

Roosevelt City Corporation
Duchesne County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2022

Roosevelt City Corporation
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June 30, 2022

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Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Independent Auditors' Report

City Council
Roosevelt City

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Roosevelt City, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roosevelt City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roosevelt City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Roosevelt City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Roosevelt City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Roosevelt City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and pension schedules with notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023 on our consideration of the 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 the City's internal control over financial reporting and compliance.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
February 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2022

As management of Roosevelt City Corporation (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$1,278,735
- *Total unrestricted net position for the City as a whole increased by \$1,969,925
- *Total net position for governmental activities increased by \$1,901
- *Total net position for business-type activities increased by \$1,276,834

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Roosevelt City Corporation. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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 assets, deferred outflows, liabilities, and deferred inflows, 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.

The *statement of activities* presents information showing how the City's net position changed during the fiscal year reported. 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.

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 (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2022

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. The City also 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 . These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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 government 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 government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major governmental funds, the general fund and the capital projects fund.

The City adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds . The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses three enterprise funds to account for the operations of the water, sewer, and sanitation utilities.

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

The proprietary fund financial statements can be found later in this report; see Table of Contents.

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 to the financial statements are reported later in this report; see Table of Contents.

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

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2022

FINANCIAL ANALYSIS

Roosevelt City's Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current assets	\$ 10,124,741	9,342,656	9,037,028	8,404,716	19,161,769	17,747,372
Non-current assets	36,531,460	36,178,334	39,478,284	37,136,892	76,009,744	73,315,226
Deferred outflows of resources	381,831	270,167	95,259	93,837	477,090	364,004
Total assets and deferred outflows	\$ 47,038,032	45,791,156	48,610,571	45,635,445	95,648,603	91,426,601
Long-term liabilities	\$ 1,802,973	1,740,688	5,581,426	5,049,000	7,384,399	6,789,688
Current liabilities	1,707,333	1,216,535	934,513	466,359	2,641,846	1,682,894
Deferred inflows of resources	2,492,394	1,800,502	920,179	222,466	3,412,573	2,022,968
Total liabilities and deferred inflows	6,002,700	4,757,725	7,436,118	5,737,825	13,438,817	10,495,550
Net position:						
Net investment in capital assets	34,019,006	34,437,646	31,707,543	32,087,892	65,726,549	66,525,538
Restricted	123,300	107,750	827,850	735,601	951,150	843,351
Unrestricted	6,893,026	6,488,035	8,639,061	7,074,127	15,532,087	13,562,162
Total net position	\$ 41,035,332	41,033,431	41,174,454	39,897,620	82,209,786	80,931,051

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$82,209,786, an increase of \$1,278,735 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year are \$15,532,087 which represents an increase of \$1,969,925 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2022

FINANCIAL ANALYSIS (continued)

Roosevelt City's Change in Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	\$ 1,833,874	1,850,751	5,285,954	4,980,517	7,119,829	6,831,268
Operating grants	971,712	830,680	-	-	971,712	830,680
Capital grants	188,669	1,267,457	722,599	16,554	911,268	1,284,011
General revenues:						
Property taxes	1,201,265	1,154,556	-	-	1,201,265	1,154,556
Sales tax	3,533,513	2,894,918	-	-	3,533,513	2,894,918
Other taxes	776,635	663,999	-	-	776,635	663,999
Other revenues	215,499	552,810	15,029	7,342	230,529	560,152
Total revenues	8,721,167	9,215,172	6,023,583	5,004,413	14,744,750	14,219,584
Expenses:						
General government	1,106,438	1,399,887	-	-	1,106,438	1,399,887
Public safety	2,985,793	2,102,623	-	-	2,985,793	2,102,623
Streets, highways, airport	1,279,029	1,246,781	-	-	1,279,029	1,246,781
Parks, golf, cemetery	3,304,331	2,389,365	-	-	3,304,331	2,389,365
Interest on long-term debt	18,675	19,335	18,509	14,043	37,184	33,378
Water	-	-	2,879,696	3,045,963	2,879,696	3,045,963
Sewer	-	-	853,475	807,233	853,475	807,233
Garbage	-	-	1,020,070	949,066	1,020,070	949,066
Total expenses	8,694,265	7,157,991	4,771,750	4,816,306	13,466,015	11,974,297
Transfers in (out)	(25,000)	-	25,000	-	-	-
Change in net position	\$ 1,901	2,057,180	1,276,834	188,107	1,278,735	2,245,287

For the City as a whole, total revenues increased by \$525,166 compared to the previous year, while total expenses increased by \$1,491,718. The total net change of \$1,278,735 is, in private sector terms, the net income for the year which is \$966,552 less than the previous year.

Governmental activities revenues of \$8,721,167 is a decrease of \$494,005 from the previous year. This was primarily due to a decrease in capital grants. Governmental activities expenses of \$8,694,265 is an increase of \$1,536,274 from the previous year. While expenses decreased in the general government and parks, golf, and cemetery departments, all other department expenses increased during the year.

Business-type activities revenue of \$6,023,583 is an increase of \$1,019,170 from the previous year. Service revenues increased by \$305,437 and capital grants increased by \$706,045. Business-type activities expenses of \$4,771,750 is a decrease of \$44,556 from the previous year. While water expenses decreased, sewer and garbage expenses increased during the year.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2022

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more significant changes in fund balances and fund net position, and any restrictions on those amounts, is described below:

General Fund

The fund balance of \$3,003,298 reflects an increase of \$530,601 from the previous year. Total revenues increased by \$794,283. Tax revenues had a net increase of \$782,033. Charges for services had a net increase of \$14,141. Intergovernmental revenues increased by \$141,032. All other revenues had a net decrease of \$142,923.

Total expenditures increased by \$709,712. General government expenditures decreased by \$443,424, public safety expenditures increased by \$458,163, streets, highways, and airport expenditures increased by \$65,021, and parks, recreation, golf, and cemetery expenditures increased by \$900,725. Debt service expenditures decreased by \$57,506. There was \$916,566 transferred to other funds.

Fund balance assigned for veteran memorial amount to \$15,000, resulting in an unassigned fund balance of \$2,988,298.

Water Fund

The change in net position (net income) was \$1,237,836. The amount restricted for debt service is \$265,558. Unrestricted net position amounts to \$6,211,488.

Sewer Fund

The change in net position (net income) was \$41,427. The amounts restricted for debt service was \$562,292. Unrestricted net position amounts to \$2,424,036.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of appropriations of fund balance, were originally budgeted in the amount of \$6,892,670. This amount was amended in the final budget to \$8,324,780. Actual revenues amounted to \$8,464,582.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$5,629,249. This amount was amended in the final budget to \$7,015,283. Actual expenditures amounted to \$7,006,728.

Transfers out for the year were originally budgeted in the amount of \$30,000. The final budget for transfers out was for the amount of \$891,566, which was \$25,000 more than actual transfers out of \$916,566.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Roosevelt City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land and water rights	\$ 1,349,779	1,349,779	1,409,807	1,409,807	2,759,586	2,759,586
Buildings	9,216,140	9,540,529	-	-	9,216,140	9,540,529
Improvements other than buildings	17,040,382	7,204,788	-	-	17,040,382	7,204,788
Equipment	1,344,295	1,295,068	-	-	1,344,295	1,295,068
Right-to-use leases	187,615	273,530	-	-	187,615	273,530
Infrastructure	6,516,483	6,733,710	-	-	6,516,483	6,733,710
Water system	-	-	22,076,608	22,977,638	22,076,608	22,977,638
Sewer system	-	-	12,261,518	12,632,015	12,261,518	12,632,015
Work in progress	-	9,780,929	1,892,610	117,433	1,892,610	9,898,363
Totals	\$ 35,654,695	36,178,334	37,640,543	37,136,892	73,295,238	73,315,226

The total amount of capital assets, net of depreciation, of \$73,295,238 is a decrease of \$19,988 from the previous year.

Governmental activities capital assets, net of depreciation, of \$35,654,695 is a decrease of \$523,639 from the previous year.

Business-type activities capital assets, net of depreciation, of \$37,640,543 is an increase of \$503,651 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2022

Roosevelt City's Outstanding Debt - Revenue Bonds

	Current Year	Previous Year
Governmental activities:		
2021 Wells Fargo Lease	\$ 87,288	130,932
2021 Golf Cart Lease	97,032	124,756
2008 MBA Lease Revenue	70,000	80,000
2001 B Golf Clubhouse	140,000	160,000
2015 MBA Lease Revenue	1,170,000	1,245,000
Total governmental	\$ 1,564,320	1,740,688
Business-type activities:		
2007 Sewer Construction	\$ 347,000	406,000
2009 Replacement Well Bond	136,000	153,000
2009B Sewer Improvements	1,298,000	1,442,000
2005 A Water Revenue	351,000	390,000
2005 B Sewer Revenue	108,000	120,000
2011 Wtr Revenue Bond	170,000	188,000
2006 Sewer Revenue	64,000	70,000
2011 B Wtr Revenue Bonds	365,000	382,000
2013 Water Improvements	364,000	381,000
2015 Utility Improvements	257,000	267,000
2017 CIB South Cove Sewer	349,000	363,000
2017 DEQ South Cove Sewer	856,000	887,000
2021 CIB Water Revenue	1,268,000	-
Total business-type	\$ 5,933,000	5,049,000
Total outstanding debt	\$ 7,497,320	6,789,688

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In consideration of current sales tax trends it appears that the economy has a slow but steady upward movement, which is left to be determined how long or how far it will continue to grow considering the roller coaster like cyclical economy we have in Roosevelt. Since the energy industry correlates very closely to our city's economic health, we anticipate that our City's economy will also grow at slow but conservative pace during the 2023 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Roosevelt City Corporation's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Office of the City Recorder, 255 South State Street, Roosevelt, UT 84066.

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BASIC FINANCIAL STATEMENTS

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Roosevelt City Corporation
STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 7,779,975	8,213,091	15,993,066
Accounts receivable, net	2,182,121	708,133	2,890,254
Other current assets	162,645	115,804	278,449
Total current assets	10,124,741	9,037,028	19,161,769
Non-current assets:			
Restricted cash and cash equivalents	150,882	1,656,649	1,807,531
Net pension asset	725,883	181,092	906,975
Capital assets:			
Not being depreciated	1,349,779	3,302,417	4,652,196
Net of accumulated depreciation	34,304,915	34,338,126	68,643,042
Total non-current assets	36,531,460	39,478,284	76,009,744
Total assets	46,656,201	48,515,313	95,171,513
Deferred outflows of resources - pensions	381,831	95,259	477,090
Total assets and deferred outflows of resources	\$ 47,038,032	48,610,571	95,648,603
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 1,550,374	385,102	1,935,476
Customer security deposits	36,953	141,652	178,604
Accrued interest payable	14,006	4,759	18,766
Revenue bonds and leases due within one year	106,000	403,000	509,000
Total current liabilities	1,707,333	934,513	2,641,846
Non-current liabilities:			
Compensated absences	273,285	51,426	324,711
Revenue bonds and leases due after one year	1,529,688	5,530,000	7,059,688
Total non-current liabilities	1,802,973	5,581,426	7,384,399
Total liabilities	3,510,306	6,515,938	10,026,245
Deferred inflows of resources - property taxes	1,208,599	-	1,208,599
Deferred inflows of resources - pensions and grants	1,283,795	920,179	2,203,974
Total liabilities and deferred inflows of resources	6,002,700	7,436,118	13,438,817
NET POSITION:			
Net investment in capital assets	34,019,006	31,707,543	65,726,549
Restricted for:			
Debt service	123,300	827,850	951,150
Unrestricted	6,893,026	8,639,061	15,532,087
Total net position	41,035,332	41,174,454	82,209,786
Total liabilities, deferred inflows of resources and net position	\$ 47,038,032	48,610,571	95,648,603

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

Roosevelt City Corporation
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
Administration	\$ 1,106,438	196,129	432,399	-	(477,910)
Public safety	2,985,793	354,569	136,806	-	(2,494,417)
Streets and highways	945,035	188	402,507	188,669	(353,672)
Airport	333,994	145,777	-	-	(188,218)
Parks and recreation	1,388,280	256,866	-	-	(1,131,413)
Golf	1,676,518	828,470	-	-	(848,048)
Cemetery	239,533	51,875	-	-	(187,658)
Interest on long-term debt	18,675	-	-	-	(18,675)
Total governmental activities	8,694,265	1,833,874	971,712	188,669	(5,700,010)
Business-type activities:					
Water	2,891,455	3,417,119	-	704,599	1,230,264
Sewer	860,225	876,194	-	18,000	33,970
Garbage	1,020,070	992,641	-	-	(27,429)
Total business-type activities	4,771,750	5,285,954	-	722,599	1,236,804
Total primary government	\$ 13,466,015	7,119,829	971,712	911,268	(4,463,206)

(continued on next page)

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

Roosevelt City Corporation
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2022

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (5,700,010)	1,236,804	(4,463,206)
General revenues:			
Property taxes	1,201,265	-	1,201,265
Sales tax	3,533,513	-	3,533,513
Other taxes	776,635	-	776,635
Unrestricted investment earnings	75,661	10,441	86,102
Miscellaneous	139,838	4,589	144,427
Transfers in (out)	(25,000)	25,000	-
Total general revenues and transfers in (out)	5,701,911	40,029	5,741,941
Change in net position	1,901	1,276,834	1,278,735
Net position - beginning	41,033,431	39,897,620	80,931,051
Net position - ending	\$ 41,035,332	41,174,454	82,209,786

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

Roosevelt City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Capital Projects Fund	Non-Major Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,568,904	5,143,167	67,904	7,779,975
Accounts receivable, net of allowances	2,182,121	-	-	2,182,121
Other assets	162,645	-	-	162,645
Restricted cash and cash equivalents	5,000	22,582	123,300	150,882
TOTAL ASSETS	\$ 4,918,670	5,165,749	191,204	10,275,623
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities:				
Accounts payable	\$ 632,768	917,605	-	1,550,374
Customer deposits	36,953	-	-	36,953
Total liabilities	669,721	917,605	-	1,587,327
Deferred inflows of resources:				
Property tax	1,242,643	-	-	1,242,643
Special assessments	3,008	-	-	3,008
Total deferred inflows of resources	1,245,651	-	-	1,245,651
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,915,372	917,605	-	2,832,978
FUND BALANCES:				
Restricted for:				
Debt service	-	-	123,300	123,300
Assigned for:				
Construction	-	4,248,144	-	4,248,144
Debt service	-	-	67,904	67,904
Veteran memorial	15,000	-	-	15,000
Unassigned	2,988,298	-	-	2,988,298
TOTAL FUND BALANCES	3,003,298	4,248,144	191,204	7,442,645
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,918,670	5,165,749	191,204	10,275,623

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

Roosevelt City Corporation
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2022

	General Fund	Capital Projects Fund	Non-Major Debt Service Fund	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 1,196,152	-	-	1,196,152
Sales	3,533,513	-	-	3,533,513
Other taxes	776,635	-	-	776,635
License and permits	106,160	-	-	106,160
Intergovernmental revenues	971,712	188,669	-	1,160,381
Charges for services	1,640,088	-	46,820	1,686,908
Fines and forfeitures	40,619	-	-	40,619
Interest	63,466	11,750	446	75,661
Miscellaneous revenue	136,238	-	-	136,238
Total revenues	8,464,582	200,418	47,266	8,712,266
EXPENDITURES:				
Current:				
General government	930,298	20,047	-	950,345
Public safety	2,502,163	555,341	-	3,057,504
Highways and public improvements	437,927	1,320	-	439,247
Airport	224,492	35,869	-	260,361
Parks and recreation	1,177,968	13,072	-	1,191,039
Golf	1,475,348	-	-	1,475,348
Cemetery	228,533	11,000	-	239,533
Capital outlay	-	883,796	-	883,796
Debt service:				
Principal	30,000	-	75,000	105,000
Interest	-	-	18,675	18,675
Total expenditures	7,006,728	1,520,445	93,675	8,620,847
Excess (Deficiency) of Revenues over (Under) Expenditures	1,457,855	(1,320,027)	(46,409)	91,419
Other Financing Sources and (Uses):				
Special assessment fees	5,578	-	-	5,578
Bad debt expense	(16,265)	-	-	(16,265)
Sales of fixed assets	-	3,600	-	3,600
Transfers in	-	798,337	93,229	891,566
Transfers (out)	(916,566)	-	-	(916,566)
Total other financing sources and (uses)	(927,253)	801,937	93,229	(32,087)
Net Change in Fund Balances	530,601	(518,090)	46,820	59,332
Fund balances - beginning of year	2,472,696	4,766,233	144,384	7,383,313
Fund balance - end of year	\$ 3,003,298	4,248,144	191,204	7,442,645

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

Roosevelt City Corporation
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 June 30, 2022

Total Fund Balance for Governmental Funds	<u>\$ 7,442,645</u>
Total net assets reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	56,333,706
Less accumulated depreciation	<u>(20,679,012)</u>
Net capital assets	<u>35,654,695</u>
Net pension asset	<u>725,883</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>381,831</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(1,635,688)</u>
Interest accrued but not yet paid on long-term debt	<u>(14,006)</u>
Compensated absences	<u>(273,285)</u>
Net pension liability	<u>-</u>
Deferred inflows of resources - pensions	<u>(1,283,795)</u>
Certain revenue is deferred in governmental funds but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.	
Special assessments deferred	<u>3,008</u>
Delinquent property tax deferred	<u>34,044</u>
Total Net Position of Governmental Activities	<u><u>\$ 41,035,332</u></u>

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

Roosevelt City Corporation
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ <u>59,332</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.</p>	
Capital outlays	883,796
Depreciation expense	<u>(1,407,435)</u>
Net	<u>(523,639)</u>
<p>The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.</p>	
	<u>434,489</u>
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Long-term debt principal repayments	<u>105,000</u>
<p>Change in accrued interest for long-term debt is not reported as expenditures for the current period, while it is recorded in the statement of activities.</p>	
Change in accrued interest	<u>-</u>
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.</p>	
Change in compensated absence liability	<u>(73,003)</u>
<p>Governmental funds do not report certain deferred inflows as revenue because these revenues are not available for current period expenses.</p>	
Change in special assessments receivable	(5,390)
Change in delinquent property tax	<u>5,113</u>
Change in Net Position of Governmental Activities	\$ <u><u>1,901</u></u>

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

Roosevelt City Corporation
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2022

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 5,844,697	2,342,668	25,727	8,213,091
Accounts receivable, net	528,055	112,624	67,453	708,133
Other current assets	112,374	3,430	-	115,804
Total current assets	6,485,126	2,458,722	93,180	9,037,028
Non-current assets:				
Restricted cash and cash equivalents	1,094,357	562,292	-	1,656,649
Net pension asset	112,679	68,413	-	181,092
Capital assets:				
Not being depreciated	3,121,815	180,602	-	3,302,417
Net of accumulated depreciation	22,076,608	12,261,518	-	34,338,126
Total non-current assets	26,405,459	13,072,825	-	39,478,284
Total assets	32,890,585	15,531,548	93,180	48,515,313
Deferred outflows of resources - pensions	59,272	35,987	-	95,259
Total assets and deferred outflows of resources	\$ 32,949,857	15,567,535	93,180	48,610,571
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 290,884	4,575	89,643	385,102
Customer security deposits	141,652	-	-	141,652
Accrued interest payable	4,759	-	-	4,759
Revenue bonds, current portion	157,000	246,000	-	403,000
Total current liabilities	594,295	250,575	89,643	934,513
Non-current liabilities:				
Compensated absences	37,909	13,516	-	51,426
Revenue bonds, long-term	2,754,000	2,776,000	-	5,530,000
Total non-current liabilities	2,791,909	2,789,516	-	5,581,426
Total liabilities	3,386,204	3,040,091	89,643	6,515,938
Deferred inflows of resources	799,184	120,995	-	920,179
Total liabilities and deferred inflows of resources	4,185,388	3,161,087	89,643	7,436,118
NET POSITION:				
Net investment in capital assets	22,287,423	9,420,120	-	31,707,543
Restricted for:				
Debt service	265,558	562,292	-	827,850
Unrestricted	6,211,488	2,424,036	3,537	8,639,061
Total net position	28,764,469	12,406,448	3,537	41,174,454
Total liabilities, deferred inflows of resources and net position	\$ 32,949,857	15,567,535	93,180	48,610,571

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

Roosevelt City Corporation
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended June 30, 2022

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
Operating income:				
Charges for sales and service	\$ 3,271,823	838,842	942,249	5,052,913
Connection fees	28,200	270	-	28,470
Other operating income	117,097	37,082	50,392	204,571
Total operating income	3,417,119	876,194	992,641	5,285,954
Operating expenses:				
Purchased product	942,748	-	-	942,748
Personnel services	487,946	255,108	-	743,055
Utilities	74,377	57,188	-	131,566
Repair and maintenance	192,402	16,188	-	208,590
Contractual services	130,731	72,677	954,891	1,158,300
Other supplies and expenses	51,391	36,104	50,392	137,887
Insurance expense	-	27,969	-	27,969
Bad debt expense	99,069	17,744	14,786	131,599
Depreciation expense	901,030	370,496	-	1,271,526
Total operating expense	2,879,696	853,475	1,020,070	4,753,240
Net operating income (loss)	537,424	22,720	(27,429)	532,714
Non-operating income (expense):				
Impact fees	36,500	18,000	-	54,500
Miscellaneous income	-	4,589	-	4,589
Interest income	7,572	2,868	-	10,441
Interest on long-term debt	(11,759)	(6,750)	-	(18,509)
Total non-operating income (expense)	32,313	18,707	-	51,020
Income (loss) before capital contributions and transfers	569,737	41,427	(27,429)	583,734
Capital contributions	668,099	-	-	668,099
Transfers in	-	-	25,000	25,000
Change in net position	1,237,836	41,427	(2,429)	1,276,834
Net position - beginning	27,526,633	12,365,021	5,966	39,897,620
Net position - ending	\$ 28,764,469	12,406,448	3,537	41,174,454

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

Roosevelt City Corporation
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
Cash flows from operating activities:				
Cash received from customers - service	\$ 3,160,961	888,119	993,058	5,042,138
Cash paid to suppliers	(1,177,245)	(211,632)	(989,561)	(2,378,438)
Cash paid to employees	(642,563)	(305,685)	-	(948,248)
Net cash provided (used) in operating activities	1,341,153	370,803	3,497	1,715,453
Cash flows from noncapital financing activities:				
Interfund balances	2,770	-	22,230	25,000
Change in customer deposits	23,779	-	-	23,779
Net cash provided (used) in noncapital financing activities	26,549	-	22,230	48,779
Cash flows from capital and related financing activities:				
Cash from capital grants	1,188,465	-	-	1,188,465
Cash from impact fees	36,500	18,000	-	54,500
Cash from miscellaneous income	-	4,589	-	4,589
Cash from bonds issued	1,268,000	-	-	1,268,000
Cash payments for capital assets	(1,795,266)	-	-	(1,795,266)
Cash payments for long-term debt principal	(118,000)	(266,000)	-	(384,000)
Cash payments for long-term debt interest	(7,000)	(6,750)	-	(13,750)
Net cash provided (used) in capital and related financing activities	572,699	(250,161)	-	322,538
Cash flows from investing activities:				
Cash received from interest earned	7,572	2,868	-	10,441
Net cash provided (used) in investing activities	7,572	2,868	-	10,441
Net increase (decrease) in cash	1,947,974	123,510	25,727	2,097,210
Cash balance - beginning	4,991,080	2,781,450	-	7,772,531
Cash balance - ending	\$ 6,939,054	2,904,960	25,727	9,869,741
Cash reported on the statement of net position:				
Cash and cash equivalents	\$ 5,844,697	2,342,668	25,727	8,213,091
Non-current restricted cash	1,094,357	562,292	-	1,656,649
Total cash and cash equivalents	\$ 6,939,054	2,904,960	25,727	9,869,741

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

Roosevelt City Corporation
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (continued)
For the Year Ended June 30, 2022

**Reconciliation of Operating Income to Net Cash
Provided (Used) in Operating Activities:**

	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary Funds
Net operating income (expense)	\$ 537,424	\$ 22,720	\$ (27,429)	532,714
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	901,030	370,496	-	1,271,526
Changes in assets and liabilities:				
(Increase) decrease in receivables	(157,089)	29,669	15,204	(112,217)
(Increase) decrease in net pension asset	(112,679)	(68,413)	-	(181,092)
(Increase) decrease in deferred outflows	9,469	(10,890)	-	(1,421)
Increase (decrease) in payables	214,406	(1,505)	15,722	228,622
Increase (decrease) in compensated absences	(26,598)	(10,453)	-	(37,051)
Increase (decrease) in net pension liability	(61,124)	(22,316)	-	(83,441)
Increase (decrease) in deferred inflows	36,316	61,496	-	97,812
Net cash provided (used) in operating activities	\$ 1,341,153	370,803	3,497	1,715,453

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Roosevelt City Corporation (the City), is a municipal corporation located in Duchesne County, Utah. The City operates under a Six Member Council form of government with six elected council members.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City's Redevelopment Agency has no operations; thus, the City has determined that there are no separately administered organizations that are controlled by or are dependent upon the City included in this report. Control or dependence is determined on the basis of financial interdependence, selection of governing authority, designation of management ability to significantly influence operations and accountability for fiscal matters.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund 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 net position* reports the financial position of the governmental and business-type activities of the City and its discretely presented component units at year-end.

The *statement of activities* reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege 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.

Fund Financial Statements

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

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

The *government-wide statements* are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund 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. The 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, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary fund statements distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Policy regarding use of restricted resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1-D. Fund types and major funds

Governmental funds

The City 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* accounts for financial resources used for the acquisition or construction of the capital facilities of the City (other than those of the enterprise funds).

The City reports the following as non-major governmental funds:

The *debt service fund* accounts for the payment of the general long-term debt of the government.

Proprietary funds

The City reports the following major proprietary funds:

The *water fund* is used to account for the activities of the culinary and secondary water distribution.

The *sewer fund* is used to account for the operations of the sewer system.

The City reports the following non-major proprietary funds:

The *garbage fund* is used to account for the operations of the garbage system.

1-E. Assets, Liabilities, and Net Position or Equity

1-E-1. *Deposit and Investments*

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the City are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 2.

1-E-2. *Cash and Cash Equivalents*

The City's cash and cash equivalents 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.

1-E-3. *Receivables and Payables*

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-3. *Receivables and Payables (continued)*

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either due to or due from other funds.

Property taxes are assessed and collected for the City by Duchesne 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.

1-E-4. *Restricted Assets*

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash

1-E-5. *Inventories and Prepaid items*

Aviation fuel and golf shop inventory are the only inventories reported in governmental funds. Other inventories, which mainly consist of immaterial amounts of expendable supplies for consumption, are not reported. Such supplies are acquired as needed. Governmental and proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

1-E-6. *Capital Assets*

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and 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 \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-6. Capital Assets (continued)

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	15
Water system	40-50
Sewer system	50
Roads	25-35
Vehicles and equipment	5-10

1-E-7. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

1-E-8. 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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-9. Fund Equity

Government-wide Financial Statements

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

Net investment in capital assets - 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.

Restricted net position - 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.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

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. Descriptions of each follow:

Nonspendable fund balance - This 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. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.

Restricted fund balance - This classification includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of the government or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - This classification includes amounts that can only be used for specific purposes established by formal action of the City Council, which is the City's highest level of decision making authority. Fund balance commitments can only be removed or changed by the same type of action (for example resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification includes amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. These are established by the City Council. This category includes the remaining positive fund balances for governmental funds other than the general fund.

Unassigned fund balance - Residual classification of 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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-10. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

1-E-11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include 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 City reports deferred outflows of resources related to pensions as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include 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 then. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to pensions as required by GASB 68, as well as deferred grant revenues.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared by the Budget Officer 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 City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 35% of the current year's actual 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. The Budget Officer 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.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2022, consist of the following:

	Fair Value
Cash on hand	\$ 200
Demand deposits - checking	(298)
Bond reserve bank trust accounts	562,289
Deposits - PTIF	17,238,407
Total cash	\$ 17,800,597

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

Cash and cash equivalents (current)	\$ 15,993,066
Restricted cash and cash equivalents (non-current)	1,807,531
Total cash and cash equivalents	\$ 17,800,597

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

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the 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. The City maintains monies not immediately needed for expenditure in PTIF accounts.

Deposit and Investment Risk

The City maintains no investment policy containing any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The City's compliance with the provisions of UMMA addresses each of these risks.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

3-A. Deposits and investments (continued)

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the City are available immediately.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2-- Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2022, the City had \$17,238,407 invested in the PTIF, which uses a Level 2 fair value measurement.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2022, the City's bank balance of demand and bank trust deposits total \$903,735 and the book balance is \$514,933. Of these deposits, \$500,000 is covered by FDIC insurance; \$390,529 is uninsured and uncollateralized. An additional \$17,238,407 is deposited in PTIF.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of credit risk

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

3-B. Receivables

The allowance policy is described in Note 1-E-3. Receivables as of year-end for the City's funds are shown below.

	General Fund	Water Fund	Sewer Fund	Sanitation Fund	Total
Property taxes	\$ 1,247,132	-	-	-	1,247,132
Intergovernmental	865,008	79,535	21,262	-	965,805
Customers	83,238	547,590	109,107	82,239	822,174
Special assessments	3,008	-	-	-	3,008
Total receivables	2,198,386	627,124	130,368	82,239	3,038,118
Allowance for uncollectibles	(16,265)	(99,069)	(17,744)	(14,786)	(147,864)
Net receivables	\$ 2,182,121	528,055	112,624	67,453	2,890,254

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

Governmental activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,316,179	\$ -	\$ -	\$ 1,316,179
Water rights	33,600	-	-	33,600
Construction in progress	9,780,929	499,345	10,280,274	-
Total capital assets, not being depreciated	11,130,709	499,345	10,280,274	1,349,779
Capital assets, being depreciated:				
Buildings	12,945,917	-	-	12,945,917
Improvements other than buildings	12,182,686	10,287,688	-	22,470,374
Machinery and equipment	4,083,547	319,928	-	4,403,474
Right-to-use leased equipment	313,194	-	-	313,194
Infrastructure	14,793,858	57,110	-	14,850,968
Total capital assets, being depreciated	44,319,202	10,664,725	-	54,983,927
Less accumulated depreciation for:				
Buildings	3,405,388	324,388	-	3,729,777
Improvements other than buildings	4,977,898	452,094	-	5,429,992
Machinery and equipment	2,788,479	270,700	-	3,059,179
Right-to-use leased equipment	39,664	85,916	-	125,580
Infrastructure	8,060,147	274,337	-	8,334,484
Total accumulated depreciation	19,271,576	1,407,435	-	20,679,012
Total capital assets being depreciated, net	25,047,626	9,257,290	-	34,304,915
Governmental activities capital assets, net	\$ 36,178,334	\$ 9,756,635	\$ 10,280,274	\$ 35,654,695

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

Governmental activities:	
General government	\$ 116,515
Public safety	177,800
Highways and public improvements	540,914
Airport	73,633
Parks, recreation and public property	297,403
Golf	201,171
Total	\$ 1,407,435

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

3-C. Capital Assets (continued)

Capital asset activity for the business-type activities was as follows:

Business-type activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and land rights	\$ 1,346,027	\$ -	\$ -	\$ 1,346,027
Water rights	63,780	-	-	63,780
Construction in progress	117,433	1,795,266	20,089	1,892,610
Total capital assets, not being depreciated	1,527,240	1,795,266	20,089	3,302,417
Capital assets, being depreciated:				
Water system	36,283,508	-	-	36,283,508
Sewer system	19,250,141	-	-	19,250,141
Total capital assets, being depreciated	55,533,649	-	-	55,533,649
Less accumulated depreciation for:				
Water system	13,305,871	901,030	-	14,206,901
Sewer system	6,618,126	370,496	-	6,988,622
Total accumulated depreciation	19,923,997	1,271,526	-	21,195,523
Total capital assets being depreciated, net	35,609,652	(1,271,526)	-	34,338,126
Business-type activities capital assets, net	\$ 37,136,892	\$ 523,740	\$ 20,089	\$ 37,640,543

Depreciation expense was charged to functions/programs of the primary government business-type activities was follows:

Business-type activities:	
Water system	\$ 901,030
Sewer system	370,496
Total	<u>\$ 1,271,526</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

3-D. Long-term liabilities

Long-term debt activity for the governmental activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2021 Wells Fargo Lease							
Matures 2024	\$ 174,576	-	\$ 130,932	\$ -	\$ 43,644	\$ 87,288	\$ 43,644
2021 Golf Cart Lease							
Matures 2026	138,618	-	124,756	-	27,724	97,032	27,724
2008 MBA Lease Revenue							
Matures 10/1/2028	200,000	-	80,000	-	10,000	70,000	10,000
2001 B Golf Clubhouse							
Matures 7/31/2029	500,000	-	160,000	-	20,000	140,000	20,000
2015 MBA Lease Revenue							
Matures 10/1/2035	1,600,000	1.50	1,245,000	-	75,000	1,170,000	76,000
Total governmental activity long-term liabilities			\$ 1,740,688	\$ -	\$ 176,368	\$ 1,564,320	\$ 177,368

Bond debt service requirements to maturity for governmental activities are as follows:

	Loans			Leases		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 106,000	\$ 18,675	\$ 124,675	\$ 71,368	\$ -	\$ 71,368
2024	107,000	17,550	124,550	71,368	-	71,368
2025	108,000	16,410	124,410	27,724	-	27,724
2026	109,000	15,255	124,255	13,862	-	13,862
2027	110,000	14,085	124,085			
2028 - 2032	479,000	-	479,000			
2033 - 2036	361,000	-	361,000			
Total	\$ 1,380,000	\$ 81,975	\$ 1,461,975	\$ 184,321	\$ -	\$ 184,321

The City has outstanding bonds from direct borrowings related to governmental activities totaling \$1,380,000. The 2001B Golf Clubhouse bonds are secured with the golf clubhouse as collateral. The 2008 MBA Lease Revenue bonds are secured with the animal shelter building as collateral. The 2015 MBA Lease Revenue bonds are secured with the aquatic center as collateral.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

3-D. Long-term liabilities (continued)

Long-term debt activity for the business-type activities was as follows:

	Original Principal	%	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2007 Sewer Construction							
Matures 1/1/2028	\$ 1,173,000	-	\$ 406,000	\$ -	\$ 59,000	\$ 347,000	\$ 39,000
2009 Replacement Well Bond							
Matures 1/1/2030	340,000	-	153,000	-	17,000	136,000	17,000
2009B Sewer Improvements							
Matures 1/1/2031	2,882,000	-	1,442,000	-	144,000	1,298,000	144,000
2005 A Water Revenue							
Matures 3/31/2031	970,000	-	390,000	-	39,000	351,000	39,000
2005 B Sewer Revenue							
Matures 3/31/2031	300,000	-	120,000	-	12,000	108,000	12,000
2011 Wtr Revenue Bond							
Matures 10/1/2031	350,000	-	188,000	-	18,000	170,000	18,000
2006 Sewer Revenue							
Matures 12/31/2031	154,000	-	70,000	-	6,000	64,000	6,000
2011 B Wtr Revenue Bonds							
Matures 10/1/2042	518,000	-	382,000	-	17,000	365,000	17,000
2013 Water Improvements							
Matures 10/1/2043	500,000	-	381,000	-	17,000	364,000	17,000
2015 Utility Improvements							
Matures 10/1/2046	307,000	-	267,000	-	10,000	257,000	10,000
2017 CIB South Cove Sewer							
Matures 10/1/2046	405,000	-	363,000	-	14,000	349,000	14,000
2017 DEQ South Cove Sewer							
Matures 10/1/2046	949,000	-	887,000	-	31,000	856,000	31,000
2021 CIB Water Revenue							
Matures 6/1/2052	1,268,000	-	-	1,268,000	-	1,268,000	39,000
Total business-type activity long-term liabilities			\$ 5,049,000	\$ 1,268,000	\$ 384,000	\$ 5,933,000	\$ 403,000

Bond debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2023	\$ 403,000	\$ 6,340	\$ 409,340
2024	403,000	6,145	409,145
2025	404,000	5,950	409,950
2026	404,000	5,750	409,750
2027	404,000	5,550	409,550
2028 - 2032	1,749,000	24,735	1,773,735
2033 - 2037	660,000	19,610	679,610
2038 - 2042	671,000	14,345	685,345
2043 - 2047	536,000	8,945	544,945
2048 - 2052	299,000	3,375	302,375
Total	\$ 5,933,000	\$ 100,745	\$ 6,033,745

The City has outstanding bonds from direct borrowings related to business-type activities totaling \$5,933,000. Each of these bonds is secured with the revenues of the respective water and sewer system as collateral.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

3-D. Long-term liabilities (continued)

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensated absences:			
Governmental	\$ 200,282	\$ 73,003	\$ 273,285
Business-type	88,477	(37,051)	51,426
Total compensated absences	\$ 288,759	\$ 35,952	\$ 324,711
Net pension liability:			
Governmental	\$ 240,234	\$ (240,234)	\$ -
Business-type	83,441	(83,441)	-
Total net pension liability	\$ 323,675	\$ (323,675)	\$ -

3-E. Interfund receivable, payables, and transfers

Interfund transfers:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 25,000
Sanitation Fund	25,000	-
Total	\$ 25,000	\$ 25,000

The transfer from the general fund to the sanitation fund was made to eliminate the deficit cash balance being carried in the sanitation fund.

3-F. Long-term commitments

The City has committed to purchase 880 acre feet of water annually.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 4 - OTHER INFORMATION

4-A. 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; and natural disasters. The City participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Pension Plans

General Information about the Pension Plan

Plan description:

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

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employee retirement system;
- Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer public retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employer retirement system;
- 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 Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement 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/general/publications.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

4-B. Pension Plans (continued)

Benefits provided:

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	Cola **
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 an 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 upon employer
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year to June 2020; 2.00% per year July 2020 to present	Up to 2.5%

* with actuarial reductions

** All past-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.

Contribution Rate Summary:

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 Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2022, are as follows:

Utah Retirement Systems	Employee Rate	Employer Rate	Employer 401(k) Plan
Contributory System			
111 - Local Government Div - Tier 2	N/A	16.07	0.62
Noncontributory System			
15 - Local Government Div - Tier 1	N/A	18.47	N/A
Public Safety System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety	N/A	25.83	N/A
Noncontributory			
43 - Other Div A with 2.5% COLA	N/A	34.04	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69	10.00
222 - Public Safety	N/A	11.83	14.00

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

4-B. Pension Plans (continued)

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For the fiscal year ended June 30, 2022, the employer and employee contributions to the Systems were as follows:

<u>System</u>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 169,969	N/A
Public Safety System	137,069	-
Tier 2 Public Employees System	104,082	-
Tier 2 Public Safety and Firefighter	62,781	-
	4,456	N/A
Tier 2 DC Public Safety and Firefighter System	9,325	N/A
Total Contributions	\$ 487,682	\$ -

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

Combined Pension Assets, Liabilities, Expense, and Deferred and Inflows of Resources Relating to Pensions

At June 30, 2022, we reported a net pension asset of \$906,976 and a net pension liability of \$0.

	(Measurement Date): December 31, 2021			Proportionate Share 12/31/2020	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ 682,344	\$ -	0.0011914%	0.1200285%	-0.1188371%
Public Safety System	207,882	-	0.2559672%	0.3006059%	-0.0446387%
Tier 2 Public Employees System	12,656	-	0.0299029%	0.0217555%	0.0081474%
Tier 2 Public Safety and Firefighter	4,094	-	0.0809971%	0.1048352%	-0.0238381%
Total	\$ 906,976	\$ -			

The net pension asset and liability were measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2022, we recognize pension expense of (\$116,237).

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

4-B. Pension Plans (continued)

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 98,818	\$ 2,304
Changes in assumptions	116,881	7,414
Net difference between projected and actual earnings on pension plan investments	-	1,524,365
Changes in proportion and differences between contributions and proportionate share of contributions	10,776	69,990
Contributions subsequent to the measurement date	250,615	-
Total	\$ 477,090	\$ 1,604,073

\$250,615 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2022	\$ (307,294)
2023	(468,941)
2024	(369,260)
2025	(250,798)
2026	2,901
Thereafter	15,794

Actuarial assumptions:

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 - 9.25 percent, average, including inflation
Investment rate of return	6.98 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

4-B. Pension Plans (continued)

The actuarial assumptions used in the January 1, 2021, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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 and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Assets class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	37%	6.58%	2.43%
Debt securities	20%	-0.28%	-0.06%
Real assets	15%	5.77%	0.87%
Private equity	12%	9.85%	1.18%
Absolute return	16%	2.91%	0.47%
Cash and cash equivalents	0%	-1.01%	0.00%
Totals	100.00%		4.89%
	Inflation		2.50%
	Expected arithmetic nominal return		7.39%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount rate:

The discount rate used to measure the total pension liability was 6.85 percent. 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. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

4-B. Pension Plans (continued)

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 6.85 percent, 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 (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 366,917	\$ (682,344)	\$ (1,557,747)
Public Safety System	512,705	(207,882)	(793,048)
Tier 2 Public Employees System	75,407	(12,656)	(80,270)
Tier 2 Public Safety and Firefighter	32,842	(4,094)	(33,416)
Total	\$ 987,871	\$ (906,976)	\$ (2,464,481)

Pension plan fiduciary net position:

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

Defined Contribution Savings Plan:

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

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

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

	2022	2021	2020
401(k) Plan			
Employer Contributions	\$ 56,746	\$ 11,817	\$ 11,593
Employee Contributions	3,649	26,330	26,718
457 Plan			
Employer Contributions	4,828	-	-
Employee Contributions	9,050	14,295	19,515
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	5,270	6,848	8,878

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Roosevelt City Corporation
Notes to Required Supplementary Information
June 30, 2022

Budgetary Comparison Schedules

The Budgetary Comparison Schedule presented in this section of the report is for the City's General Fund.

Budgeting and Budgetary Control

The budget for the General Fund is legally required and is 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 Excess of Expenditures over Appropriations

For the year ended June 30, 2022, total expenditures for the General Fund were over budget by \$32,709.

Changes in Assumptions Related to Pensions

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability of as December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

Roosevelt City Corporation
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2022

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 4,262,000	\$ 5,419,528	\$ 5,506,299	\$ 86,771
License and permits	40,500	115,072	106,160	(8,912)
Intergovernmental revenues	838,015	902,685	971,712	69,027
Charges for services	1,500,705	1,653,089	1,640,088	(13,001)
Fines and forfeitures	50,000	40,619	40,619	-
Interest	52,500	63,466	63,466	-
Miscellaneous revenue	148,950	130,321	136,238	5,917
Total revenues	6,892,670	8,324,780	8,464,582	139,802
EXPENDITURES:				
Current:				
General government	282,356	930,773	930,298	475
Public safety	2,527,350	2,493,012	2,502,163	(9,151)
Highways and public improvements	448,020	445,605	437,927	7,678
Airport	111,800	224,872	224,492	380
Parks and recreation	1,080,944	1,181,003	1,177,968	3,036
Golf	948,184	1,478,761	1,475,348	3,413
Cemetery	200,595	231,257	228,533	2,724
Debt service:				
Principal	30,000	30,000	30,000	-
Total expenditures	5,629,249	7,015,283	7,006,728	8,556
Excess (Deficiency) of Revenues over (Under) Expenditures	1,263,421	1,309,497	1,457,855	148,358
Other Financing Sources and (Uses):				
Special assessment fees	-	5,578	5,578	-
Bad debt expense	-	-	(16,265)	(16,265)
Sales of fixed assets	-	-	-	-
Transfers (out)	(30,000)	(891,566)	(916,566)	(25,000)
Total other financing sources and (uses)	(30,000)	(885,988)	(927,253)	(41,265)
Net Change in Fund Balances	1,233,421	423,509	530,601	107,093
Fund balances - beginning of year	2,472,696	2,472,696	2,472,696	-
Fund balance - end of year	\$ 3,706,117	\$ 2,896,205	\$ 3,003,298	\$ 107,093

Roosevelt City Corporation
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 June 30, 2022
 Last 10 Fiscal Years*

	As of December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Noncontributory Retirement System								
Proportion of the net pension liability (asset)	0.1191428%	0.1200285%	0.1260710%	0.1316759%	0.1325866%	0.1449380%	0.1367274%	0.1336046%
Proportionate share of the net pension liability (asset)	\$ (682,344)	\$ 61,568	\$ 475,145	\$ 969,625	\$ 580,902	\$ 930,679	\$ 773,670	\$ 580,143
Covered employee payroll	\$1,026,026	\$1,111,011	\$1,102,257	\$1,118,591	\$1,137,648	\$1,246,858	\$1,146,586	\$1,120,885
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-66.50%	5.54%	43.11%	86.68%	51.06%	74.64%	67.48%	51.80%
Plan fiduciary net position as a percentage of the total pension liability	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	87.80%	90.20%
Public Safety System								
Proportion of the net pension liability (asset)	0.2559672%	0.3006059%	0.3070627%	0.3288513%	0.3124200%	0.3172078%	0.3019487%	0.3153219%
Proportionate share of the net pension liability (asset)	\$ (207,882)	\$ 249,575	\$ 493,025	\$ 84,599	\$ 490,080	\$ 643,702	\$ 540,866	\$ 396,543
Covered employee payroll	\$ 362,896	\$ 408,624	\$ 419,858	\$ 463,560	\$ 438,057	\$ 444,666	\$ 399,660	\$ 425,927
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-57.28%	61.08%	117.43%	182.50%	111.88%	144.76%	135.33%	93.10%
Plan fiduciary net position as a percentage of the total pension liability	104.20%	95.50%	90.90%	84.70%	90.20%	86.50%	87.10%	90.50%
Tier 2 Public Employees Retirement System								
Proportion of the net pension liability (asset)	0.0299029%	0.0217555%	0.0337979%	0.0356783%	0.0303466%	0.0329814%	0.0227220%	0.0456536%
Proportionate share of the net pension liability (asset)	\$ (12,656)	\$ 3,129	\$ 7,601	\$ 15,280	\$ 2,676	\$ 3,679	\$ (50)	\$ (1,384)
Covered employee payroll	\$ 553,943	\$ 347,867	\$ 469,719	\$ 416,462	\$ 296,629	\$ 270,472	\$ 146,861	\$ 223,823
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-2.28%	0.90%	1.62%	3.67%	0.90%	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%	103.50%
Tier 2 Public Safety and Firefighters Retirement								
Proportion of the net pension liability (asset)	0.0809971%	0.1048352%	0.1102834%	0.0753564%	0.0891577%	0.1044009%	0.1789186%	0.1418399%
Proportionate share of the net pension liability (asset)	\$ (4,094)	\$ 9,403	\$ 9,673	\$ 1,888	\$ (1,032)	\$ (906)	\$ (2,614)	\$ (2,098)
Covered employee payroll	\$ 193,695	\$ 210,183	\$ 169,439	\$ 101,002	\$ 94,088	\$ 86,259	\$ 106,474	\$ 58,735
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-2.11%	4.47%	5.71%	1.87%	-1.10%	-1.05%	-2.46%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	102.80%	93.10%	89.60%	95.60%	103.00%	103.60%	110.70%	120.50%

* 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.

Roosevelt City Corporation
SCHEDULE OF CONTRIBUTIONS

June 30, 2022
Last 10 Fiscal Years*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory Retirement System	2014	\$ 198,689	\$ 198,689	\$ -	\$1,317,112	15.09%
	2015	206,629	206,629	-	1,139,495	18.13%
	2016	214,934	214,934	-	1,175,479	18.28%
	2017	212,679	212,679	-	1,162,944	18.29%
	2018	212,444	212,444	-	1,162,951	18.27%
	2019	200,589	200,589	-	1,120,322	17.90%
	2020	195,023	195,023	-	1,101,494	17.71%
	2021	202,192	202,192	-	1,124,098	17.99%
	2022	169,969	169,969	-	920,242	18.47%
Public Safety System	2014	126,230	126,230	-	392,750	32.14%
	2015	145,192	145,192	-	426,617	34.03%
	2016	133,671	133,671	-	404,624	33.04%
	2017	143,993	143,993	-	423,011	34.04%
	2018	165,710	165,710	-	486,808	34.04%
	2019	148,026	148,026	-	436,020	33.95%
	2020	141,854	141,854	-	417,548	33.97%
	2021	121,871	121,871	-	360,480	33.81%
	2022	137,069	137,069	-	450	30.45%
Tier 2 Public Employees Retirement System**	2014	28,690	28,690	-	205,074	13.99%
	2015	27,077	27,077	-	180,173	15.03%
	2016	31,660	31,660	-	212,343	14.91%
	2017	39,973	39,973	-	266,894	14.98%
	2018	55,769	55,769	-	399,084	15.11%
	2019	69,289	69,289	-	455,877	15.54%
	2020	65,652	65,652	-	419,234	15.66%
	2021	64,793	64,793	-	410,243	15.79%
	2022	104,082	104,082	-	647,681	16.07%
Tier 2 Public Safety and Firefighter System**	2014	16,043	16,043	-	76,945	20.85%
	2015	20,902	20,902	-	92,694	22.55%
	2016	22,383	22,383	-	99,481	22.50%
	2017	19,467	19,467	-	86,521	22.50%
	2018	24,100	24,100	-	108,910	22.13%
	2019	26,408	26,408	-	114,805	23.00%
	2020	49,894	49,894	-	215,705	23.13%
	2021	47,444	47,444	-	184,561	25.71%
	2022	62,781	62,781	-	243,057	25.83%
Tier 2 Public Employees DC Only System**	2015	5,118	5,118	-	76,165	6.72%
	2016	6,017	6,017	-	89,934	6.69%
	2022	4,456	4,456	-	66,605	6.69%
Tier 2 Public Safety and Firefighter DC Only System**	2014	5,518	5,518	-	55,517	9.94%
	2015	7,972	7,972	-	67,388	11.83%
	2016	9,667	9,667	-	81,714	11.83%
	2017	5,288	5,288	-	44,704	11.83%
	2018	6,798	6,798	-	57,464	11.83%
	2019	5,786	5,786	-	48,908	11.83%
	2020	5,870	5,870	-	49,615	11.83%
	2021	5,995	5,995	-	50,678	11.83%
	2022	9,325	9,325	-	78,825	11.83%

* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The 10-year schedule will need to be built prospectively.

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

SUPPLEMENTARY INFORMATION

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Roosevelt City Corporation
Supplementary Information
 June 30, 2022

Insurance Coverage

This information is required by one of the City’s bondholders to be included in the notes to the financial statements. It is not otherwise a required item for disclosure.

The City was insured for theft, fire, inland marine, general liability and auto through Utah Local Government Trust as of June 30, 2022. Utah Local Government Trust also carried the liability on the City airport through Starr as of June 30, 2022. The City Employee benefits include health insurance through PEHP and life through Utah Local Government Trust and Mutual of Omaha. Workman’s Compensation Insurance was carried with the Utah Local Government Trust. Employee insurance premiums are expensed in the appropriate funds, the proration being based on employee monthly gross salaries expensed in each fund. The following is a summary of the relevant coverages at June 30, 2022:

<u>Description of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>	<u>Expires</u>
ULGT #13270-G12015 Comprehensive General Liability	\$ 5,000,000	\$ -	7/1/2022
ULGT #13270-G12015 Auto Liability	5,000,000	-	7/1/2022
ULGT #ULGT-APDP Property Coverage	27,475,783	1,000	7/1/2022
ULGT #ULGT-APDP Auto PD Coverage 26 Vehicles full coverage		500	7/1/2022
ULGT #13270-WC Workers Compensatoin	100/500/100	-	7/1/2022
CNA Surety #70470868 License & Permit	100,000	-	12/31/2022
CNA Surety #64636754N City Manager	\$5,00.00	-	5/6/2024
CNA Surety #71968117 Roosevelt City/UT Dept of Enviro	1,062,000	-	11/8/2022
Airport: Starr Indemnity & Liability #13270	5,000,000	-	7/1/2022

Government Reports

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Roosevelt City Council

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roosevelt City, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Roosevelt City's basic financial statements and have issued our report thereon dated February 28, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Roosevelt City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Roosevelt City's internal control. Accordingly, we do not express an opinion on the effectiveness of Roosevelt 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as finding 2022-1 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Roosevelt 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations 2022-1.

Roosevelt City's Response to Findings

Roosevelt City's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Roosevelt City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
February 28, 2023

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Compliance Audit Guide

Council Members
Roosevelt, Utah

Report on Compliance

We have audited Roosevelt City's compliance with the applicable state 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 Roosevelt City for the year ended June 30, 2022.

State compliance requirements were tested for the year ended June 30, 2022, in the following areas: budgetary compliance, fund balance, restricted taxes and other related restricted revenue, fraud risk assessment, governmental fees, cash management, and impact fees.

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on Roosevelt City's compliance based on our audit of the state 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 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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about Roosevelt 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 state compliance requirement referred to above. However, our audit does not provide a legal determination of Roosevelt City's compliance with those requirements.

Opinion on General State Compliance Requirements

In our opinion, Roosevelt City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

The City's responses to the noncompliance findings identified in our audit is described in the accompanying Findings and Management Responses. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Other Matters

The results of our auditing procedures disclosed three instances of noncompliance which is required to be reported in accordance with the State Compliance Audit Guide.

Report on Internal Control Over Compliance

Management of Roosevelt City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Roosevelt City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those 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

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Certified Public Accountants

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of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Roosevelt 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 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 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 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.

Purpose of this Report

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 of Utah Compliance Audit Guide. Accordingly, this report is not suitable for any other purpose.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
February 28, 2023

Findings & Management Responses

- 2022-1 *Finding*—Numerous asset, liability, revenue and expense accounts were materially misstated. Numerous significant correcting journal entries were necessary to prepare the financial statements.
- Criteria*—Account balances should be reasonably stated throughout the year and at year-end.
- Effect*—Users of the City’s financial statements may have been unable to make accurate financial decisions because numerous account balances were materially misstated during the fiscal year.
- Recommendation*—We encourage the City Council to establish a process of financial training, review, and monitoring of financial transaction recording.
- Management Response*— The City agrees with the auditor recommendations and City management will review account balances to ensure they are reconciled and adjusted in a timely manner.
- 2022-2 *Finding*—The general fund and sanitation fund exceeded their legally adopted budget.
- Criteria*—Utah Code requires government entities to operate within legally adopted budgets.
- Effect*—These funds’ budgets were less than actual costs.
- Recommendation*—We encourage the City Council to review their budget vs actual reports and modify their budget as necessary.
- Management Response*—The City Council will periodically assess the accuracy of the annual budget.
- 2022-3 *Finding*—The City’s June 30, 2022, *Deposit and Investment Report* excluded an investment account in the City’s name. Additionally, deposits are not being deposited regularly for cash received.
- Criteria*—Per Utah code 51-7-15(3) entities should use all account balances when submitting the Deposit and Investment report on December 31st and June 30th of each year. The same Utah code requires deposits to be made within three days.
- Effect*—The City did not comply with Utah code.
- Recommendation*—We recommend that the City include all cash and investment accounts when completing the *Deposit and Investment Report* and make regular deposits at least every three business days.
- Management Response*—The City management will include all cash and investment account balances when completing the Deposit and Investment report. The City in addition will also make regular deposits every three days.
- 2022-4 *Finding*—Fraud Risk Assessment was not completed and presented to the City Council.
- Criteria*—Per Utah Code, the City management must complete the Fraud Risk Assessment and present it to the City Council.
- Effect*—The City did not comply with Utah code that aides in safeguarding the City’s assets.
- Recommendation*—We recommend that City management complete the Fraud Risk Assessment and present it to the City Council.
- Management Response*—The City’s management will complete the Fraud Risk Assessment and present it to the Council annually.