |            | 121,932               |
| Operating Revenues:               |            |                       |
| Perpetual Care                    | 6,520      |                       |
| Interest                          | <u>635</u> |                       |
| Total Operating Revenues          |            | 7,155                 |
| Expenditures:                     |            |                       |
| Transfer Interest to General Fund |            | <u>(11,633)</u>       |
| Balance - End of Year             |            | <u><u>117,454</u></u> |

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 9 - TRANSFERS**

| Description:             | <u>Transfers In</u>         | <u>Transfers Out</u>        |
|--------------------------|-----------------------------|-----------------------------|
| General Fund             | 32,774                      | 509,447                     |
| Debt Service Fund        | 45,892                      | -                           |
| Capital Improvement Fund | 463,555                     | -                           |
| Landfill Fund            | -                           | 21,141                      |
| Perpetual Care Fund      | -                           | 11,633                      |
|                          | <u>                    </u> | <u>                    </u> |
| Totals                   | <u>542,221</u>              | <u>542,221</u>              |

Transfers were made for the following purposes:

- \* The General Fund transferred \$463,555 to the Capital Improvement Fund for future capital outlays.
- \* The General Fund transferred \$45,892 to the Debt Service Fund to cover operating costs.
- \* The Landfill Fund transferred \$21,141 to the General Fund for administrative costs.
- \* The Perpetual Care Fund transferred \$11,633 of interest to the General Fund for cemetery operating costs.

**NOTE 10 - PENSION PLAN**

**Local Governmental - Cost Sharing:**

**Plan Description:**

Richfield City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety System Other Division A Contributory, and Public Safety System Other Division A Noncontributory for employers with Social Security coverage all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement System (Systems). The Systems provide retirement benefits, annual cost of living adjustment, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

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

**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; 13.99% to the Contributory, 17.29% to the Noncontributory, 22.37% to the Public Safety Other Division A Contributory, and 34.17% 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, 2014, 2013 and 2012 respectively were: for the Contributory System, \$2,774.27, \$3,632.88, and \$2,656.84; for the Noncontributory System, \$181,936.00, \$157,328.62, and \$127,359.90; for the Public Safety Other Division A Contributory System, \$276.83, \$0.00 and \$0.00; and for the Public Safety Other Division A Noncontributory System, \$167,749.46, \$162,363.64, and \$138,710.58. 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.

**NOTE 13 - SUBSEQUENT EVENT**

Subsequent to year end the City settled an eminent domain lawsuit for property involved in the airport expansion project for \$311,313.

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

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**RICHFIELD CITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For The Fiscal Year Ended June 30, 2014**

**Budgetary Comparison Schedules:**

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual presented in this section of the report is for the City's General Fund.

**Budgeting and Budgetary Control:**

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

**Current Year Budgetary Compliance:**

For the year ended June 30, 2014, all spending was within the approved budgets.

**RICHFIELD CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For The Fiscal Year Ended June 30, 2014**

|   | <u>Budgeted Amounts</u> |                  | Actual Amounts             | Variance With<br><u>Final Budget</u> |
|---|-------------------------|------------------|----------------------------|--------------------------------------|
|   | <u>Original</u>         | <u>Final</u>     | <u>Budgetary<br/>Basis</u> |                                      |
| <b>Revenues:</b>                            |                         |                  |                            |                                      |
| Taxes                                       | 455,958                 | 459,971          | 480,340                    | 20,369                               |
| Recreation Tax                              | 182,102                 | 183,705          | 191,840                    | 8,135                                |
| Prior Years Taxes                           | 15,364                  | 24,965           | 35,481                     | 10,516                               |
| Prior Years Taxes - Recreation              | 6,136                   | 9,971            | 14,171                     | 4,200                                |
| Sales and Use Taxes                         | 1,762,000               | 1,868,000        | 1,875,117                  | 7,117                                |
| Highway Sales Taxes                         | 571,650                 | 643,000          | 644,593                    | 1,593                                |
| Recreation Sales Taxes                      | 109,550                 | 214,000          | 214,547                    | 547                                  |
| Franchise Taxes                             | 276,500                 | 265,000          | 276,255                    | 11,255                               |
| Communications Tax                          | 120,000                 | 116,000          | 100,411                    | (15,589)                             |
| Transient Room Taxes                        | 68,000                  | 75,000           | 77,348                     | 2,348                                |
| Motor Vehicle Fee                           | 63,000                  | 63,000           | 63,026                     | 26                                   |
| Recreation Revenue                          | 25,500                  | 535,500          | 503,029                    | (32,471)                             |
| Licenses, Permits and Fees                  | 103,600                 | 155,663          | 159,660                    | 3,997                                |
| Intergovernmental Revenue                   | 704,080                 | 693,106          | 681,235                    | (11,871)                             |
| Charges for Services                        | 1,196,700               | 657,200          | 639,995                    | (17,205)                             |
| Fines and Forfeitures                       | 5,000                   | -                | -                          | -                                    |
| Investment Earnings                         | 19,000                  | 17,000           | 15,727                     | (1,273)                              |
| Other Revenues                              | 53,020                  | 323,523          | 316,417                    | (7,106)                              |
| Use of Prior Year's Fund Balance            | 57,822                  | -                | -                          | -                                    |
| <b>Total Revenue</b>                        | <u>5,794,982</u>        | <u>6,304,604</u> | <u>6,289,192</u>           | <u>(15,412)</u>                      |
| <b>Expenditures:</b>                        |                         |                  |                            |                                      |
| Current:                                    |                         |                  |                            |                                      |
| General Government                          | 824,245                 | 895,840          | 895,475                    | 365                                  |
| Public Safety                               | 1,600,179               | 1,750,039        | 1,720,059                  | 29,980                               |
| Highways and Public Improvements            | 861,230                 | 812,126          | 805,939                    | 6,187                                |
| Parks and Recreation                        | 1,734,101               | 1,832,949        | 1,826,239                  | 6,710                                |
| Economic Development                        | 354,650                 | 323,485          | 322,184                    | 1,301                                |
| Debt Service:                               |                         |                  |                            |                                      |
| Principal                                   | 46,872                  | 126,872          | 126,872                    | -                                    |
| Budgeted Increase in Fund Balance           | -                       | 97,345           | -                          | 97,345                               |
| <b>Total Expenditures</b>                   | <u>5,421,277</u>        | <u>5,838,656</u> | <u>5,696,768</u>           | <u>141,888</u>                       |
| Excess Revenues Over (Under) Expenditures   | <u>373,705</u>          | <u>465,948</u>   | <u>592,424</u>             | <u>126,476</u>                       |
| <b>Other Financing Sources (Uses):</b>      |                         |                  |                            |                                      |
| Transfers In                                | 15,250                  | 29,748           | 32,774                     | 3,026                                |
| Transfers Out                               | (388,955)               | (495,696)        | (435,819)                  | 59,877                               |
| <b>Total Other Financing Sources (Uses)</b> | <u>(373,705)</u>        | <u>(465,948)</u> | <u>(403,045)</u>           | <u>62,903</u>                        |
| <b>Net Change in Fund Balance</b>           | <u>-</u>                | <u>-</u>         | <u>189,379</u>             | <u>189,379</u>                       |
| Fund Balance - Beginning of Year            |                         |                  | <u>1,076,052</u>           |                                      |
| Fund Balance - End of Year                  |                         |                  | <u>1,265,431</u>           |                                      |

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# **COMBINING FINANCIAL STATEMENTS**

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**RICHFIELD CITY  
NONMAJOR FUNDS  
For The Fiscal Year Ended June 30, 2014**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Building Authority Fund:**

This fund is used to collect rent revenues from Richfield City and Richfield City Redevelopment Agency and to use those revenues to pay off the bonded indebtedness incurred to finance the construction of several downtown improvement projects and golf course improvements.

**DEBT SERVICE FUNDS**

The Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

**1994 Street Improvement District Fund:**

This fund is used to account for the funds accumulated and payments made for the Series 1994 Special Assessment Bonds.

**Commercial Park:**

This fund is used to account for the debt service payments on the Commercial Park.

**PERMANENT FUND**

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Perpetual Care Fund:**

This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

**PROPRIETARY FUNDS**

Proprietary funds are used to account for the provisions of utility services to the residents of the City.

**Landfill Fund:**

This fund is used to account for the billings and collections of landfill services. The City keeps a portion of the billings as an administrative fee and remits the remainder to Sevier County.

**Refuse Collection Fund:**

This fund is used to account for the provision of refuse collection for the residents of the City.

**RICHFIELD CITY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2014**

|  | Debt Service                     | Special Revenue | Permanent Fund     | Total Nonmajor Governmental Funds |
|--|----------------------------------|-----------------|--------------------|-----------------------------------|
| ASSETS                                     | 1994 Street Improvement District | Commercial Park | Building Authority | Perpetual Care                    |
| Restricted Cash and Investments            | 625                              | 44,012          | 116,156            | 117,092                           |
| Accounts Receivable                        | 8,001                            | 8,001           | -                  | 362                               |
|  | Total                            | Total           |                    |                                   |
|  | 8,626                            | 52,638          | 116,156            | 117,454                           |
| <b>TOTAL ASSETS</b>                        | <b>8,626</b>                     | <b>52,638</b>   | <b>116,156</b>     | <b>286,248</b>                    |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                  |                 |                    |                                   |
| Liabilities:                               |                                  |                 |                    |                                   |
| Unearned Revenue - Other                   | 8,001                            | 8,001           | -                  | 8,001                             |
| <b>TOTAL LIABILITIES</b>                   | <b>8,001</b>                     | <b>8,001</b>    | <b>-</b>           | <b>8,001</b>                      |
| Fund Balances:                             |                                  |                 |                    |                                   |
| Restricted                                 | -                                | 44,012          | 116,156            | 117,454                           |
| Assigned                                   | 625                              | 625             | -                  | 625                               |
| <b>TOTAL FUND BALANCES</b>                 | <b>625</b>                       | <b>44,637</b>   | <b>116,156</b>     | <b>278,247</b>                    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>8,626</b>                     | <b>52,638</b>   | <b>116,156</b>     | <b>286,248</b>                    |

**RICHFIELD CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2014**

|   | Debt Service    |         | Special Revenue    | Permanent Fund | Total Nonmajor Governmental Funds |
|---|-----------------|---------|--------------------|----------------|-----------------------------------|
|   | Commercial Park | Total   | Building Authority | Perpetual Care |                                   |
| 1994 Street Improvement District          |                 |         |                    |                |                                   |
| Interest                                  | 241             | 241     | 540                | 635            | 1,416                             |
| Miscellaneous                             | 44,100          | 44,725  | 205,545            | 6,520          | 256,790                           |
| Total Revenues                            | 44,341          | 44,966  | 206,085            | 7,155          | 258,206                           |
| <b>Expenditures:</b>                      |                 |         |                    |                |                                   |
| Current:                                  |                 |         |                    |                |                                   |
| Other                                     | 1,250           | 1,250   | 3,160              | -              | 4,410                             |
| Debt Service:                             |                 |         |                    |                |                                   |
| Principal                                 | 22,000          | 22,000  | 179,000            | -              | 201,000                           |
| Interest                                  | 23,231          | 23,231  | 20,145             | -              | 43,376                            |
| Total Expenditures                        | 46,481          | 46,481  | 202,305            | -              | 248,786                           |
| Excess Revenues Over (Under) Expenditures | (2,140)         | (1,515) | 3,780              | 7,155          | 9,420                             |
| <b>Other Financing Sources (Uses):</b>    |                 |         |                    |                |                                   |
| Transfers In (Out)                        | 45,892          | 45,892  | -                  | (11,633)       | 34,259                            |
| Net Change in Fund Balance                | 43,752          | 44,377  | 3,780              | (4,478)        | 43,679                            |
| Fund Balances - Beginning                 | 260             | 260     | 112,376            | 121,932        | 234,568                           |
| Fund Balances - Ending                    | 44,012          | 44,637  | 116,156            | 117,454        | 278,247                           |

**RICHFIELD CITY**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**June 30, 2014**

|   | Nonmajor Business-Type Activities<br>Proprietary Funds |                      |        |
|---|--|----------------------|--------|
|   | Landfill   | Refuse<br>Collection | Total  |
|   | <b>ASSETS:</b>   |                      |        |
| Current Assets:                           |  |                      |        |
| Cash and Investments                      | -  | 27,510               | 27,510 |
| Due from Other Fund                       | -  | 5,171                | 5,171  |
| Accounts Receivable                       | 23,707   | 24,890               | 48,597 |
| <b>TOTAL ASSETS</b>                       | 23,707   | 57,571               | 81,278 |
| <b>LIABILITIES:</b>                       |  |                      |        |
| Liabilities:                              |  |                      |        |
| Accounts Payable                          | 18,536   | 20,671               | 39,207 |
| Due to Other Fund                         | 5,171  | -                    | 5,171  |
| <b>TOTAL LIABILITIES</b>                  | 23,707   | 20,671               | 44,378 |
| <b>NET POSITION:</b>                      |  |                      |        |
| Unrestricted                              | -  | 36,900               | 36,900 |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | 23,707   | 57,571               | 81,278 |

**RICHFIELD CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**For The Fiscal Year Ended June 30, 2014**

|  | Nonmajor Business-Type Activities<br>Proprietary Funds |                      |                 |
|--|--|----------------------|-----------------|
|  | Landfill   | Refuse<br>Collection | Total           |
| <b>Operating Revenues:</b>             |  |                      |                 |
| Charges for Sales and Services:        |  |                      |                 |
| Utility Charges                        | <u>242,971</u>   | <u>253,232</u>       | <u>496,203</u>  |
| <b>Operating Expenses:</b>             |  |                      |                 |
| Costs of Sales and Services            | <u>221,830</u>   | <u>250,175</u>       | <u>472,005</u>  |
| Excess Revenues Over (Under) Expenses  | 21,141   | 3,057                | 24,198          |
| <b>Other Financing Sources (Uses):</b> |  |                      |                 |
| Transfer to General Fund               | <u>(21,141)</u>  | <u>-</u>             | <u>(21,141)</u> |
| Change in Net Position                 | -  | 3,057                | 3,057           |
| Total Net Position - Beginning         | <u>-</u>   | <u>33,843</u>        | <u>33,843</u>   |
| Total Net Position - Ending            | <u>-</u>   | <u>36,900</u>        | <u>36,900</u>   |

**RICHFIELD CITY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**For The Fiscal Year Ended June 30, 2014**

|  | Nonmajor Business-Type Activities<br>Proprietary Funds |                      |                  |
|--|--|----------------------|------------------|
|  | Landfill   | Refuse<br>Collection | Total            |
| <b>Cash Flows From Operating Activities:</b>   |  |                      |                  |
| Receipts From Customers  | 243,095  | 253,114              | 496,209          |
| Payments to Suppliers  | <u>(221,830)</u>                                       | <u>(229,504)</u>     | <u>(451,334)</u> |
| Net Cash Provided by Operating Activities  | <u>21,265</u>  | <u>23,610</u>        | <u>44,875</u>    |
| <b>Cash Flows from Investing Activities:</b>   |  |                      |                  |
| Interfund Lending  | 5,171  | (5,171)              | -                |
| Transfer to other fund   | <u>(21,141)</u>  | <u>-</u>             | <u>(21,141)</u>  |
| Net Cash Provided (Used) by Investing Activities   | <u>(15,970)</u>  | <u>(5,171)</u>       | <u>(21,141)</u>  |
| Net Increase (Decrease) in Cash and Investments  | 5,295  | 18,439               | 23,734           |
| Cash and Investments - Beginning   | <u>(5,295)</u>   | <u>9,071</u>         | <u>3,776</u>     |
| Cash and Investments - Ending  | <u>-</u>   | <u>27,510</u>        | <u>27,510</u>    |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided (Used) By Operating Activities:</b> |  |                      |                  |
| Operating Income   | <u>21,141</u>  | <u>3,057</u>         | <u>24,198</u>    |
| Adjustments to Reconcile Operating Income to Net<br>Cash Provided (Used) By Operating Activities:  |  |                      |                  |
| Increase (Decrease) in Operating Assets:   |  |                      |                  |
| Accounts Receivable  | 124  | (118)                | 6                |
| Accrued Liabilities  | <u>-</u>   | <u>20,671</u>        | <u>20,671</u>    |
| Total Adjustments  | <u>124</u>   | <u>20,553</u>        | <u>20,677</u>    |
| Net Cash Provided (Used) by Operating Activities   | <u>21,265</u>  | <u>23,610</u>        | <u>44,875</u>    |

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## **COMPLIANCE SECTION**

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# Kimball & Roberts

A Professional Corporation  
Certified Public Accountants  
176 North Main • P.O. Box 663  
Richfield, Utah 84701

## 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

Honorable Mayor and City Council  
Richfield City  
Richfield, Utah 84701

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-type activities, the business-type activities, each major fund, and the aggregate remaining fund information of Richfield City, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Richfield City's financial statements, and have issued our report thereon dated September 26, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Richfield City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Richfield City's internal control. Accordingly, we do not express an opinion on the effectiveness of Richfield City's internal control.

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

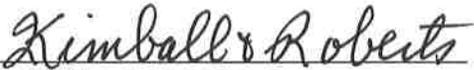
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Richfield City's financial statements are free from 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**

This purpose of this report is solely to describe the scope of our testing or 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.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

September 26, 2014  
Richfield, Utah

# Kimball & Roberts

A Professional Corporation  
Certified Public Accountants  
176 North Main • P.O. Box 663  
Richfield, Utah 84701

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
FEDERAL AWARDS EXPENDED REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and City Council  
Richfield City  
Richfield, Utah 84701

## **Report on Compliance for Each Major Federal Program**

We have audited Richfield City's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **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, 2014, and have issued our report thereon dated September 26, 2014, 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.

The Honorable Mayor and City Council  
Richfield City  
Page -3-

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

**Purpose of this Report**

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

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

September 26, 2014  
Richfield, Utah

**RICHFIELD CITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Fiscal Year Ended June 30, 2014**

**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 independent auditor's 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               |
| 14.228             | Community Development Block Grant         |

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**  
**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDED**  
**For The Fiscal Year Ended June 30, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

**General:**

The accompanying Schedule of Federal Awards Expended presents the activity of all federal financial assistance programs of Richfield City. The reporting entity, Richfield City, is defined in Note 1 to Richfield City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the Schedule of Federal Awards Expended.

**Basis of Accounting:**

The accompanying Schedule of Federal Awards Expended is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to Richfield City's basic financial statements.

**RICHFIELD CITY  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
For The Fiscal Year Ended June 30, 2014**

| <u>Federal Grantor/Pass through Grantor</u>                                  | <u>State<br/>Pass-Through #</u> | <u>Federal<br/>Catalogue #</u> | <u>Disbursements/<br/>Expenditures</u> |
|--|---------------------------------|--------------------------------|--|
| <b>INDIRECT ASSISTANCE</b>   |                                 |                                |  |
| Department of Transportation:  |                                 |                                |  |
| Passed Through Utah Department of Transportation:                            |                                 |                                |  |
| Airport Improvement Program  | DOT-FA13NM-1006                 | 20.106                         | * 126,205                              |
| Airport Improvement Program  | DOT-FA12NM-1093                 | 20.106                         | * 2,326,358                            |
| Airport Improvement Program  | DOT-FA13NM-1093                 | 20.106                         | * <u>4,072,660</u>                     |
| Total Department of Transportation   |                                 |                                | <u>6,525,223</u>                       |
| Department of Justice:   |                                 |                                |  |
| Passed Through State of Utah Commission<br>on Criminal and Juvenile Justice: |                                 |                                |  |
| Byrne - Justice Assistance Grant (JAG)                                       | 13A164                          | 16.738                         | <u>7,500</u>                           |
| Total U.S. Department of Justice   |                                 |                                | <u>7,500</u>                           |
| Department of Housing and Urban Development:                                 |                                 |                                |  |
| Passed Through State of Utah Department<br>of Workforce Services:            |                                 |                                |  |
| Community Development Block Grant  | 14-1101 CDBG                    | 14.228                         | * <u>188,655</u>                       |
| Total Department of Housing and Urban Development                            |                                 |                                | <u>188,655</u>                         |
| TOTAL INDIRECT ASSISTANCE  |                                 |                                | <u>6,721,378</u>                       |
| TOTAL ASSISTANCE   |                                 |                                | <u><u>6,721,378</u></u>                |

\* Denotes program tested as Major Program.

**RICHFIELD CITY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
For The Fiscal Year Ended June 30, 2014**

There were no prior audit findings.

# Kimball & Roberts

A Professional Corporation  
Certified Public Accountants  
176 North Main • P.O. Box 663  
Richfield, Utah 84701

## INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Mayor and City Council  
Richfield City  
Richfield, Utah 84701

### **Report on Compliance with General State Compliance Requirements and for Each Major State Program**

We have audited Richfield City's compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2014.

General state compliance requirements were tested for the year ended June 30, 2014 in the following areas:

|                         |                              |
|-------------------------|------------------------------|
| Budgetary Compliance    | Impact Fees                  |
| Fund Balance            | Open and Public Meetings Act |
| Utah Retirement Systems | Budget Notices and Format    |
| Cash Management         |                              |

The City did not have any state funding classified as a major program during the year ended June 30, 2014.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the and *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City 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 on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on General State Compliance Requirements***

In our opinion, Richfield City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

### **Report on Internal Control Over Compliance**

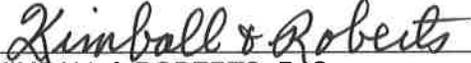
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 general state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance*, is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Honorable Mayor and City Council  
Richfield City  
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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

September 26, 2014  
Richfield, Utah