

RICHFIELD CITY
FINANCIAL STATEMENTS
JUNE 30, 2015

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	19
STATEMENT OF ACTIVITIES	20
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS	21
GOVERNMENTAL FUND BALANCE SHEET RECONCILIATION TO STATEMENT OF NET POSITION	22
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	23
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	24
STATEMENT OF NET POSITION - PROPRIETARY FUNDS	25
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	26
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	27
NOTES TO FINANCIAL STATEMENTS	28
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):	
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS	55
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL:	
GENERAL FUND	56
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	57
SCHEDULE OF CONTRIBUTIONS	58
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - UTAH RETIREMENT SYSTEMS	59

C O N T E N T S

	Page
COMBINING FINANCIAL STATEMENTS AND SCHEDULES:	
COMBINING NONMAJOR FUNDS	61
COMBINING NONMAJOR GOVERNMENTAL FUNDS:	
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS	62
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	63
COMBINING NONMAJOR PROPRIETARY FUNDS:	
COMBINING STATEMENT OF NET POSITION	64
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	65
COMBINING STATEMENT OF CASH FLOWS	66
COMPLIANCE SECTION:	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	68
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	70
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	73
SCHEDULE OF FEDERAL AWARDS EXPENDED	74
SCHEDULE OF PRIOR AUDIT FINDINGS	75
INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE <i>STATE COMPLIANCE AUDIT GUIDE</i> ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE	76

Kimball & Roberts

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

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, 2015, 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, 2015, 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, budgetary comparison information, and Utah Retirement Systems pension liability and contribution information on pages 6 through 17, 55 through 56, and 57 through 59 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.

Honorable Mayor and City Council
Richfield City
Page -3-

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2015, on our consideration of Richfield City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Richfield City's internal control over financial reporting and compliance.



KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 9, 2015
Richfield, Utah

RICHFIELD CITY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

This discussion of Richfield City's financial performance provides an overview of the City's financial activities for the year ending June 30, 2015. 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 \$51,772,398 (net position). Of this amount, \$1,889,516 (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 \$6,005,576. 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 \$1,913,889, a decrease of \$337,323 in comparison with the prior year. Approximately 52 percent of this total amount, \$1,008,550, 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 \$1,008,550, or 17 percent of total General Fund expenditures.
- * The City's total debt decreased by a net amount of \$606,802 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, 2015

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, 2015**

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 \$51,772,398 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (95 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, 2015**

Richfield City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	2,922,861	5,059,754	2,220,193	2,115,795	5,143,054	7,175,549
Capital Assets	45,586,709	39,667,949	15,885,242	16,331,309	61,471,951	55,999,258
Total Assets	48,509,570	44,727,703	18,105,435	18,447,104	66,615,005	63,174,807
Deferred Outflows of Resources	151,309	-	55,964	-	207,273	-
Long-Term Liabilities	4,651,081	4,091,204	7,948,661	8,211,704	12,599,742	12,302,908
Other Liabilities	846,176	2,652,577	794,338	801,991	1,640,514	3,454,568
Total Liabilities	5,497,257	6,743,781	8,742,999	9,013,695	14,240,256	15,757,476
Deferred Inflows of Resources	764,636	624,000	44,988	-	809,624	624,000
Net Position:						
Net Investment in						
Capital Assets	41,316,783	35,268,041	7,661,785	7,611,896	48,978,568	42,879,937
Restricted	904,314	1,282,048	-	-	904,314	1,282,048
Unrestricted	177,889	809,833	1,711,627	1,821,513	1,889,516	2,631,346
Total Net Position	42,398,986	37,359,922	9,373,412	9,433,409	51,772,398	46,793,331

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, \$1,889,516, may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities

Governmental activities increased the City's net position by \$5,788,416. 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, 2015

Richfield City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	1,730,149	1,607,279	2,419,546	2,462,989	4,149,695	4,070,268
Operating Grants	603,751	681,235	-	-	603,751	681,235
Capital Grants	4,860,987	6,855,175	-	-	4,860,987	6,855,175
General Revenues:						
Property Taxes	599,490	936,379	-	-	599,490	936,379
Other Taxes	3,348,709	3,072,873	-	-	3,348,709	3,072,873
Impact Fees	-	-	219,593	28,050	219,593	28,050
Sale of Capital Assets	-	243,415	-	-	-	243,415
Unrestricted Investment Earnings	14,843	18,220	-	2	14,843	18,222
Total Revenues	<u>11,157,929</u>	<u>13,414,576</u>	<u>2,639,139</u>	<u>2,491,041</u>	<u>13,797,068</u>	<u>15,905,617</u>
Expenses:						
General Government	1,293,516	900,836	-	-	1,293,516	900,836
Public Safety	1,539,701	1,836,826	-	-	1,539,701	1,836,826
Highways	437,019	990,942	-	-	437,019	990,942
Parks and Recreation	1,860,956	2,168,017	-	-	1,860,956	2,168,017
Economic Development	219,879	427,375	-	-	219,879	427,375
Interest on Long-Term Debt	38,242	42,907	151,615	232,947	189,857	275,854
Business-Type Activities	-	-	2,250,564	2,269,583	2,250,564	2,269,583
Total Expenses	<u>5,389,313</u>	<u>6,366,903</u>	<u>2,402,179</u>	<u>2,502,530</u>	<u>7,791,492</u>	<u>8,869,433</u>
Increase in Net Position Before Transfers	5,768,616	7,047,673	236,960	(11,489)	6,005,576	7,036,184
Transfers	<u>19,800</u>	<u>21,141</u>	<u>(19,800)</u>	<u>(21,141)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	5,788,416	7,068,814	217,160	(32,630)	6,005,576	7,036,184
Net Position - Beg., Restated	<u>36,610,570</u>	<u>30,291,108</u>	<u>9,156,252</u>	<u>9,466,039</u>	<u>45,766,822</u>	<u>39,757,147</u>
Net Position - Ending	<u>42,398,986</u>	<u>37,359,922</u>	<u>9,373,412</u>	<u>9,433,409</u>	<u>51,772,398</u>	<u>46,793,331</u>

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, 2015**

Business-Type Activities

Business-type activities increased the City's net position by \$217,160. 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 \$1,913,889, a decrease of \$337,323 in comparison with the prior year. Approximately 53 percent of this amount, \$1,008,550, 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, \$131,698; 2) capital outlay, \$494,134; and 3) debt service, \$164,442. Fund balance has also been assigned for street improvements, \$1,025. Fund balance also has \$114,040 in nonspendable inventory.

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 \$1,008,550, while total fund balance reached \$1,122,590. 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 18 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 \$1,711,627. 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, 2015**

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of \$135,206 can be briefly summarized as follows:

- * \$11,719 decrease in General Government.
- * \$14,875 decrease in Public Safety.
- * \$8,891 increase in Streets and Public Improvements.
- * \$144,496 increase in Parks and Recreation.
- * \$27,217 increase in Community Development.
- * \$18,804 net decrease in Transfers In and Out.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2015, was \$45,586,073 (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 Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	4,806,231	4,806,231	1,479,302	1,479,302	6,285,533	6,285,533
Water Shares	-	116,000	1,734,918	1,734,918	1,734,918	1,850,918
Buildings	3,263,551	3,401,728	16,139	18,307	3,279,690	3,420,035
Improvements	5,051,312	5,246,438	12,461,104	12,971,941	17,512,416	18,218,379
Equipment	673,341	653,071	106,070	45,467	779,411	698,538
Vehicles	840,824	164,073	87,474	81,374	928,298	245,447
Infrastructure	6,437,368	5,047,885	-	-	6,437,368	5,047,885
Construction in Progress	24,513,446	20,232,523	-	-	24,513,446	20,232,523
Total	45,586,073	39,667,949	15,885,007	16,331,309	61,471,080	55,999,258

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, 2015**

Long -Term Debt

At the end of the current year, the City had outstanding notes payable of \$357,512 and revenue bonds of \$12,144,000.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Notes Payable	56,290	101,908	301,222	381,256	357,512	483,164
Revenue Bonds	4,222,000	4,298,000	7,922,000	8,327,151	12,144,000	12,625,151
Total Long-Term Debt	<u>4,278,290</u>	<u>4,399,908</u>	<u>8,223,222</u>	<u>8,708,407</u>	<u>12,501,512</u>	<u>13,108,315</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.

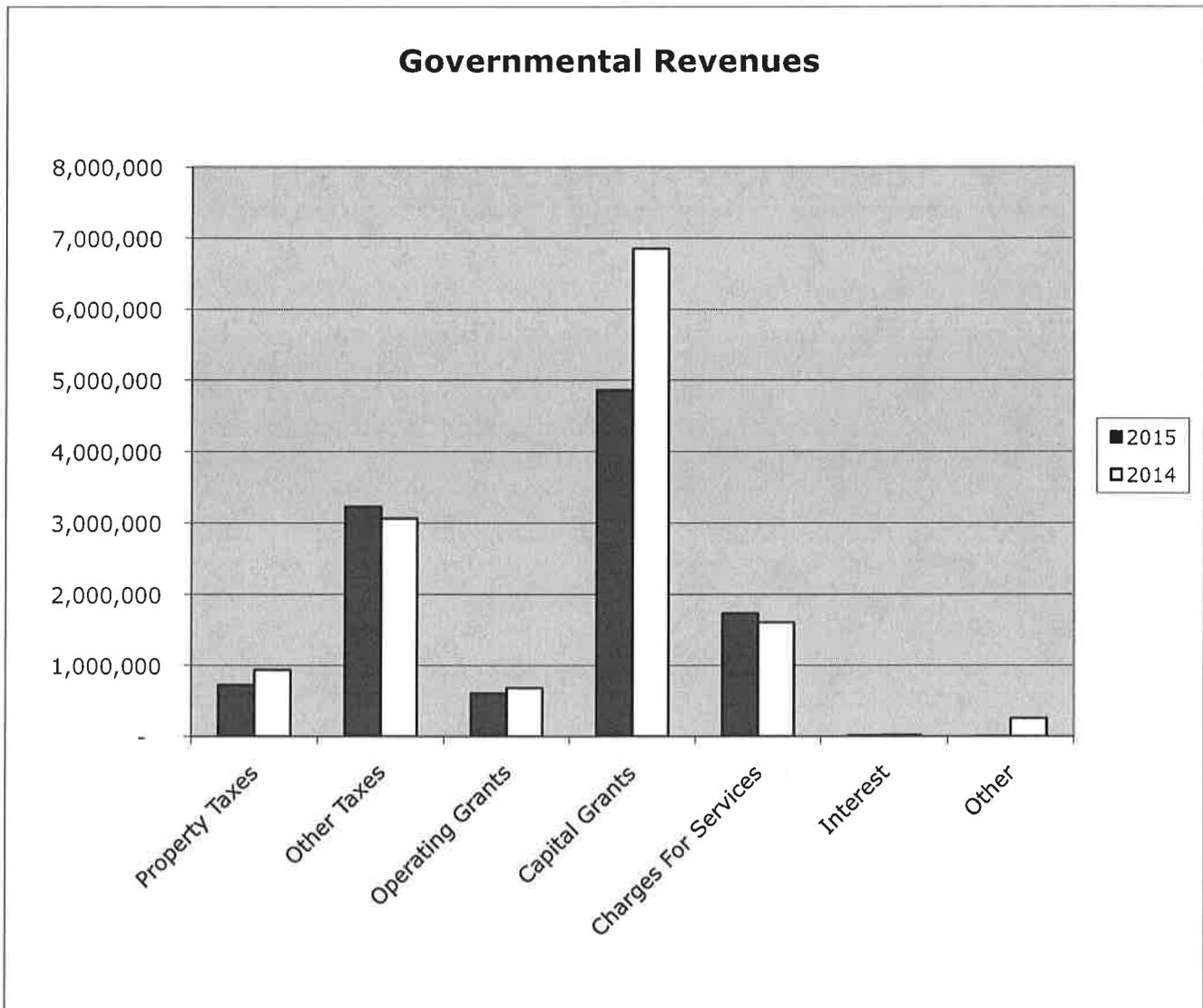
Additional information on the City's long-term debt can be found in the notes of the financial statements.

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

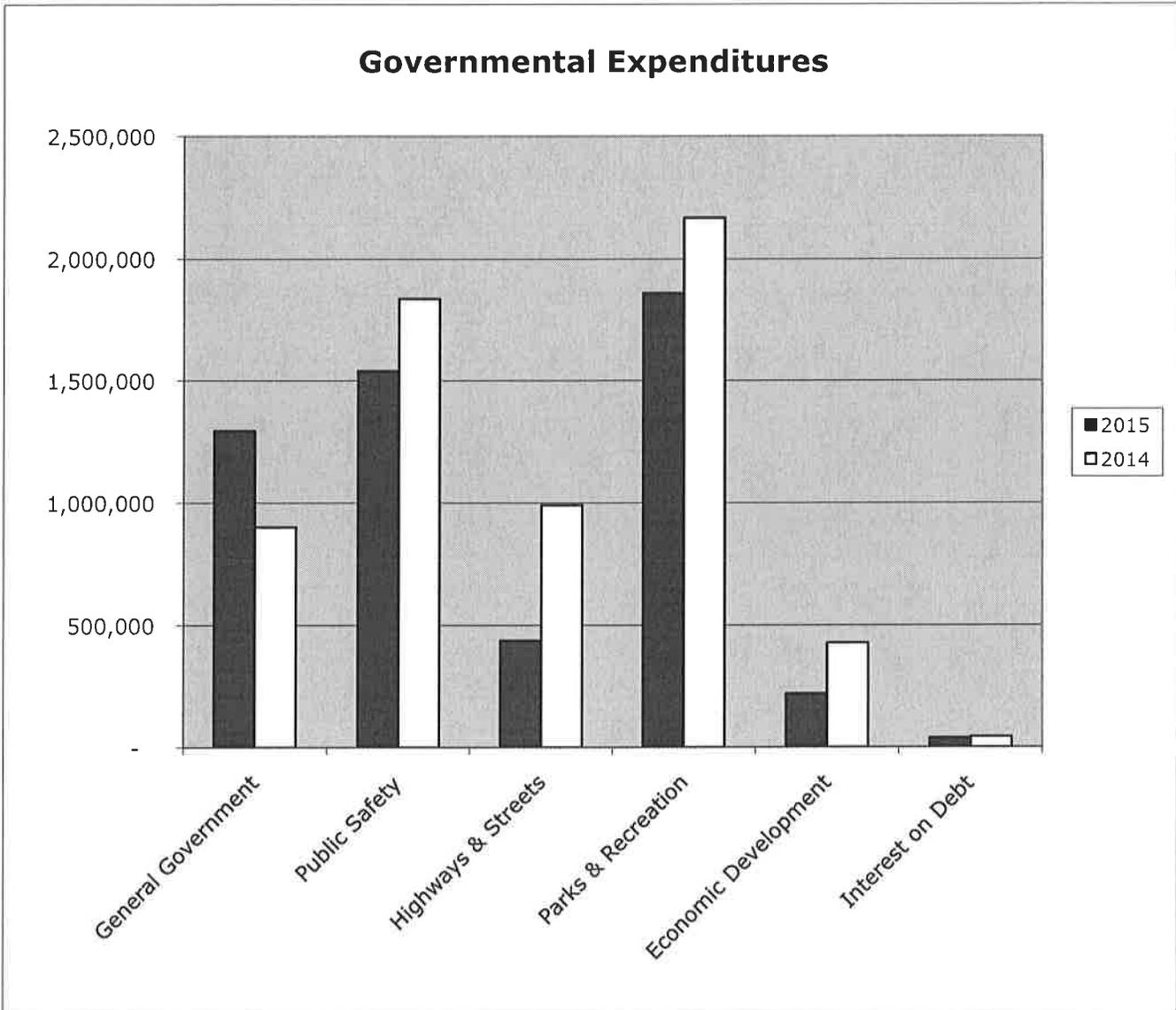
**Richfield City
Governmental Revenues
For The Fiscal Years Ending June 30, 2015 and 2014**

	2015	2014
Property Taxes	721,832	936,379
Other Taxes	3,225,267	3,061,922
Operating Grants	603,751	681,235
Capital Grants	4,860,987	6,855,175
Charges For Services	1,730,149	1,607,279
Interest	14,843	18,220
Other	1,100	254,366
Total Revenues	<u>11,157,929</u>	<u>13,414,576</u>



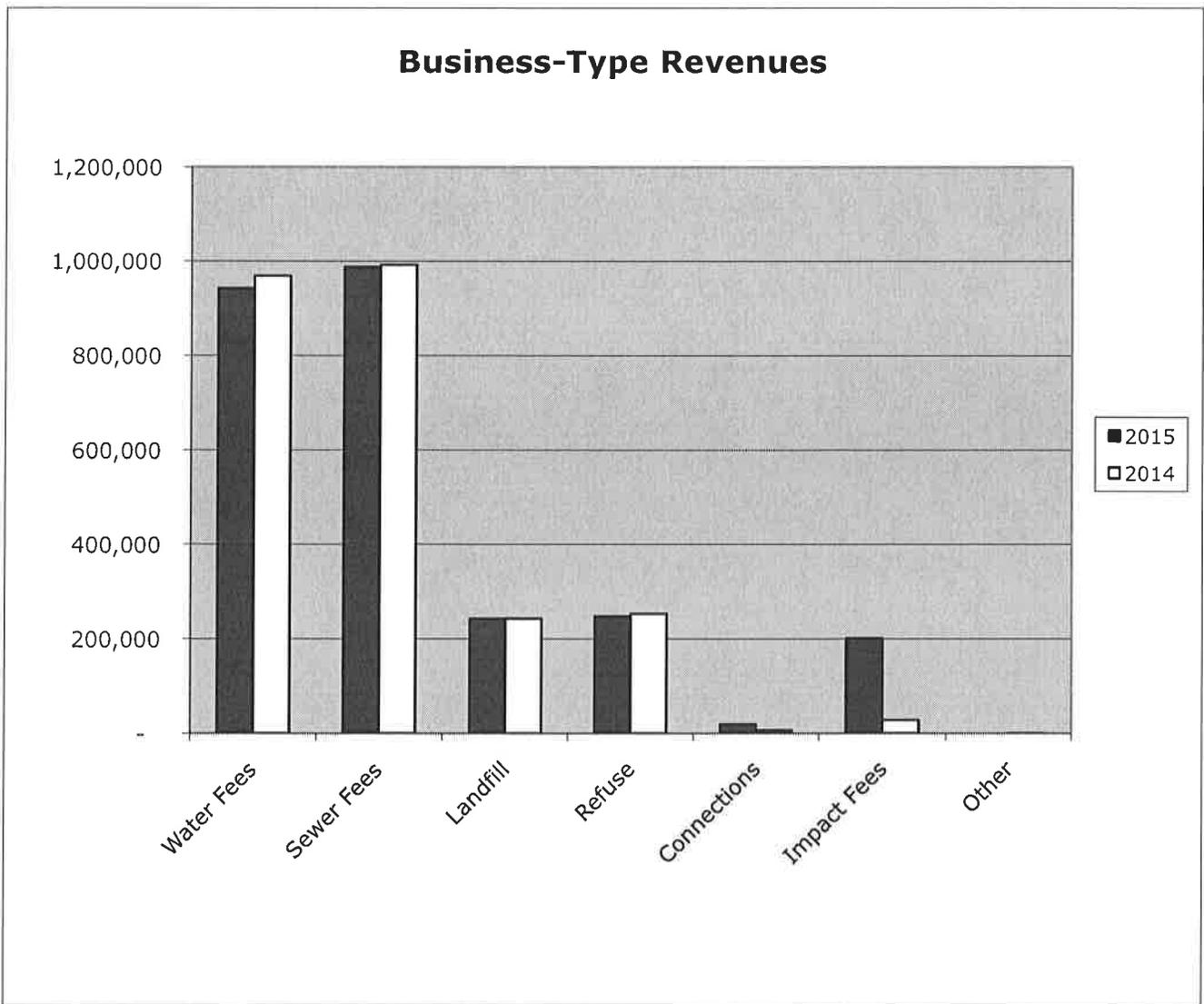
**Richfield City
Governmental Expenditures
For The Fiscal Years Ending June 30, 2015 and 2014**

	2015	2014
General Government	1,293,516	900,836
Public Safety	1,539,701	1,836,826
Highways & Streets	437,019	990,942
Parks & Recreation	1,860,956	2,168,017
Economic Development	219,879	427,375
Interest on Debt	38,242	42,907
Total Expenditures	5,389,313	6,366,903



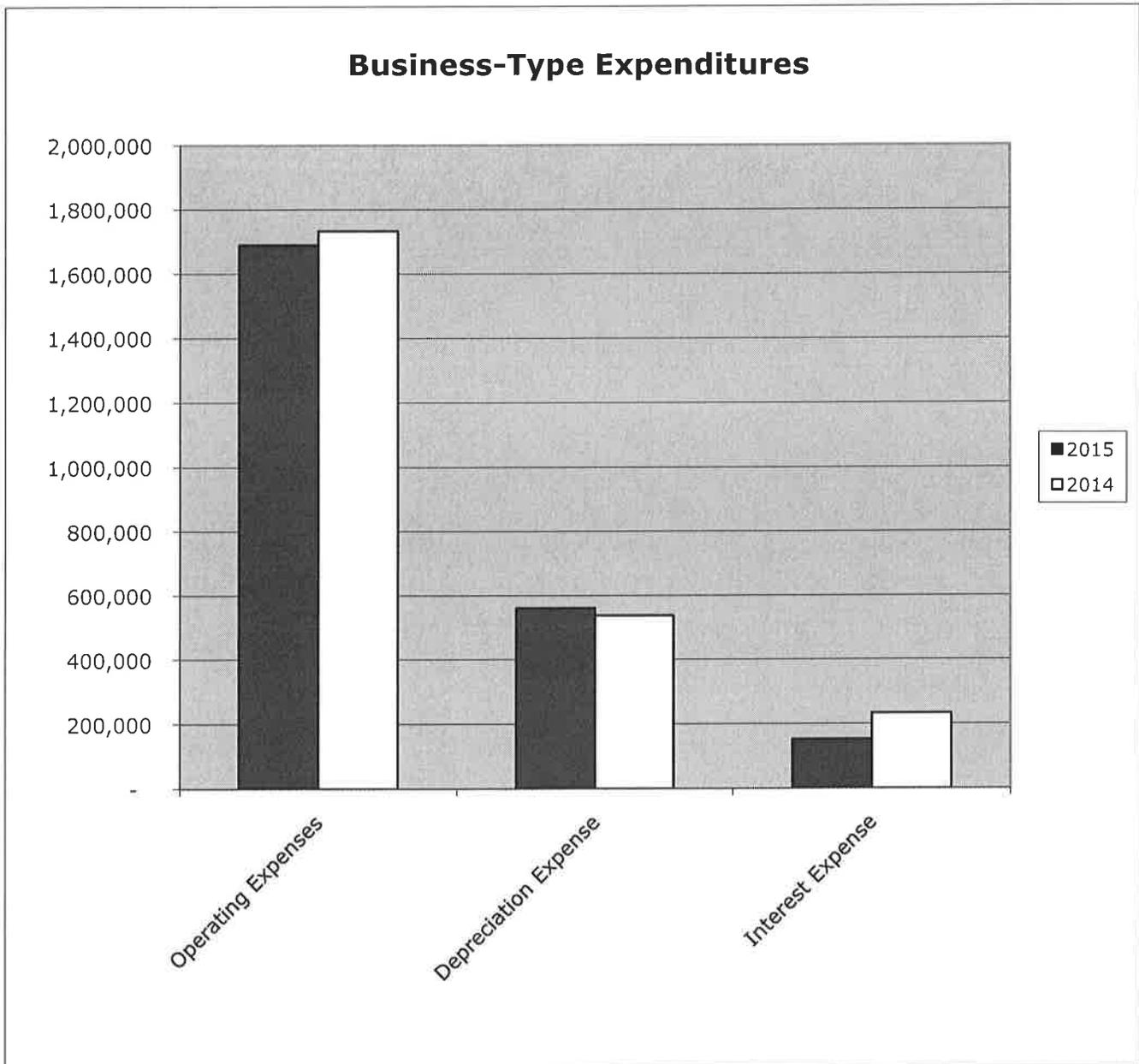
**Richfield City
Business-Type Revenues
For The Fiscal Years Ending June 30, 2015 and 2014**

	2015	2014
Water Fees	942,093	968,304
Sewer Fees	987,214	991,952
Landfill	242,710	242,971
Refuse	247,529	253,232
Connections	18,430	6,530
Impact Fees	201,163	28,050
Other	-	2
Total Revenues	<u>2,639,139</u>	<u>2,491,041</u>



**Richfield City
Business-Type Expenditures
For The Fiscal Years Ending June 30, 2015 and 2014**

	2015	2014
Operating Expenses	1,689,758	1,732,352
Depreciation Expense	560,806	537,231
Interest Expense	151,615	232,947
Total Expenditures	<u>2,402,179</u>	<u>2,502,530</u>



BASIC FINANCIAL STATEMENTS

RICHFIELD CITY
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and Investments:			
Unrestricted	1,193,878	1,989,421	3,183,299
Restricted	566,665	-	566,665
Accounts Receivable (Net)	36,122	230,772	266,894
Property Taxes Receivable	643,000	-	643,000
Due From Other Government Units	369,156	-	369,156
Inventory	114,040	-	114,040
Total Current Assets	<u>2,922,861</u>	<u>2,220,193</u>	<u>5,143,054</u>
Noncurrent Assets:			
Net Pension Asset	636	235	871
Capital Assets (Net of Accumulated Depreciation)	45,586,073	15,885,007	61,471,080
Total Noncurrent Assets	<u>45,586,709</u>	<u>15,885,242</u>	<u>61,471,951</u>
TOTAL ASSETS	<u>48,509,570</u>	<u>18,105,435</u>	<u>66,615,005</u>
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS			
	<u>151,309</u>	<u>55,964</u>	<u>207,273</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>48,660,879</u></u>	<u><u>18,161,399</u></u>	<u><u>66,822,278</u></u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	125,418	53,571	178,989
Accrued Liabilities	125,562	-	125,562
Retention Payable	106,991	-	106,991
Deposits Payable	-	69,427	69,427
Unearned Revenue	8,001	-	8,001
Bond Interest Payable	26,018	141,304	167,322
Notes Payable - Due Within One Year	46,186	84,036	130,222
Revenue Bonds Payable - Due Within One Year	408,000	446,000	854,000
Total Current Liabilities	<u>846,176</u>	<u>794,338</u>	<u>1,640,514</u>
Noncurrent Liabilities:			
Notes Payable - More Than One Year	10,104	217,186	227,290
Revenue Bonds Payable - More Than One Year	3,814,000	7,476,000	11,290,000
Compensated Absences	136,249	-	136,249
Net Pension Liability	690,728	255,475	946,203
Total Noncurrent Liabilities	<u>4,651,081</u>	<u>7,948,661</u>	<u>12,599,742</u>
TOTAL LIABILITIES	<u>5,497,257</u>	<u>8,742,999</u>	<u>14,240,256</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	643,000	-	643,000
Due to Pensions	121,636	44,988	166,624
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>764,636</u>	<u>44,988</u>	<u>809,624</u>
NET POSITION			
Net Investment in Capital Assets	41,316,783	7,661,785	48,978,568
Restricted For:			
Inventory	114,040	-	114,040
Debt Service	164,442	-	164,442
Capital Outlay	494,134	-	494,134
Perpetual Care	131,698	-	131,698
Unrestricted	177,889	1,711,627	1,889,516
TOTAL NET POSITION	<u>42,398,986</u>	<u>9,373,412</u>	<u>51,772,398</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>48,660,879</u></u>	<u><u>18,161,399</u></u>	<u><u>66,822,278</u></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, 2015

	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Governmental Activities	Business-Type Activities	Total
Function/Programs Primary Government:						
Governmental Activities:						
General Government	1,293,516	53,685	-	(448,414)	-	(448,414)
Public Safety	1,539,701	215,290	-	(1,323,370)	-	(1,323,370)
Highways and Public Improvements	437,019	333,103	42,795	(61,121)	-	(61,121)
Parks and Recreation	1,860,956	1,673	4,818,192	3,896,600	-	3,896,600
Economic Development	219,879	-	-	(219,879)	-	(219,879)
Interest on Long-Term Debt	38,242	-	-	(38,242)	(151,615)	(189,857)
Total Governmental Activities	5,389,313	603,751	4,860,987	1,805,574	(151,615)	1,653,959
Business-Type Activities:						
Water Fund	899,858	-	-	-	42,235	42,235
Sewer Fund	904,344	-	-	-	82,870	82,870
Landfill Fund	198,987	-	-	-	43,723	43,723
Refuse Fund	247,375	-	-	-	154	154
Total Business-Type Activities	2,250,564	-	-	-	168,982	168,982
Total Primary Government	7,639,877	603,751	4,860,987	1,805,574	17,367	1,822,941
General Revenues:						
Property Taxes				516,399	-	516,399
Fee-In-Lieu of Property Taxes				83,091	-	83,091
Sales Taxes				1,871,687	-	1,871,687
Transient Room Taxes				80,464	-	80,464
Franchise Taxes				274,690	-	274,690
Highway Taxes				621,087	-	621,087
Communication Tax				86,453	-	86,453
Impact/Connection Fees				-	219,593	219,593
Recreation Tax				413,228	-	413,228
Other				1,100	-	1,100
Transfers In				368,949	-	368,949
Transfers Out				(349,149)	(19,800)	(368,949)
Unrestricted Investment Earnings				14,843	-	14,843
Total General Revenues and Transfers				3,982,842	199,793	4,182,635
Change in Net Position				5,788,416	217,160	6,005,576
Net Position - Beginning, Restated				36,610,570	9,156,252	45,766,822
Net Position - Ending				42,398,986	9,373,412	51,772,398

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

**RICHFIELD CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	843,913	619,490	297,140	1,760,543
Accounts Receivable (Net)	28,096	-	8,026	36,122
Property Taxes Receivable	643,000	-	-	643,000
Due From Other Government Units	357,521	11,635	-	369,156
Inventory	114,040	-	-	114,040
	<u>1,986,570</u>	<u>631,125</u>	<u>305,166</u>	<u>2,922,861</u>
TOTAL ASSETS				
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	95,418	30,000	-	125,418
Accrued Liabilities	125,562	-	-	125,562
Retention Payable	-	106,991	-	106,991
Unearned Revenue	-	-	8,001	8,001
	<u>220,980</u>	<u>136,991</u>	<u>8,001</u>	<u>365,972</u>
TOTAL LIABILITIES				
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	643,000	-	-	643,000
FUND BALANCES				
Nonspendable Inventory	114,040	-	-	114,040
Restricted For:				
Perpetual Care	-	-	131,698	131,698
Capital Outlay	-	494,134	-	494,134
Debt Service	-	-	164,442	164,442
Assigned For:				
Street Improvements	-	-	1,025	1,025
Unassigned:				
General Fund	1,008,550	-	-	1,008,550
	<u>1,122,590</u>	<u>494,134</u>	<u>297,165</u>	<u>1,913,889</u>
Total Fund Balance				
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
	<u>1,986,570</u>	<u>631,125</u>	<u>305,166</u>	<u>2,922,861</u>

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

RICHFIELD CITY
GOVERNMENTAL BALANCE SHEET RECONCILIATION TO STATEMENT OF NET POSITION
June 30, 2015

Total Fund Balances - Governmental Fund Types 1,913,889

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	3,263,551
Improvements	5,051,312
Equipment	673,341
Vehicles	840,824
Infrastructure	6,437,368
Construction in Progress	24,513,446
Net Pension Assets	<u>636</u>

Total 45,586,709

Deferred Outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.

151,309

Long-term liabilities, including bonds payable and deferred inflows of resources, are not due and payable in the current period and, therefore, are not reported in the fund statements:

Bond Interest Payable	(26,018)
Notes Payable	(56,290)
Revenue Bonds	(4,222,000)
Net Pension Liability	(690,728)
Deferred Inflows of Resources Due to Pensions	(121,636)
Compensated Absences	<u>(136,249)</u>

Total (5,252,921)

Net Position of Government Activities

42,398,986

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, 2015

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	3,864,010	-	-	3,864,010
Licenses and Permits	292,952	-	-	292,952
Intergovernmental Revenue	646,546	4,501,192	-	5,147,738
Charges for Services	1,217,093	-	-	1,217,093
Interest	11,855	1,270	1,717	14,842
Miscellaneous Revenues	82,525	1,100	220,669	304,294
Total Revenues	6,114,981	4,503,562	222,386	10,840,929
Expenditures:				
Current:				
General Government	1,122,030	-	4,410	1,126,440
Public Safety	1,636,787	-	-	1,636,787
Highways and Public Improvements	1,044,215	-	-	1,044,215
Parks and Recreation	1,753,840	-	-	1,753,840
Community Development	135,923	-	-	135,923
Capital Outlay	-	5,654,622	-	5,654,622
Debt Service:				
Principal	235,618	-	204,000	439,618
Interest	1,254	-	40,353	41,607
Total Expenditures	5,929,667	5,654,622	248,763	11,833,052
Excess Revenues Over (Under) Expenditures	185,314	(1,151,060)	(26,377)	(992,123)
Other Financing Sources (Uses):				
Bond Proceeds	-	635,000	-	635,000
Operating Transfers In	20,397	302,660	45,892	368,949
Operating Transfers Out	(348,552)	-	(597)	(349,149)
Total Other Financing Sources	(328,155)	937,660	45,295	654,800
Net Change In Fund Balance	(142,841)	(213,400)	18,918	(337,323)
Fund Balance - Beginning	1,265,431	707,534	278,247	2,251,212
Fund Balance - Ending	1,122,590	494,134	297,165	1,913,889

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, 2015

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

Net Changes in Fund Balances - Total Governmental Funds	(337,323)
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The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown on the fund statements.	88,933
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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	6,965,690	
Depreciation Expense	<u>(1,047,566)</u>	
Total		5,918,124

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	3,365	
Increase in Compensated Absences	(6,301)	
Issuance of Long-Term Debt	(318,000)	
Principal Payment on Long-Term Debt	<u>439,618</u>	
Total		<u>118,682</u>

Changes In Net Position of Governmental Activities	<u><u>5,788,416</u></u>
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The notes to the financial statements are an integral part of this statement.

RICHFIELD CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-Type Activities Proprietary Funds			Total
	Water	Sewer	Nonmajor Funds	
ASSETS:				
Current Assets:				
Cash and Investments	948,530	1,008,280	32,611	1,989,421
Accounts Receivable	84,516	98,685	47,571	230,772
Total Current Assets	<u>1,033,046</u>	<u>1,106,965</u>	<u>80,182</u>	<u>2,220,193</u>
Noncurrent Assets:				
Net Pension Assets	99	136	-	235
Capital Assets (Net of Accum. Depreciation)	7,429,011	8,455,996	-	15,885,007
Total Noncurrent Assets	<u>7,429,110</u>	<u>8,456,132</u>	<u>-</u>	<u>15,885,242</u>
TOTAL ASSETS	<u>8,462,156</u>	<u>9,563,097</u>	<u>80,182</u>	<u>18,105,435</u>
Deferred Outflows of Resources Due to Pensions	23,634	32,330	-	55,964
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>8,485,790</u>	<u>9,595,427</u>	<u>80,182</u>	<u>18,161,399</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	30,349	4,017	19,205	53,571
Customer Deposits Payable	69,427	-	-	69,427
Bond Interest Payable	43,231	98,073	-	141,304
Notes Payable - Current Portion	84,036	-	-	84,036
Bonds Payable - Current Portion	166,000	280,000	-	446,000
Total Current Liabilities	<u>393,043</u>	<u>382,090</u>	<u>19,205</u>	<u>794,338</u>
Noncurrent Liabilities:				
Notes Payable - Long-Term Portion	217,186	-	-	217,186
Bonds Payable - Long-Term Portion	2,638,000	4,838,000	-	7,476,000
Net Pension Liability	107,887	147,588	-	255,475
Total Noncurrent Liabilities	<u>2,963,073</u>	<u>4,985,588</u>	<u>-</u>	<u>7,948,661</u>
TOTAL LIABILITIES	<u>3,356,116</u>	<u>5,367,678</u>	<u>19,205</u>	<u>8,742,999</u>
Deferred Inflows of Resources Due to Pensions	19,000	25,988	-	44,988
NET POSITION:				
Net Investment in Capital Assets	4,323,789	3,337,996	-	7,661,785
Unrestricted	786,885	863,765	60,977	1,711,627
TOTAL NET POSITION	<u>5,110,674</u>	<u>4,201,761</u>	<u>60,977</u>	<u>9,373,412</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>8,485,790</u>	<u>9,595,427</u>	<u>80,182</u>	<u>18,161,399</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 FUNDS
For The Fiscal Year Ended June 30, 2015

	Business-Type Activities Proprietary Funds			Total
	Water	Sewer	Nonmajor Funds	
Operating Revenues:				
Charges for Sales and Services:	915,929	977,540	490,239	2,383,708
Other Revenue	26,164	9,674	-	35,838
Total Operating Revenues	942,093	987,214	490,239	2,419,546
Operating Expenses:				
Salaries and Wages	117,980	158,516	-	276,496
Employee Benefits	73,903	96,027	-	169,930
Contractual Services	-	-	446,362	446,362
Depreciation	212,119	348,687	-	560,806
Insurance	25,000	28,000	-	53,000
Miscellaneous	15,565	43,030	-	58,595
Administrative Expense	140,000	140,000	-	280,000
Professional Services	18,906	22,674	-	41,580
Repairs and Maintenance	156,039	41,776	-	197,815
Sewage Treatment	-	16,629	-	16,629
Supplies	8,424	7,233	-	15,657
Travel and Training	1,921	645	-	2,566
Bad Debts	229	283	-	512
Utilities	143,662	19,847	-	163,509
Total Operating Expenses	913,748	923,347	446,362	2,283,457
Operating Income	28,345	63,867	43,877	136,089
Nonoperating Revenues (Expenses):				
Connection Fees	18,430	-	-	18,430
Impact Fees	172,634	28,529	-	201,163
Interest Expense	(57,475)	(94,140)	-	(151,615)
Transfer to General Fund	-	-	(19,800)	(19,800)
Benefit Expense Due to Pensions	42,310	57,880	-	100,190
Pension Expense Due to Pensions	(28,420)	(38,877)	-	(67,297)
Total Nonoperating Revenues (Expenses)	147,479	(46,608)	(19,800)	81,071
Change in Net Position	175,824	17,259	24,077	217,160
Net Position - Beginning, Restated	4,934,850	4,184,502	36,900	9,156,252
Net Position - Ending	5,110,674	4,201,761	60,977	9,373,412

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

RICHFIELD CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2015

	Business-Type Activities Proprietary Funds			Total
	Water	Sewer	Nonmajor Funds	
Cash Flows From Operating Activities:				
Receipts From Customers	965,749	987,753	491,265	2,444,767
Payments to Suppliers	(502,128)	(321,413)	(466,364)	(1,289,905)
Payments to Employees	(191,883)	(254,543)	-	(446,426)
Net Cash Provided by Operating Activities	<u>271,738</u>	<u>411,797</u>	<u>24,901</u>	<u>708,436</u>
Cash Flows From Capital and Related Financing Activities:				
Long Term Debt Issued	-	1,675,000	-	1,675,000
Principal Paid on Capital Debt	(243,034)	(1,917,150)	-	(2,160,184)
Capital Outlay	(61,134)	(58,381)	-	(119,515)
Interest Paid on Capital Debt	(57,475)	(116,436)	-	(173,911)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(361,643)</u>	<u>(416,967)</u>	<u>-</u>	<u>(778,610)</u>
Cash Flows from Investing Activities:				
Transfer To Other Funds	-	-	(19,800)	(19,800)
Connection and Impact Fees	191,064	28,529	-	219,593
Net Cash Provided (Used) by Investing Activities	<u>191,064</u>	<u>28,529</u>	<u>(19,800)</u>	<u>199,793</u>
Net Increase (Decrease) in Cash and Investments	101,159	23,359	5,101	129,619
Cash and Investments - Beginning	<u>847,371</u>	<u>984,921</u>	<u>27,510</u>	<u>1,859,802</u>
Cash and Investments - Ending	<u><u>948,530</u></u>	<u><u>1,008,280</u></u>	<u><u>32,611</u></u>	<u><u>1,989,421</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:				
Operating Income	28,345	63,867	43,877	136,089
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:				
Depreciation	212,119	348,687	-	560,806
Increase (Decrease) in Operating Assets				
Accounts Receivable	23,656	539	1,026	25,221
Accounts Payable	3,632	(1,296)	(20,002)	(17,666)
Accrued Liabilities	3,986	-	-	3,986
Total Adjustments	<u>243,393</u>	<u>347,930</u>	<u>(18,976)</u>	<u>572,347</u>
Net Cash Provided by Operating Activities	<u><u>271,738</u></u>	<u><u>411,797</u></u>	<u><u>24,901</u></u>	<u><u>708,436</u></u>

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

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015.

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.

The 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's utility operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of water, sewer, landfill and refuse collection are charges to customers for services. Operating expenses for 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, governmental 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 includes 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 includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. It also includes all remaining amounts that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, or committed, 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. 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.

F. 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.

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

G. 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.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one type of item that qualifies for reporting in this category, deferred outflows as relating to pensions as described in Note 13.

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 two types of items that qualify for reporting in this category. The City reports unavailable revenues from property taxes and deferred inflows as relating to pensions as described in Note 13. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

I. Pensions

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

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Date of Subsequent Event Evaluation

Richfield City's subsequent events have been evaluated through the day of the financial statement issuance of October 9, 2015.

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 \$1,700,926 and bank balances were \$1,969,781. Of the bank balance \$280,337 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 \$1,811.

Cash and investments as of June 30, 2015, consist of the following:

	Fair Value
Cash on Hand	1,811
Demand Deposits	279,452
Sweep Account	1,421,474
Investments - PTIF	1,894,395
Zions Escrow Accounts	152,832
Total Cash and Investments	3,749,964

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

Governmental Activities - Unrestricted	1,193,878
Governmental Activities - Restricted	566,665
Business-Type Activities - Unrestricted	1,989,421
Total Cash and Investments	3,749,964

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, 2015, \$1,689,444 of the local government's bank balances of \$1,969,781 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, 2015, the local governments has investments of \$1,894,395 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, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	4,556,231	-	-	4,556,231
Land Related to Infrastructure	250,000	-	-	250,000
Construction In Progress	<u>20,232,523</u>	<u>4,581,083</u>	<u>300,160</u>	<u>24,513,446</u>
 Total Capital Assets Not Being Depreciated	 <u>25,038,754</u>	 <u>4,581,083</u>	 <u>300,160</u>	 <u>29,319,677</u>
Capital Assets Being Depreciated:				
Buildings	6,443,085	-	-	6,443,085
Improvements	10,182,661	19,404	-	10,202,065
Machinery and Equipment	1,728,310	111,831	10,000	1,830,141
Vehicles	2,011,359	753,372	98,969	2,665,762
Infrastructure	<u>6,675,341</u>	<u>1,800,160</u>	<u>-</u>	<u>8,475,501</u>
 Total Capital Assets Being Depreciated	 <u>27,040,756</u>	 <u>2,684,767</u>	 <u>108,969</u>	 <u>29,616,554</u>
Less Accumulated Depreciation For:				
Buildings	3,041,357	138,177	-	3,179,534
Improvements	4,820,223	330,530	-	5,150,753
Machinery and Equipment	1,075,239	91,561	10,000	1,156,800
Vehicles	1,847,286	76,621	98,969	1,824,938
Infrastructure	<u>1,627,456</u>	<u>410,677</u>	<u>-</u>	<u>2,038,133</u>
 Total Accumulated Depreciation	 <u>12,411,561</u>	 <u>1,047,566</u>	 <u>108,969</u>	 <u>13,350,158</u>
 Total Capital Assets Being Depreciated (Net)	 <u>14,629,195</u>	 <u>1,637,201</u>	 <u>-</u>	 <u>16,266,396</u>
 Governmental Activities Capital Assets, Net	 <u>39,667,949</u>	 <u>6,218,284</u>	 <u>300,160</u>	 <u>45,586,073</u>

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	1,479,302	-	-	1,479,302
Water Shares	1,734,918	-	-	1,734,918
Total Capital Assets Not Being Depreciated	<u>3,214,220</u>	<u>-</u>	<u>-</u>	<u>3,214,220</u>
Capital Assets Being Depreciated:				
Buildings	55,345	-	-	55,345
Machinery and Equipment	376,257	76,570	-	452,827
Vehicles	262,645	38,578	13,800	287,423
Distribution System	19,645,790	82,615	-	19,728,405
Total Capital Assets Being Depreciated	<u>20,340,037</u>	<u>197,763</u>	<u>13,800</u>	<u>20,524,000</u>
Less Accumulated Depreciation For:				
Buildings	37,038	2,168	-	39,206
Machinery and Equipment	330,790	15,967	-	346,757
Vehicles	181,271	29,726	11,048	199,949
Distribution System	6,673,849	593,452	-	7,267,301
Total Accumulated Depreciation	<u>7,222,948</u>	<u>641,313</u>	<u>11,048</u>	<u>7,853,213</u>
Total Capital Assets Being Depreciated (Net)	<u>13,117,089</u>	<u>(443,550)</u>	<u>2,752</u>	<u>12,670,787</u>
Business-Type Activities Capital Assets, Net	<u>16,331,309</u>	<u>(443,550)</u>	<u>2,752</u>	<u>15,885,007</u>
Total Capital Assets	<u><u>55,999,258</u></u>	<u><u>5,774,734</u></u>	<u><u>302,912</u></u>	<u><u>61,471,080</u></u>

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

	Governmental Activities
General Government	194,294
Public Safety	69,341
Highways and Public Improvements	466,432
Parks and Recreation	233,543
Community Development	83,956
Total Depreciation Expense	1,047,566

NOTE 5 - LONG-TERM DEBT

Long-term debt for the primary government at June 30, 2015, 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, with 5 % interest, maturing December 21, 2017.

218,544

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

82,678

Total Notes Payable for Business-Type Activities

301,222

Governmental Fund:

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

56,290

Total Notes Payable for Governmental Activities

56,290

Total Notes Payable

357,512

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.	357,000
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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, with 2.5% interest, maturing July 1.	1,237,000
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Water Revenue Bond, Series 2011, due in annual installments of \$20,000, with no interest, beginning January 1, 2014 and maturing January 1, 2038.	<u>1,210,000</u>
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Total Revenue Bonds for Water Fund Activities	<u>2,804,000</u>
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Sewer Fund:

Sewer Improvements Revenue Bonds, Series 2008, due in annual principal and interest installments of \$100,000 to \$367,000, with interest at 2.5%. Payments began December 31, 2010 and mature December 31, 2034.	3,717,000
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Sewer Revenue Bonds, Series 2014, due in annual installments of varying amounts, with variable interest rate of 0.9% - 2.75%. Payments are structured annually with accrued interest payments due beginning August 1, 2015 and principal and interest payments beginning February 1, 2015. The bonds mature on February 1, 2020.	<u>1,401,000</u>
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Total Revenue Bonds for Sewer Fund Activities	<u>5,118,000</u>
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Total Revenue Bonds for Business-Type Activities	<u>7,922,000</u>
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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.	200,000
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.	576,000
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.	49,000
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.	23,000
Street Improvement Revenue Bond, Series 2007A, due in annual installments of principal amounts of \$13,000, no interest, maturing April 1, 2017.	30,000
Street Improvement Revenue Bond, Series 2007B, due in annual installments of principal amounts of \$100,000, no interest. Payments began October 1, 2008 and mature October 1, 2017.	300,000
Street Improvement Revenue Bonds, Series 2008, due in annual installments of principal amounts of \$77,000, no interest. Payments began January 1, 2010 and mature January 1, 2019.	385,000
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. Payments began December 31, 2009 and mature December 31, 2019 with one payment of \$369,000.	475,000
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, maturing July 1, 2042.	751,000
CIB Airport Revenue Bonds, Series 2013, \$659,000, due in annual installments of principal payments of \$22,000 with no interest. Payments began July 1, 2014 and mature July 1, 2042.	615,000
CIB Airport Lease Revenue Bonds, Series 2014, \$500,000. Due in annual installments of \$17,000 to \$13,000 with no interest. Due July 1 each year for 30 years starting 2016 and maturing July 1, 2045.	500,000
CIB Fire Truck Revenue Bond due in annual installments of principal and interest of varying amounts, with interest at 1.5%, maturing October 1, 2025.	<u>318,000</u>
Total Revenue Bonds for Governmental Activities	<u>4,222,000</u>
Total Revenue Bonds	<u>12,144,000</u>
Total Long-Term Debt Payable	<u><u>12,501,512</u></u>

RICHFIELD 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, 2014	Current Year Changes		Outstanding June 30, 2015	Current Portion
					Issued	Matured		
Business-Type Activities:								
Note Payable - Mona Peterson	2000	5%	750,000	284,328	-	65,784	218,544	69,073
Note Payable - Dave Dastrup	2014	5%	116,025	96,928	-	14,250	82,678	14,963
Parity Water Revenue Bonds, Series 2003A	2003	2.5%	700,000	392,000	-	35,000	357,000	36,000
Parity Water Revenue Bonds, Series 2003B	2003	3%	2,000,000	1,345,000	-	108,000	1,237,000	110,000
Water Revenue Bond, Series 2011	2011	0%	1,250,000	1,230,000	-	20,000	1,210,000	20,000
Parity Sewer Revenue Bonds, Series 1999	1999	4%	4,000,000	1,636,150	-	1,636,150	-	-
Sewer Revenue Bonds, Series 2008	2008	2.5%	3,750,000	3,724,000	-	7,000	3,717,000	7,000
Sewer Revenue Bonds, Series 2014	2008	.9% - 2.75%	1,675,000	-	1,675,000	274,000	1,401,000	273,000
Total Business-Type Activities			14,241,025	8,708,406	1,675,000	2,160,184	8,223,222	530,036
Governmental Activities:								
Note Payable - Zions National Bank	2003	3.9%	565,000	101,908	-	45,618	56,290	46,186
Golf Course Bonds Series 2000A	2000	0%	500,000	225,000	-	25,000	200,000	25,000
Golf Course Bonds Series 2000B	2000	2.5%	1,250,000	640,000	-	64,000	576,000	65,000
Downtown Enhancement Project Series A	2003	2.5%	650,000	65,000	-	16,000	49,000	16,000
Downtown Enhancement Project Series B	2003	1.5%	100,000	30,000	-	7,000	23,000	8,000
Building Authority Rev. Bonds Series 2005	2005	0%	200,000	20,000	-	20,000	-	-
Street Improv. Rev. Bonds Series 2007A	2007	0%	134,000	43,000	-	13,000	30,000	13,000
Street Improv. Rev. Bonds Series 2007B	2007	0%	1,000,000	400,000	-	100,000	300,000	100,000
Street Improv. Rev. Bonds Series 2008	2008	0%	770,000	462,000	-	77,000	385,000	77,000
Sales Tax Revenue Bonds Series 2008	2008	4.1%	600,000	498,000	-	23,000	475,000	25,000
CIB Fire Station Bond	2012	0%	805,000	778,000	-	27,000	751,000	27,000
CIB Airport Revenue Bond	2012	0%	659,000	637,000	-	22,000	615,000	22,000
CIB Airport Lease Revenue Bond	2014	0%	500,000	500,000	-	-	500,000	-
CIB Fire Truck Bond	2015	1.5%	318,000	-	318,000	-	318,000	30,000
Total Governmental Activities			8,051,000	4,399,908	318,000	439,618	4,278,290	454,186
Total Bonded Indebtedness			22,292,025	13,108,314	1,993,000	2,599,802	12,501,512	984,222

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>	<u>Current Portion</u>
Business-Type Activities:					
Notes Payable	381,256	-	80,034	301,222	84,036
Revenue Bonds	<u>8,327,150</u>	<u>1,675,000</u>	<u>2,080,150</u>	<u>7,922,000</u>	<u>446,000</u>
Total	<u>8,708,406</u>	<u>1,675,000</u>	<u>2,160,184</u>	<u>8,223,222</u>	<u>530,036</u>
Governmental Activities:					
Notes Payable	101,908	-	45,618	56,290	46,186
Revenue Bonds	<u>4,298,000</u>	<u>318,000</u>	<u>394,000</u>	<u>4,222,000</u>	<u>408,000</u>
Total	<u>4,399,908</u>	<u>318,000</u>	<u>439,618</u>	<u>4,278,290</u>	<u>454,186</u>
Total Long-Term Debt	<u><u>13,108,314</u></u>	<u><u>1,993,000</u></u>	<u><u>2,599,802</u></u>	<u><u>12,501,512</u></u>	<u><u>984,222</u></u>

The annual requirements to amortize bonds and notes payable at June 30, 2015 are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2016	454,186	43,420	530,036	216,246	984,222
2017	442,104	39,778	565,237	201,848	1,007,341
2018	419,000	36,488	609,441	186,019	1,028,441
2019	298,000	32,987	543,321	168,568	841,321
2020	642,000	119,410	555,187	243,219	1,197,187
2021-2025	668,000	19,060	1,505,000	517,435	2,173,000
2026-2030	363,000	-	1,806,000	319,200	2,169,000
2031-2035	363,000	-	1,929,000	120,050	2,292,000
2036-2040	361,000	-	180,000	-	541,000
2041-2045	255,000	-	-	-	255,000
2046-2050	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,000</u>
Total	<u><u>4,278,290</u></u>	<u><u>291,143</u></u>	<u><u>8,223,222</u></u>	<u><u>1,972,585</u></u>	<u><u>12,501,512</u></u>

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.

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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, 2015, in the amount of \$136,249.

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	129,949	6,300	-	136,249

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, 2015, \$1,192,081 of bonds outstanding is considered defeased.

NOTE 7 - CLASS C ROAD FUND

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

Balance - Beginning of Year		180,510
Revenues:		
Class C Road Allotment	333,103	
Highway Tax	621,087	
Total Revenues		954,190
Expenditures:		
Streets and Highways	(944,700)	
Bond Principal Payment	(190,000)	
Total Expenditures		(1,134,700)
Balance - End of Year		-

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 8 - CEMETERY PERPETUAL CARE FUND

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

Balance - Beginning of Year		117,454
Operating Revenues:		
Perpetual Care	14,244	
Interest	<u>597</u>	
Total Operating Revenues		14,841
Expenditures:		
Transfer Interest to General Fund		<u>(597)</u>
Balance - End of Year		<u><u>131,698</u></u>

NOTE 9 - TRANSFERS

Description:	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	20,397	348,552
Debt Service Fund	45,892	-
Capital Improvement Fund	302,660	-
Landfill Fund	-	19,800
Perpetual Care Fund	<u>-</u>	<u>597</u>
Totals	<u><u>368,949</u></u>	<u><u>368,949</u></u>

Transfers were made for the following purposes:

- * The General Fund transferred \$302,660 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 \$19,800 to the General Fund for administrative costs.
- * The Perpetual Care Fund transferred \$597 of interest to the General Fund for cemetery operating costs.

NOTE 10 - 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.

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 11 - 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 12 - PRIOR PERIOD ADJUSTMENTS

The requirement to apply GASB 68 this fiscal year resulted in an adjustment to the prior period net positions. This is due to the required disclosure of a Net Pension Liability, Deferred Outflows and Inflows of Resources and if applicable a Net Pension Asset. The net result to net positions are as follows:

Governmental Funds:

	Governmental Funds
Net Position - Beginning of Period	37,359,922
GASB 68 Adjustments to Prior Period	(749,352)
Net Position - Beginning, Restated	36,610,570

Business-Type Funds:

	Business-Type Funds			
	Water Fund	Sewer Fund	Nonmajor Funds	Total
Net Position - Beginning of Period	5,051,894	4,344,615	36,900	9,433,409
GASB 68 Adjust. to Prior Period	(117,044)	(160,113)	-	(277,157)
Net Position - Beginning, Restated	4,934,850	4,184,502	36,900	9,156,252

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - PENSION PLAN

Plan Description:

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

Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employee retirement system.

The Public Safety Retirement System (Public Safety System) is a mixed agent and cost sharing, multi-employer retirement system.

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System): and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

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

The Utah retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah, 84102 or visiting the website: www.urs.org.

Benefits:

URS provides retirement, disability, and death benefits. Retirement benefits are as shown on the following page.

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - PENSION PLAN (CONTINUED)

<u>System</u>	<u>Final Average Salary</u>	<u>Years of Service Required and/or Age Eligible for Benefit</u>	<u>Benefit Percent Per Year of Service</u>	<u>Cola**</u>
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety, Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

Contributions:

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

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - PENSION PLAN (CONTINUED)

Utah Retirement Systems

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employee Contribution Rates</u>
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Noncontributory System:			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement Systems:			
75 - Other Division A Noncontributory Tier 1	N/A	N/A	35.710%
122 - Other Division A Contributory Tier 2	N/A	N/A	23.710%

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

At December 31, 2014, we reported a net pension asset of \$871 and a net pension liability of \$946,203.

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.1185851%	-	\$514,924
Public Safety System	0.3429424%	-	\$431,279
Tier 2 Public Employees System	0.0073983%	\$224	-
Tier 2 Public Public Safety and Firefighter System	0.0437074%	<u>\$647</u>	<u>-</u>
Total Net Pension Asset/Liability		<u>\$871</u>	<u>\$946,203</u>

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - PENSION PLAN (CONTINUED)

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of \$249,247. At December 31, 2014 we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$21	\$58,449
Changes in assumptions	-	\$108,174
Net difference between projected and actual earnings on pension plan investments	\$21,953	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>\$185,298</u>	<u>-</u>
Total	<u><u>\$207,272</u></u>	<u><u>\$166,623</u></u>

\$185,298 was reported as deferred outflows of resources to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	<u>Deferred Outflows (Inflows) of Resources</u>
2015	(\$40,364)
2016	(\$40,364)
2017	(\$40,364)
2018	(\$23,288)
2019	(\$41)
Thereafter	(\$228)

**RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued**

NOTE 13 - PENSION PLAN (CONTINUED)
Actuarial Assumptions:

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table on the following page.

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Public Safety and Firefighters

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

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

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

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - PENSION PLAN (CONTINUED)

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

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

Discount Rate:

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

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate:

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

RICHFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - PENSION PLAN (CONTINUED)

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate Share of Net Pension (Asset)/Liability	\$2,331,480	\$945,332	(\$196,204)

Pension Plan Fiduciary Net Position:

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

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

RICHFIELD CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS
For The Fiscal Year Ended June 30, 2015

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, 2015, 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, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	Budgetary Basis	
Revenues:				
Taxes	465,000	476,943	493,561	16,618
Recreation Tax	185,714	190,483	197,120	6,637
Prior Years Taxes	15,364	15,364	22,838	7,474
Prior Years Taxes - Recreation	6,136	6,136	9,121	2,985
Sales and Use Taxes	1,950,820	1,847,824	1,871,687	23,863
Highway Sales Taxes	675,680	608,492	621,087	12,595
Recreation Sales Taxes	225,570	202,704	206,987	4,283
Franchise Taxes	277,000	274,200	274,691	491
Communications Tax	116,000	100,000	86,453	(13,547)
Transient Room Taxes	75,000	78,000	80,464	2,464
Motor Vehicle Fee	63,000	63,000	59,377	(3,623)
Recreation Revenue	566,000	530,700	530,529	(171)
Licenses, Permits and Fees	97,100	203,850	209,861	6,011
Intergovernmental Revenue	537,000	631,768	646,546	14,778
Charges for Services	646,450	680,708	710,278	29,570
Investment Earnings	16,000	11,500	11,855	355
Other Revenues	72,200	74,217	82,526	8,309
Use of Prior Year's Fund Balance	220,848	350,199	-	(350,199)
Total Revenue	6,210,882	6,346,088	6,114,981	(231,107)
Expenditures:				
Current:				
General Government	1,146,193	1,134,474	1,122,030	12,444
Public Safety	1,664,347	1,649,472	1,636,787	12,685
Highways and Public Improvements	1,227,249	1,236,140	1,234,215	1,925
Parks and Recreation	1,670,659	1,815,155	1,753,840	61,315
Economic Development	118,600	145,817	135,923	9,894
Debt Service:				
Principal	46,872	46,872	46,872	-
Total Expenditures	5,873,920	6,027,930	5,929,667	98,263
Excess Revenues Over (Under) Expenditures	336,962	318,158	185,314	(132,844)
Other Financing Sources (Uses):				
Transfers In	18,700	20,438	20,397	(41)
Transfers Out	(355,662)	(338,596)	(348,552)	(9,956)
Total Other Financing Sources (Uses)	(336,962)	(318,158)	(328,155)	(9,997)
Net Change in Fund Balance	-	-	(142,841)	(142,841)
Fund Balance - Beginning of Year			1,265,431	
Fund Balance - End of Year			1,122,590	

RICHFIELD CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
December 31, 2014
Last 10 Fiscal Years*

	<u>Noncontributory System</u>	<u>Public Safety System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighting System</u>
Proportion of the Net Pension Liability (Asset)	0.1185851 %	0.3429424 %	0.0073983 %	0.0437074 %
Proportionate Share of the Net Pension Liability (Asset)	514,924	431,279	(224)	(647)
Covered Employee Payroll	1,020,922	477,130	36,370	18,185
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	50.4 %	90.4 %	-0.6 %	-3.6 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.2 %	90.5 %	103.5 %	120.5 %

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year.

RICHFIELD CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
December 31, 2014
Last 10 Fiscal Years*

	<u>Noncontributory System</u>	<u>Public Safety System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighting System</u>
Contractually Required Contribution	186,383	168,918	3,052	1,969
Contributions in Relation to the Contractually Required Contribution	<u>(186,383)</u>	<u>(168,918)</u>	<u>(3,052)</u>	<u>(1,969)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered Employee Payroll	1,020,922	477,130	36,370	18,185
Contributions as a Percentage of Covered-Employee Payroll **	18.26 %	35.40 %	8.39 %	10.83 %

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

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

RICHFIELD CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
December 31, 2014

Other Information Not Required as Part of RSI:

The information below is not required as part of GASB 38 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1 - December 31, 2014.

Defined Contribution System

	<u>Employee Paid Contributions</u>	<u>Employer Paid Contributions</u>
401(k) Plan*	-	3,910
457 Plan	-	-
Roth IRA Plan	-	-
Traditional IRA Plan	-	-
HRA Plan	-	-

*The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

COMBINING FINANCIAL STATEMENTS

**RICHFIELD CITY
NONMAJOR FUNDS
For The Fiscal Year Ended June 30, 2015**

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, 2015

	Debt Service	Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
	Commercial Park	Building Authority	Perpetual Care	Governmental Funds
	Total			
1994 Street Improvement District				
Restricted Cash and Investments	69,436	95,006	131,523	297,140
Accounts Receivable	-	-	175	8,026
TOTAL ASSETS	78,462	95,006	131,698	305,166
LIABILITIES AND FUND BALANCES				
Liabilities:				
Unearned Revenue - Other	-	-	-	8,001
TOTAL LIABILITIES	8,001	-	-	8,001
Fund Balances:				
Restricted	69,436	95,006	131,698	296,140
Assigned	-	-	-	1,025
TOTAL FUND BALANCES	69,436	95,006	131,698	297,165
TOTAL LIABILITIES AND FUND BALANCES	69,436	95,006	131,698	305,166

RICHFIELD CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Debt Service		Special Revenue	Permanent Fund	Total Nonmajor Governmental Funds
	Commercial Park	Total	Building Authority	Perpetual Care	Total Nonmajor Governmental Funds
1994 Street Improvement District					
Interest	235	235	885	597	1,717
Miscellaneous	25,800	26,200	180,225	14,244	220,669
Total Revenues	26,035	26,435	181,110	14,841	222,386
Expenditures:					
Current:					
Other	1,250	1,250	3,160	-	4,410
Debt Service:					
Principal	23,000	23,000	181,000	-	204,000
Interest	22,253	22,253	18,100	-	40,353
Total Expenditures	46,503	46,503	202,260	-	248,763
Excess Revenues Over (Under) Expenditures	400	(20,068)	(21,150)	14,841	(26,377)
Other Financing Sources (Uses):					
Transfers In (Out)	-	45,892	-	(597)	45,295
Net Change in Fund Balance	400	25,824	(21,150)	14,244	18,918
Fund Balances - Beginning Restated	625	44,012	116,156	117,454	278,247
Fund Balances - Ending	1,025	69,436	95,006	131,698	297,165

RICHFIELD CITY
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2015

	Nonmajor Business-Type Activities		
	Proprietary Funds		
	Landfill	Refuse Collection	Total
ASSETS:			
Current Assets:			
Cash and Investments	-	32,611	32,611
Accounts Receivable	23,923	23,648	47,571
TOTAL ASSETS	23,923	56,259	80,182
LIABILITIES:			
Current Liabilities:			
Accounts Payable	-	19,205	19,205
NET POSITION:			
Unrestricted	23,923	37,054	60,977
TOTAL LIABILITIES AND NET POSITION	23,923	56,259	80,182

RICHFIELD CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2015

	Nonmajor Business-Type Activities Proprietary Funds		
	<u>Landfill</u>	<u>Refuse Collection</u>	<u>Total</u>
Operating Revenues:			
Charges for Sales and Services:			
Utility Charges	<u>242,710</u>	<u>247,529</u>	<u>490,239</u>
Operating Expenses:			
Costs of Sales and Services	<u>198,987</u>	<u>247,375</u>	<u>446,362</u>
Operating Income	<u>43,723</u>	<u>154</u>	<u>43,877</u>
Nonoperating Revenues (Expenses):			
Transfer to General Fund	<u>(19,800)</u>	<u>-</u>	<u>(19,800)</u>
Change in Net Position	23,923	154	24,077
Net Position - Beginning, Restated	<u>-</u>	<u>36,900</u>	<u>36,900</u>
Net Position - Ending	<u><u>23,923</u></u>	<u><u>37,054</u></u>	<u><u>60,977</u></u>

RICHFIELD CITY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2015

	Nonmajor Business-Type Activities Proprietary Funds		
	Landfill	Refuse Collection	Total
Cash Flows From Operating Activities:			
Receipts From Customers	242,494	248,771	491,265
Payments to Suppliers	(217,523)	(248,841)	(466,364)
Net Cash Provided by Operating Activities	<u>24,971</u>	<u>(70)</u>	<u>24,901</u>
Cash Flows from Investing Activities:			
Interfund Lending - Prior Year	(5,171)	5,171	-
Transfer to Other Fund	(19,800)	-	(19,800)
Net Cash Provided (Used) by Investing Activities	<u>(24,971)</u>	<u>5,171</u>	<u>(19,800)</u>
Net Increase (Decrease) in Cash and Investments	-	5,101	5,101
Cash and Investments - Beginning	<u>-</u>	<u>27,510</u>	<u>27,510</u>
Cash and Investments - Ending	<u><u>-</u></u>	<u><u>32,611</u></u>	<u><u>32,611</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:			
Operating Income	<u>43,723</u>	<u>154</u>	<u>43,877</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:			
Increase (Decrease) in Operating Assets:			
Accounts Receivable	(216)	1,242	1,026
Accrued Liabilities	<u>(18,536)</u>	<u>(1,466)</u>	<u>(20,002)</u>
Total Adjustments	<u>(18,752)</u>	<u>(224)</u>	<u>(18,976)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>24,971</u></u>	<u><u>(70)</u></u>	<u><u>24,901</u></u>

COMPLIANCE SECTION

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, 2015, and the related notes to the financial statements, which collectively comprise Richfield City's financial statements, and have issued our report thereon dated October 9, 2015.

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

October 9, 2015
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, 2015. 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, 2015.

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

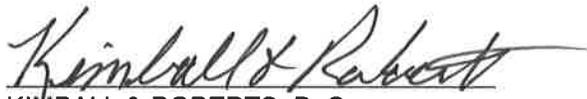
We have audited the financial statements of the City as of and for the year ended June 30, 2015, and have issued our report thereon dated October 9, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial 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

October 9, 2015
Richfield, Utah

RICHFIELD CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2015

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

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

Auditee qualified as low-risk auditee? Yes No

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No significant matters were noted.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No significant matters were noted.

RICHFIELD CITY
SCHEDULE OF FEDERAL AWARDS EXPENDED
For The Fiscal Year Ended June 30, 2015

Federal Grantor/Pass through Grantor	State Pass-Through #	Federal Catalogue #	Disbursements/ Expenditures
INDIRECT ASSISTANCE			
Department of Transportation:			
Passed Through Utah Department of Transportation:			
Airport Improvement Program	DOT-FA11NM-1042	20.106	* 485,067
Airport Improvement Program	DOT-FA12NM-1093	20.106	* 447,211
Airport Improvement Program	DOT-FA13NM-1093	20.106	* 3,258,011
Total Department of Transportation			4,190,289
Department of Justice:			
Passed Through State of Utah Commission on Criminal and Juvenile Justice:			
Byrne - Justice Assistance Grant (JAG)	13A164	16.738	7,500
Total U.S. Department of Justice			7,500
TOTAL INDIRECT ASSISTANCE			4,197,789
TOTAL ASSISTANCE			4,197,789

* Denotes program tested as Major Program.

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDED

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 PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2015**

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, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

Budgetary Compliance	Open and Public Meetings Act
Fund Balance	Cash Management
Utah Retirement Systems	Impact Fees
Enterprise Fund Transfers, Reimbursements, Loans, and Services	Government Records Access Management Act
Restricted Taxes	Conflicts of Interest
	Nepotism

The City did not have any State funding classified as a major program during the year ended June 30, 2015.

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, 2015.

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
Page -3-

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

October 9, 2015
Richfield, Utah