TOWN OF SPRINGDALE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

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FINANCIAL SECTION

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Independent Auditors' Report

The Honorable Mayor and
Town Council
Springdale, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, Utah, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town of Springdale's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Springdale as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2009, on our consideration of the Town of Springdale'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Springdale's basic financial statements. The accompanying combining statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of Springdale, Utah. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hinton, Burdick, Hall & Spilker, PLLC

HINTON, BURDICK, HALL & SPILKER, PLLC
October 21, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Springdale (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total net assets increased by $760,464 (including prior period adjustment) which resulted in total assets in excess of total liabilities (net assets) of $6.99 million at the close of the fiscal year.
- Taxes and other governmental revenues were less than expenses by $83,665.
- Total business-type revenues exceeded expenses by $870,236.
- Total revenues from all sources were $2.96 million.
- The total cost of all Town programs was $2.17 million
- The General Fund reported excess expenditures over revenues of $97,235.
- Actual resources received in the General Fund were less than the final budget by $72,207 while actual expenditures were $83,052 less than the final budget.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $483,123 or 30% of total General Fund expenditures, excluding transfers.
- Total reserved fund balance in the Capital Projects funds at the close of the year is $225,600.
- At the end of the current fiscal year there was $237,894 due to the General fund, $157,894 payable by the Water fund and $80,000 payable by the Parks fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

Reporting the Town as a Whole

The Statement of Net Assets and the Statement of Activities (Government-wide)

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. Net assets, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as

changes in the Town's property tax base or condition of the Town's roads to accurately assess the overall health of the Town

The Statement of Net Assets and the Statement of Activities, present information about the following:

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, public works, culture and recreation, community development and interest on long-term debt. Property taxes, sales tax, resort tax, intergovernmental revenues and charges for services finance most of these activities.

- Proprietary activities/Business type activities – The Town charges a fee to customers to cover all or most of the cost of the services provided.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.

- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the Town's financial position. The Town's combined assets exceed liabilities by $6.99 million as of June 30, 2009 as shown in the following condensed statement of net assets. The Town has chosen to account for its water and sewer operations in enterprise funds which are shown as Business Activities.

Springdale Town
Statement of Net Assets

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
Current and other assets	$ 876,117	$ 1,080,362	$ 1,628,543	$ 1,280,328
Capital assets	1,348,120	1,332,358	7,658,415	5,418,041
Total assets	2,224,237	2,412,720	9,286,958	6,698,369
Long-term liabilities outstanding	243,668	300,000	3,269,912	2,372,400
Other liabilities	65,502	87,881	944,268	123,427
Total liabilities	309,170	387,881	4,214,180	2,495,827
Net assets:				
Invested in capital assets, net of related debt	1,111,068	1,032,358	3,693,874	3,083,769
Restricted	320,876	245,381	435,469	204,297
Unrestricted	483,123	747,100	943,435	914,476
Total net assets	$ 1,915,067	$ 2,024,839	$ 5,072,778	$ 4,202,542

Governmental Activities

The cost of all Governmental activities this year was $1,502,570. As shown on the statement of Changes in Net Assets on the following page, $154,151 of this cost was paid for by those who directly benefited from the programs; $54,647 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were $208,798. General taxes, impact fees, and investment earnings totaled $1,138,883.

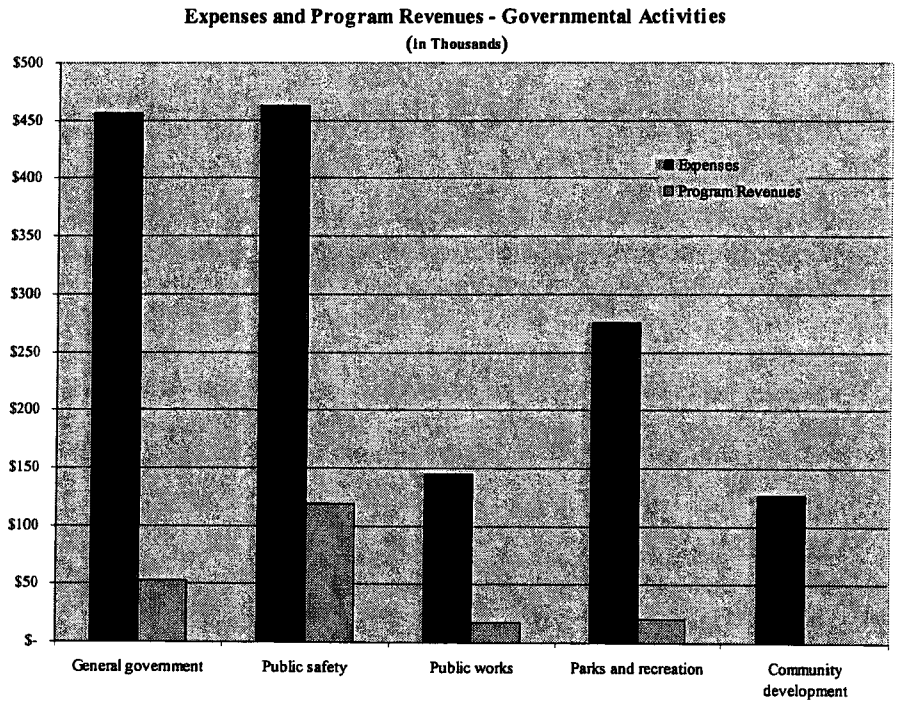
The Town's programs include: General Government, Public Safety, Public Works, Parks & Recreation and Community Development. Each program's revenues and expenses are presented below.

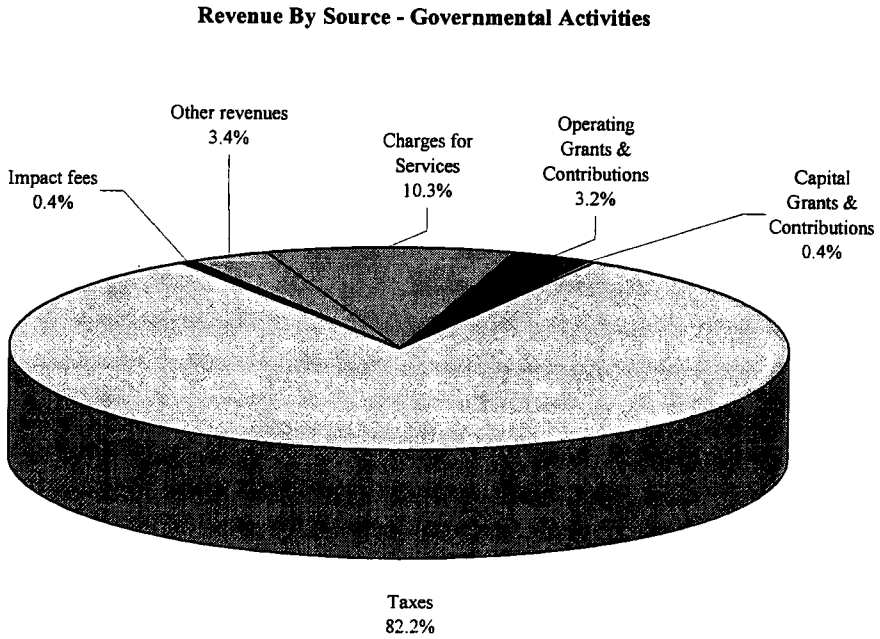
Springdale Town
Changes in Net Assets

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
Revenues:				
Program revenues:				
Charges for services	$ 154,151	$ 309,751	$ 746,769	$ 688,132
Operating grants and contributions	48,229	32,622	19,000	-
Capital grants and contributions	6,418	4,268	509,070	5,881
General revenues:				
Taxes	1,225,129	1,156,784	-	-
Impact fees	6,000	21,000	177,573	98,585
Grants and contributions not restricted to specific programs	-	-	-	-
Other	(21,022)	112,067	85,618	18,039
Total revenues	1,418,905	1,636,492	1,538,030	810,637
Expenses:				
General government	461,282	396,601	-	-
Public safety	471,955	472,081	-	-
Public works	148,722	133,372	-	-
Parks and recreation	279,638	332,326	-	-
Community development	126,672	145,517	-	-
Interest on long-term debt	14,301	18,163	-	-
Water	-	-	373,346	327,153
Sewer	-	-	183,157	179,534
Irrigation	-	-	33,092	38,756
Building Authority	-	-	78,199	72,756
Total expenses	1,502,570	1,498,060	667,794	618,199
Increase in net assets	(83,665)	138,432	870,236	192,438
Net assets, beginning	2,024,839	1,993,073	4,202,542	3,903,438
Prior period adjustment	(26,107)	(106,666)	-	106,666
Net assets, ending	$ 1,915,067	$ 2,024,839	$ 5,072,778	$ 4,202,542

Total resources available during the year to finance governmental operations were $3.44 million consisting of Net assets at July 1, 2008 of $2 million, program revenues of $208,798 and General Revenues (including transfers) of $1,210,107. Total cost of Governmental Activities during the year was $1,502,570; thus Governmental Net Assets were decreased by $83,665 to $1.92 million. Governmental Net Assets were also decreased by a prior period adjustment of $26,107.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all governmental activities:

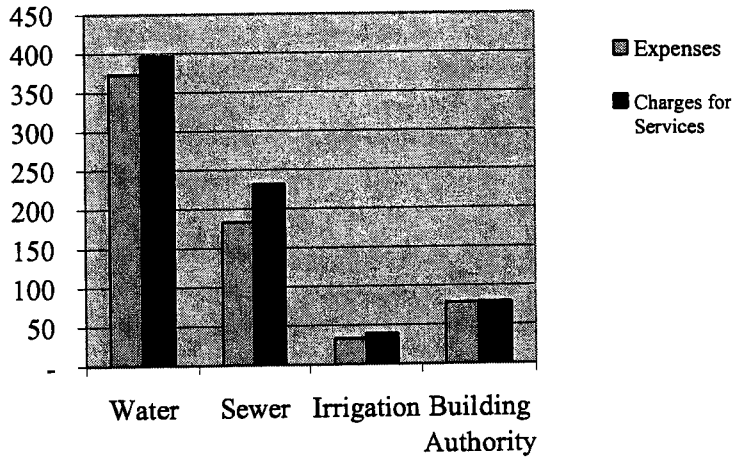




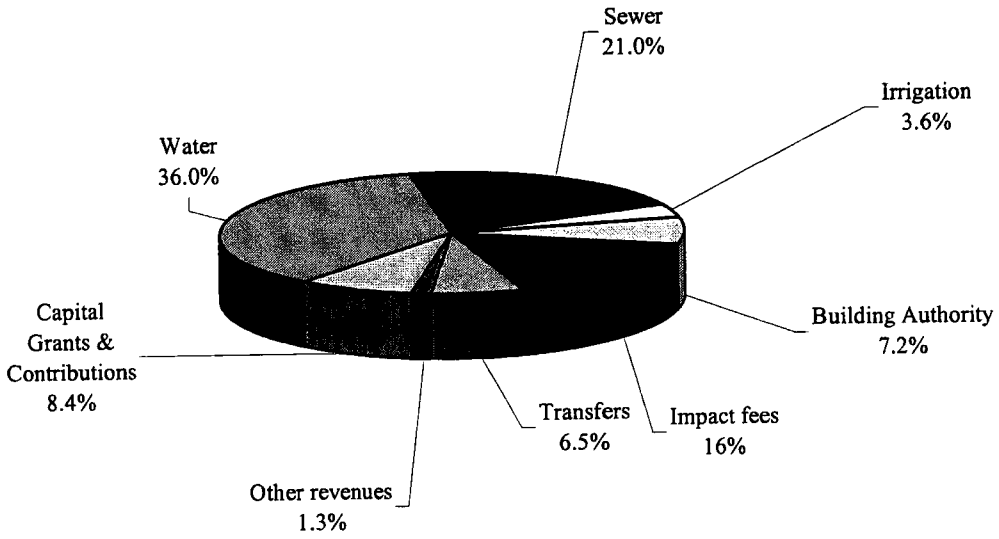
Business Type Activities

Net assets of the Business Type activities at June 30, 2009, as reflected in the Statement of Net Assets were $5.07 million. The cost of providing all Proprietary (Business Type) activities this year was $667,794. As shown in the statement of Changes in Net Assets, the amounts paid by users of the system were $746,769 and there were $528,070 subsidized by capital grants and contributions. Interest earnings, transfers, and other revenues were $263,191. The Net Assets increased by $870,236.

Expenses and Program Revenues - Business- type Activities
(in Thousands)



Revenue By Source - Business-type Activities



General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were $83,052 more than actual expenditures. Actual revenues were less than the final budget by $72,207. Budget amendments and supplemental appropriations were made during the year to prevent most budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2009, net capital assets of the governmental activities totaled $1.35 million and the net capital assets of the business-type activities totaled $7.66 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 5 to the financial statements.)

Debt

At year-end, the Town had $197,000 in governmental type debt, and $3.27 million in proprietary debt. The debt is a liability of the government. During the current fiscal year, the Town's total debt increased by $790,920. (See note 6 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the Town Budget for fiscal year 2009/2010, the Town Council and management were cautious as to the growth of revenues and expenditures.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Springdale, P.O. Box 187, 84767 or call (435) 772-3434.

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BASIC FINANCIAL STATEMENTS

Town of Springdale
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 291,979	$ 1,184,570	$ 1,476,549
Receivables (net of allowance)	18,581	94,625	113,206
Internal balances	157,894	(157,894)	-
Prepaids	171	-	171
Deferred Charges	6,616	71,772	78,388
Temporarily restricted assets:			
Cash and cash equivalents	400,876	435,470	836,346
Capital assets (net of accumulated depreciation):			
Land	103,500	132,444	235,944
Buildings	435,880	1,234,932	1,670,812
Improvements	392,809	629,579	1,022,388
Furniture and fixtures	6,440	52,883	59,323
Machinery and equipment	5,804	133,525	139,329
Automobiles and trucks	40,711	5,933	46,644
Infrastructure	343,740	-	343,740
Water rights	-	134,900	134,900
Distribution system	-	3,049,122	3,049,122
Construction in progress	19,236	2,285,097	2,304,333
Total assets	$ 2,224,237	$ 9,286,958	$ 11,511,195
Liabilities			
Accounts payable and other current liabilities	$ 65,502	$ 844,322	$ 909,824
Deferred revenue	-	95,028	95,028
Customer deposits	-	4,918	4,918
Noncurrent liabilities:			
Due within one year	44,263	165,080	209,343
Due in more than one year	199,405	3,104,832	3,304,237
Total liabilities	309,170	4,214,180	4,523,350
Net Assets			
Invested in capital assets, net of related debt	1,111,068	3,693,874	4,804,942
Restricted for:			
Debt service	-	214,582	214,582
Capital projects	225,600	220,887	446,487
Other purposes	95,276	-	95,276
Unrestricted	483,123	943,435	1,426,558
Total net assets	$ 1,915,067	$ 5,072,778	$ 6,987,845

The accompanying notes are an integral part of the financial statements.

Town of Springdale
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
General government	$ 461,282	$ 29,237	$ 23,014	$ -	$ (409,031)	$ -	$ (409,031)
Public safety	471,955	104,741	8,049	6,418	(352,747)	-	(352,747)
Public works	148,722	-	17,166	-	(131,556)	-	(131,556)
Parks and recreation	279,638	20,173	-	-	(259,465)	-	(259,465)
Community development	126,672	-	-	-	(126,672)	-	(126,672)
Interest on long-term debt	14,301	-	-	-	(14,301)	-	(14,301)
Total governmental activities	1,502,570	154,151	48,229	6,418	(1,293,772)	-	(1,293,772)
Business-type activities:							
Water	373,346	396,999	19,000	416,440	-	459,093	459,093
Sewer	183,157	231,497	-	92,630	-	140,970	140,970
Irrigation	33,092	39,302	-	-	-	6,210	6,210
Building Authority	78,199	78,971	-	-	-	772	772
Total business-type activities	667,794	746,769	19,000	509,070	-	607,045	607,045
Total primary government	$ 2,170,364	$ 900,920	$ 67,229	$ 515,488	(1,293,772)	607,045	(686,727)
General Revenues:							
Taxes:							
Property taxes levied for general purposes					56,786	-	56,786
Sales and use taxes					269,067	-	269,067
Franchise taxes					63,914	-	63,914
Resort taxes					646,962	-	646,962
Transient room taxes					178,791	-	178,791
Telecommunications tax					9,609	-	9,609
Impact fees					6,000	177,573	183,573
Unrestricted investment earnings					34,705	14,394	49,099
Miscellaneous					15,497	-	15,497
Transfers					(71,224)	71,224	-
Total general revenues & transfers					1,210,107	263,191	1,473,298
Change in net assets					(83,665)	870,236	786,571
Net assets - beginning					2,024,839	4,202,542	6,227,381
Prior period adjustment					(26,107)	-	(26,107)
Net assets - ending					$ 1,915,067	$ 5,072,778	$ 6,987,845

The accompanying notes are an integral part of the financial statements.

Town of Springdale
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Parks Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 291,979	$ -	$ -	$ 291,979
Receivables (net of allowance)	3,180		-	3,180
Due from other governments	15,401	-	-	15,401
Due from other funds	237,894	-	-	237,894
Prepaid expenses	171	-	-	171
Restricted cash and cash equivalents	95,276	280,797	24,803	400,876
Total Assets	$ 643,901	$ 280,797	$ 24,803	$ 949,501
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 44,341	$ -	$ -	$ 44,341
Accrued liabilities	14,201	-	-	14,201
Customer deposits	6,960	-	-	6,960
Due to other funds	-	80,000	-	80,000
Total Liabilities	65,502	80,000	-	145,502
Fund balances:				
Reserved for:				
Capital outlay	-	200,797	24,803	225,600
Other	95,276	-	-	95,276
Unreserved, reported in:				
General fund	483,123	-	-	483,123
Total fund balances	578,399	200,797	24,803	803,999
Total liabilities and fund balances	$ 643,901	$ 280,797	$ 24,803	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,348,120
Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.	(237,052)
Net assets of governmental activities	$ 1,915,067

The accompanying notes are an integral part of the financial statements.

Town of Springdale
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General Fund	Parks Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 54,585	$ -	$ -	$ 54,585
Fees in lieu of property taxes	2,201	-	-	2,201
Sales and use taxes	269,067	-	-	269,067
Franchise taxes	63,914	-	-	63,914
Resort taxes	646,963	-	-	646,963
Transient room taxes	178,791	-	-	178,791
Telecommunications tax	9,609	-	-	9,609
Licenses, Permits and Fees	31,714	-	-	31,714
Impact fees	-	6,000	-	6,000
Intergovernmental	49,727	-	-	49,727
Contributions and other	75,027	2,000	-	77,027
Fines and Forfeitures	43,482	-	-	43,482
Interest	33,797	3,031	909	37,737
Miscellaneous	21,743	-	-	21,743
Total revenues	1,480,620	11,031	909	1,492,560
Expenditures				
Current:				
General government	455,791	-	-	455,791
Public safety	478,433	-	-	478,433
Public works	108,843	-	-	108,843
Culture and recreation	292,502	-	-	292,502
Community development	126,308	-	-	126,308
Capital outlay	-	21,666	-	21,666
Debt service	115,978	-	-	115,978
Total expenditures	1,577,855	21,666	-	1,599,521
Excess (deficiency) of revenues over (under) expenditures	(97,235)	(10,635)	909	(106,961)
Other Financing Sources (Uses)				
Lease proceeds	23,749	-	-	23,749
Transfers out	(161,224)	-	-	(161,224)
Transfers in	-	90,000	-	90,000
Total other financing sources and uses	(137,475)	90,000	-	(47,475)
Net change in fund balance	(234,710)	79,365	909	(154,436)
Fund balance, beginning of year	839,216	121,432	23,894	984,542
Prior period adjustment	(26,107)	-	-	(26,107)
Fund balance, end of year	$ 578,399	$ 200,797	$ 24,803	$ 803,999

The accompanying notes are an integral part of the financial statements.

Town of Springdale
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, 2009

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(154,436)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		15,763
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		(1,324)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources in the governmental funds, but increases long-term liabilities in the statement of net assets.		(23,749)
Repayment of long-term debt (e.g. bonds, leases) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		103,000
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(22,919)
Change in net assets of governmental activities	$	(83,665)

The accompanying notes are an integral part of the financial statements.

Town of Springdale
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 46,000	$ 50,878	$ 54,585	$ 3,707
Fees in lieu of property taxes	1,500	2,100	2,201	101
Sales and use taxes	277,500	269,066	269,067	1
Franchise taxes	51,000	51,000	63,914	12,914
Resort taxes	591,500	646,964	646,963	(1)
Transient room taxes	154,500	178,792	178,791	(1)
Telecommunications tax	9,000	9,000	9,609	609
Licenses, Permits and Fees	44,220	31,122	31,714	592
Intergovernmental	81,588	142,358	49,727	(92,631)
Contributions and other	34,500	72,446	75,027	2,581
Fines and Forfeitures	75,000	40,000	43,482	3,482
Interest	10,500	37,500	33,797	(3,703)
Miscellaneous	108,157	21,601	21,743	142
Total revenues	1,484,965	1,552,827	1,480,620	(72,207)
Expenditures				
Current:				
General government	479,783	565,753	455,791	109,962
Public safety	338,564	453,038	478,433	(25,395)
Public works	105,112	108,051	108,843	(792)
Culture and recreation	371,971	292,883	292,502	381
Community development	162,658	125,204	126,308	(1,104)
Debt service	-	115,978	115,978	-
Total expenditures	1,458,088	1,660,907	1,577,855	83,052
Excess (deficiency) of revenues over (under) expenditures	26,877	(108,080)	(97,235)	10,845
Other Financing Sources (Uses)				
Lease proceeds	-	-	23,749	23,749
Transfers out	(182,821)	(161,224)	(161,224)	-
Total other financing sources and uses	(182,821)	(161,224)	(137,475)	23,749
Net change in fund balance	(155,944)	(269,304)	(234,710)	34,594
Fund balance, beginning of year	839,216	839,216	839,216	-
Prior period adjustment	-	-	(26,107)	(26,107)
Fund balance, end of year	$ 683,272	$ 569,912	$ 578,399	$ 8,487

The accompanying notes are an integral part of the financial statements.

Town of Springdale
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 170,610	$ 658,597	$ 55,331	$ 300,032	$ 1,184,570
Receivables, net of allowance	47,284	26,374	2,156	10,000	85,814
Due from other governments	-	-	8,811	-	8,811
Bond issuance costs, net of accumulated amortization	34,988	-	-	36,784	71,772
Total current assets	252,882	684,971	66,298	346,816	1,350,967
Noncurrent assets:					
Restricted cash and cash equivalents	347,462	88,008	-	-	435,470
Capital assets:					
Land	-	132,444	-	-	132,444
Distribution system	2,986,726	1,908,788	-	-	4,895,514
Furniture and fixtures	-	-	-	77,514	77,514
Machinery and equipment	67,510	148,626	-	-	216,136
Automobiles and trucks	36,354	64,774	-	-	101,128
Buildings	-	-	-	1,303,200	1,303,200
Improvements other than buildings	12,330	348,375	687,272	-	1,047,977
Water rights	100,000	-	34,900	-	134,900
Construction in progress	2,285,097	-	-	-	2,285,097
Less: Accumulated depreciation	(853,324)	(1,331,566)	(257,706)	(92,899)	(2,535,495)
Total noncurrent assets	4,982,155	1,359,449	464,466	1,287,815	8,093,885
Total assets	$ 5,235,037	$ 2,044,420	$ 530,764	$ 1,634,631	$ 9,444,852
Liabilities					
Current Liabilities:					
Accounts payable	$ 821,165	$ 4,226	$ -	$ -	$ 825,391
Accrued liabilities	11,775	-	-	7,156	18,931
Customer deposits	4,918	-	-	-	4,918
Due to other funds	157,894	-	-	-	157,894
Deferred revenue	95,028	-	-	-	95,028
Current portion of long-term debt	136,080	-	-	29,000	165,080
Total current liabilities	1,226,860	4,226	-	36,156	1,267,242
Noncurrent liabilities:					
Compensated absences	3,592	-	-	-	3,592
Bonds payable (net of current portion)	1,985,240	-	-	1,116,000	3,101,240
Total noncurrent liabilities	1,988,832	-	-	1,116,000	3,104,832
Total Liabilities	3,215,692	4,226	-	1,152,156	4,372,074
Net Assets					
Invested in capital assets, net of related debt	1,785,524	1,271,441	464,466	172,443	3,693,874
Restricted for debt service	126,575	88,007	-	-	214,582
Restricted for capital outlay	220,887	-	-	-	220,887
Unrestricted	(113,641)	680,746	66,298	310,032	943,435
Total net assets	$ 2,019,345	$ 2,040,194	$ 530,764	$ 482,475	$ 5,072,778

The accompanying notes are an integral part of the financial statements.

Town of Springdale
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total
Operating revenues:					
Charges for services	$ 352,937	$ 231,497	$ 39,302	$ -	$ 623,736
Garbage collection revenue	29,067	-	-	-	29,067
Other revenues	14,995	-	-	78,971	93,966
Total operating revenues	396,999	231,497	39,302	78,971	746,769
Operating expenses:					
Salaries, wages and benefits	165,692	52,127	3,578	-	221,397
Office expenses and travel	7,358	2,612	-	-	9,970
Repairs and maintenance	32,483	22,605	4,264	3,000	62,352
Utilities	14,134	5,756	7,975	-	27,865
Legal and professional fees	28,498	25,942	-	1,344	55,784
Garbage collection	26,364	-	-	-	26,364
Contract services	613	364	814	-	1,791
Insurance	10,366	6,049	-	1,396	17,811
Miscellaneous	5,178	811	539	-	6,528
Depreciation	74,508	66,891	15,922	43,309	200,630
Total operating expenses	365,194	183,157	33,092	49,049	630,492
Operating income (loss)	31,805	48,340	6,210	29,922	116,277
Non-operating revenues (expenses)					
Interest income	8,620	4,305	-	1,469	14,394
Interest expense and fiscal charges	(8,152)	-	-	(29,150)	(37,302)
Grants	404,000	92,630	-	-	496,630
Connection and impact fees	156,503	21,070	-	-	177,573
Total non-operating revenues (expenses)	560,971	118,005	-	(27,681)	651,295
Income (loss) before contributions and transfers	592,776	166,345	6,210	2,241	767,572
Capital contributions	31,440	-	-	-	31,440
Transfers from other funds	66,520	4,345	7,961	-	78,826
Transfers to other funds	(7,602)	-	-	-	(7,602)
Change in net assets	683,134	170,690	14,171	2,241	870,236
Total net assets, beginning of year	1,336,211	1,869,504	516,593	480,234	4,202,542
Total net assets, end of year	$ 2,019,345	$ 2,040,194	$ 530,764	$ 482,475	$ 5,072,778

The accompanying notes are an integral part of the financial statements.

Town of Springdale
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total
Cash Flows From Operating Activities:					
Cash received from customers, service fees	$ 368,939	$ 225,952	$ 35,678	$ (10,000)	$ 620,569
Cash received from customers, other	14,995	-	-	78,971	93,966
Cash paid to suppliers	691,659	(60,810)	(15,675)	(5,740)	609,434
Cash paid to employees	(162,100)	(52,127)	(3,578)	-	(217,805)
Net cash flows from operating activities	913,493	113,015	16,425	63,231	1,106,164
Cash Flows From Noncapital Financing Activities:					
Proceeds (to) from other funds	19,918	4,345	7,961	-	32,224
Cash Flows From Capital and Related Financing Activities:					
Capital contributions	-	-	-	-	-
Proceeds from capital asset grants	404,000	92,630	-	-	496,630
Purchase of capital assets	(2,285,097)	(114,920)	(9,000)	(547)	(2,409,564)
Proceeds from retirement of capital assets	-	-	-	-	-
Proceeds from issuance of bonds	980,000	-	-	-	980,000
Principal paid on long-term debt	(78,080)	-	-	(28,000)	(106,080)
Interest paid	(1,475)	-	-	(27,981)	(29,456)
Connection & impact fees	156,501	21,069	-	-	177,570
Net cash flows from capital and related financing activities	(824,151)	(1,221)	(9,000)	(56,528)	(890,900)
Cash Flows From Investing Activities:					
Interest on investments	8,620	4,305	-	1,469	14,394
Net change in Cash and Cash Equivalents	117,880	120,444	15,386	8,172	261,882
Cash and Cash Equivalents, Beginning of Year (including restricted cash)	400,192	626,161	39,945	291,860	1,358,158
Cash and Cash Equivalents, End of Year (including restricted cash)	$ 518,072	$ 746,605	$ 55,331	$ 300,032	$ 1,620,040
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Net Operating Income/(Loss)	$ 31,805	$ 48,340	$ 6,210	$ 29,922	$ 116,277
Adjustments to reconcile net operating income (loss) to net cash flows from operating activities:					
Depreciation/amortization	74,508	66,891	15,922	43,309	200,630
Changes in operating assets and liabilities:					
(Increase)/Decrease in receivables	(11,289)	(5,545)	(3,624)	(10,000)	(30,458)
Increase/(Decrease) in accounts payable	816,653	3,329	(2,083)	-	817,899
Increase/(Decrease) in customer deposits	1,175	-	-	-	1,175
Increase/(Decrease) in compensated absences	3,592	-	-	-	3,592
Increase/(Decrease) in deferred revenues	(2,951)	-	-	-	(2,951)
Net cash flows from operating activities	$ 913,493	$ 113,015	$ 16,425	$ 63,231	$ 1,106,164
Noncash investing, capital, and financing activities:					
Contributions of capital assets from developers	31,440	-	-	-	
Bond issuance fees paid from debt	20,000	-	-	-	

The accompanying notes are an integral part of the financial statements.

Note 1. Summary of Significant Accounting Policies

General

The financial statements of the Town of Springdale, Utah, have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting entity

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is whether or not the Town exercises significant influence over the potential component unity. Significant influence or accountability is based primarily on operational or financial relationships with the Town. Based upon the application of these criteria, there are no separate component units combined to form the reporting entity.

The accompanying financial statements include all activities of the Town.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., 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. For the most part, the effect of the 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 activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

Note 1. Summary of Significant Accounting Policies, Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets is capitalized as assets in the government-wide financial statements, rather than as an expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as an "other financing source." Amounts paid to reduce long-term debt of the Town are reported as a reduction of a related liability, rather than as expenditures in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town 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, room taxes, licenses 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 receivable due 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 Town.

The Town reports the following major governmental funds:

> The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
>
> Parks Capital Project Fund – This fund is used to account for the construction of park facilities and improvements.

Note 1. Summary of Significant Accounting Policies, Continued

The Town reports the following major proprietary funds:

The Water Fund is used to account for the provision of water services to the residents of the Town.

The Sewer Fund is used to account for the provision of sewer services to the residents of the Town.

The Irrigation Fund is used to account for the provision of irrigation water services to the residents of the Town.

The Municipal Building Authority is used to account for the construction of a new community center as well as the issuance of debt and receipt of donations for the construction. The community center will be leased to the General Fund as well as private parties for use once it is completed.

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Restricted Assets

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

Note 1. Summary of Significant Accounting Policies, Continued

Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The Town's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds." All trade accounts receivable in the enterprise funds are shown net of an allowance for uncollectibles. Due to the nature of the accounts receivable in governmental type activities, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Inventories and Prepaid Items

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Inventories for the business-type funds (Water and Sewer Funds), consisting of materials used in the extension and repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis. Inventories have not been included in the financial statements and are not considered material. Market is considered as replacement cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Note 1. Summary of Significant Accounting Policies, Continued

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. 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.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements	7-40 years
Furniture and fixtures	5-7 years
Automobiles and trucks	5-7 years
Machinery and equipment	3-5 years
Infrastructure	7-40 years

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of nets assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds Payable	$ 197,000
Less: Deferred amounts for issuance costs	(6,616)
Capital Lease Payable	23,749
Compensated Absences Payable	22,919
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	$ 237,052

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital Outlay	$ 107,040
Depreciation Expense	(91,277)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$ 15,763

Note 2. Reconciliation of Government-Wide and Fund Financial Statements, Continued

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Amortization of issuance costs	$ (1,324)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	$ (1,324)

The final element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Principal repayments:	
Payments on revenue bonds	$ 103,000
Payments on capital leases	-
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$ 103,000

Note 3. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The Town Council observes the following procedures in establishing the budgetary data reflected in the financial statements:

(1) Annual budgets are reported and adopted by the Town Council on or before June 22 for the fiscal year commencing the following July 1 in accordance with State Law. The operating budget includes proposed expenditures and the proposed sources of financing for such expenditures.

(2) A public hearing is conducted prior to June 22 to obtain taxpayer comments.

(3) Budgets are adopted and control of budget appropriations is exercised, under State Law, at the department level.

(4) Budget amendments are required to increase expenditure budgets and are adopted, in a public hearing, before the end of the fiscal year.

The General Fund budget is prepared using the modified accrual basis of accounting. Budgets for the proprietary fund types are prepared using the accrual basis of accounting.

During the current fiscal year there were amendments to the budget. Procedures for amending the budgets were in accordance with State Laws.

Taxes

Property taxes are collected by the Washington County Treasurer and remitted to the Town in three installments: July, December, and March. Taxes are levied and are due and payable on November 1 and delinquent after November 30 of each year at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes has not been made, as the amounts are not material in relationship to the financial statements taken as a whole.

Sales taxes are collected by the Utah State Tax Commission and remitted to the Town monthly.

Note 4. Deposits and Investments

Listed below is a summary of the cash and temporary cash investment portfolio of the Town as of June 30, 2009. All investments are governed by the Utah Money Management Act.

Unrestricted amounts	$ 1,476,549
Restricted amounts	836,346
	$ 2,312,895

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The Town follows the requirements of the Utah Money Management Act (Utah code, Section 51, chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Town funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Town does not have a formal policy for custodial credit risk. As of June 30, 2009, none of the Town's bank balance was exposed to custodial credit risk as it was fully insured.

Investments

The Money Management Act defines the types of securities authorized as appropriate investment for the Town and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Town to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier' by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poor's, bankers' acceptances; obligations of the United States Treasury including bills, notes, and

Note 4. Deposits and Investments, Continued

bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair vale of the PTIF investment pool is approximately equal to the value of the pool shares.

As of June 30, 2009 the government had the following investments and maturities:

		Investments Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Zions Bank Treasury Obligations	$ 126,575	$ 126,575	$ -	$ -	$ -
State of Utah Public Treasurer's Investment Fund	2,140,602	2,140,602	-	-	-
Total Fair Value	$ 2,267,177	$ 2,267,177	$ -	$ -	$ -

Note 4. Deposits and Investments, Continued

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing it exposure to credit risk is to comply with the State's Money Management Act.

At June 30, 2009 the Town had the following investments and quality ratings:

		Quality Ratings			
Investment Type	Fair Value	AAA	AA	A	Unrated
Zions Bank					
Treasury Obligations	$ 126,575	$ 126,575	$ -	$ -	$ -
State of Utah Public Treasurer's Investment Fund	2,140,602	-	-	-	2,140,602
Total Fair Value	$ 2,267,177	$ 126,575	$ -	$ -	$ 2,140,602

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

Governmental Activities:

	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
Capital assets, not being depreciated:				
Land	$ 103,500	$ -	$ -	$ 103,500
Construction in progress	-	19,236	-	19,236
Total capital assets, not being depreciated	103,500	19,236	-	122,736
Capital assets, being depreciated:				
Buildings	586,063	-	-	586,063
Improvements	636,040	41,640	-	677,680
Furniture and fixtures	120,096	-	-	120,096
Computer equipment	60,027	-	-	60,027
Machinery and equipment	111,132	-	-	111,132
Automobiles and trucks	121,981	23,749	-	145,730
Infrastructure	402,938	22,415	-	425,353
Total capital assets, being depreciated	2,038,277	87,804	-	2,126,081
Less accumulated depreciation for:				
Buildings	(135,531)	(14,651)	-	(150,182)
Improvements	(252,598)	(32,273)	-	(284,871)
Furniture and fixtures	(111,512)	(2,144)	-	(113,656)
Computer equipment	(60,027)	-	-	(60,027)
Machinery and equipment	(100,927)	(4,400)	-	(105,327)
Automobiles and trucks	(91,744)	(13,274)	-	(105,018)
Infrastructure	(57,079)	(24,534)	-	(81,613)
Total accumulated depreciation	(809,418)	(91,276)	-	(900,694)
Total capital assets, being depreciated, net	1,228,859	(3,472)	-	1,225,387
Governmental activities capital assets, net	$ 1,332,359	$ 15,764	$ -	$ 1,348,123

Note 5. Capital Assets, Continued

Depreciation expense was charged to the functions/programs of the Town as follows:

Governmental Activities:	
General government	$ 22,399
Public safety	7,871
Highways	39,058
Parks and recreation	21,585
Community development	363
Total depreciation expense - governmental activities	$ 91,276

Business Type Activities:

	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
Capital assets not being depreciated:				
Land	$ 132,444	$ -	$ -	$ 132,444
Water rights	125,900	9,000	-	134,900
Construction in progress	33,045	2,285,097	33,045	2,285,097
Total capital assets, not being depreciated	291,389	2,294,097	33,045	2,552,441
Capital assets being depreciated:				
Distribution system	4,841,783	53,730	-	4,895,513
Furniture and fixtures	70,866	6,648	-	77,514
Machinery and equipment	123,507	92,630	-	216,137
Automobiles and trucks	101,128	-	-	101,128
Buildings	1,276,256	26,944	-	1,303,200
Improvements	1,047,977	-	-	1,047,977
Total capital assets, being depreciated	7,461,517	179,952	-	7,641,469
Less accumulated depreciation for:				
Distribution system	(1,736,448)	(109,943)	-	(1,846,391)
Furniture and fixtures	(15,024)	(9,607)	-	(24,631)
Machinery and equipment	(71,375)	(11,237)	-	(82,612)
Automobiles and trucks	(89,693)	(5,502)	-	(95,195)
Buildings	(34,565)	(33,703)	-	(68,268)
Improvements	(387,760)	(30,638)	-	(418,398)
Total accumulated depreciation	(2,334,865)	(200,630)	-	(2,535,495)
Total capital assets, being depreciated, net	5,126,652	(20,678)	-	5,105,974
Business-type activities capital assets, net	$ 5,418,041	$ 2,273,419	$ 33,045	$ 7,658,415

Note 6. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

	Balance 6/30/2008	Additions	Retirements	Balance 6/30/2009	Current Portion
Governmental Activities:					
Revenue bonds	$ 300,000	$ -	$ (103,000)	$ 197,000	$ 36,000
Less deferred amounts:					
For issuance costs	(7,939)	-	1,323	(6,616)	-
Total bonds payable	292,061	-	(101,677)	190,384	36,000
Capital leases	-	23,749	-	23,749	5,525
Compensated absences	-	25,657	(2,738)	22,919	2,738
Governmental activity Long-term liabilities	$ 292,061	$ 49,406	$ (104,415)	$ 237,052	$ 44,263
Business-type Activities:					
Revenue bonds	$ 2,372,400	$ 1,000,000	$ (106,080)	$ 3,266,320	$ 165,080
Less deferred amounts:					
For issuance costs	(54,900)	(20,000)	3,128	(71,772)	-
Total bonds payable	2,317,500	980,000	(102,952)	3,194,548	165,080
Compensated absences		3,592	-	3,592	-
Business type activity Long-term liabilities	$ 2,317,500	$ 983,592	$ (102,952)	$ 3,198,140	$ 165,080
Total long-term liabilities	$ 2,609,561	$ 1,032,998	$ (207,367)	$ 3,435,192	$ 209,343

Bonds payable at June 30, 2009 is comprised of the following issues:

Revenue Bonds:

General:

Sales Tax Revenue Refunding Bonds, Series 2004A, due in annual installments of $36,000 to $93,000 at interest between 3.75% and 4.5%, beginning September 1, 2004, maturing March 1, 2014.	197,000

Note 6. Long-Term Debt, Continued

Water Fund:	
Subordinated Water Revenue Bonds, Series 2004, due in annual installments of $1,000 to $103,000 at 1% interest beginning September 1, 2005, maturing September 1, 2022, payable from water fund revenues.	813,000
Water Revenue Bonds Series 1995A, due in annual installments of $4,000 to $48,000; interest free, maturing January 1, 2014, payable from water fund revenues.	240,000
Water Revenue Bonds Series 1987A, due in annual installments of $17,080 interest free, maturing January 2013, payable from water fund revenues.	68,320
Sales Tax Revenue Bonds Series 2009, due in annual installments of $57,000 to $77,000 at 1% interest, maturing May 1, 2039, payable from transient room tax revenues. As of June 30, 2009 the full amount of this bond had not been drawn.	1,000,000
Municipal Building Authority:	
Lease Revenue Bonds, Series 2006, due in annual installments of $27,000 to $54,000; at 2.5% interest, maturing April 1, 2037, payable from lease revenues.	1,145,000
Total revenue bonds	3,463,320
Capital lease	23,749
Compensated absences	26,511
Less: Deferred amounts for issuance costs	
Business-type activities	(71,772)
Governmental-type activities	(6,616)
Total bond issue costs	(78,388)
Total long-term debt	3,435,192
Less: Current portion	
Business-type activities	(165,080)
Governmental-type activities	(44,263)
Net long-term debt	$ 3,225,849

Note 6. Long-Term Debt, Continued

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

The annual funding requirements to amortize bonds and notes payable at June 30, 2009 are as follows:

Fiscal Year Ended June 30	Governmental-type Activities			
	2004A Revenue Bonds		2004B Revenue Bonds	
	Principal	Interest	Principal	Interest
2010	36,000	8,864	-	-
2011	38,000	7,246	-	-
2012	39,000	5,536	-	-
2013	41,000	3,780	-	-
2014	43,000	1,934	-	-
Total	$ 197,000	$ 27,360	$ -	$ -

Note 6. Long-Term Debt, Continued

Fiscal Year Ended June 30	Business-type Activities			
	Water Revenue Bonds		Municipal Building Authority Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2010	136,080	21,154	29,000	28,625
2011	138,080	19,016	29,000	27,900
2012	141,080	16,831	30,000	27,175
2013	142,080	14,515	31,000	26,425
2014	127,000	12,115	32,000	25,650
2015	80,000	9,631	32,000	24,850
2016	129,000	7,100	33,000	24,050
2017	143,000	6,420	34,000	23,225
2018	146,000	5,610	35,000	22,375
2019	151,000	4,770	36,000	21,500
2020	155,000	3,890	37,000	20,600
2021	159,000	2,980	38,000	19,675
2022	165,000	2,030	39,000	18,725
2023	168,000	1,030	40,000	17,750
2024	66,000	-	41,000	16,750
2025	67,000	-	42,000	15,725
2026	8,000	-	43,000	14,675
2027	-	-	44,000	13,600
2028	-	-	45,000	12,500
2029	-	-	46,000	11,375
2030	-	-	47,000	10,225
2031	-	-	48,000	9,050
2032	-	-	49,000	7,850
2033	-	-	51,000	6,625
2034	-	-	52,000	5,350
2035	-	-	53,000	4,050
2036	-	-	55,000	2,725
2037	-	-	54,000	1,350
Total	$ 2,121,320	$ 127,092	$ 1,145,000	$ 460,375

Note 7. Capital Lease Payable

The Town has entered into a lease agreement which is considered a capital lease in accordance with Financial Accounting Standards Board statement number 13. The lease is shown in the governmental activities section of the government-wide statements.

The following is an annual schedule of future minimum lease payments with interest of 8.5% together with the present value of the net minimum lease payments:

Year Ending June 30,	Governmental Activities
2010	$ 7,163
2011	7,162
2012	7,163
2013	7,162
Total remaining minimum lease payments	28,650
Less amount representing interest	(4,901)
Present value of net remaining minimum lease payments	$ 23,749

Note 8. Accounts Receivable

Accounts receivable consists of the following:

Water Fund

Water Fees	$ 57,184
Garbage Fees	3,352
Miscellaneous	15
Total Water Fund accounts receivable	60,551
Less: Allowance for doubtful accounts	(13,267)
Water Fund accounts receivable (net of allowance)	47,284

Note 8. Accounts Receivable, Continued

Sewer Fund	
Sewer Fees	32,907
Less: Allowance for doubtful accounts	(6,533)
Sewer Fund accounts receivable (net of allowance)	26,374
Irrigation Fund	
Irrigation Fees	2,748
Less: Allowance for doubtful accounts	(592)
Irrigation Fund accounts receivable (net of allowance)	2,156
Municipal Building Authority Fund	
Due from other governments	10,000
Less: Allowance for doubtful accounts	-
MBA Fund account receivable (net of allowance)	10,000
Total accounts receivable (net of allowance)	$ 85,814

Note 9. Interfund Transactions and Balances

As of June 30, 2009, interfund receivables and payables were as follows:

	Due From		
Due To	Water Fund	Parks Fund	Total
General Fund	$ 157,894	$ 80,000	$ 237,894
Total	$ 157,894	$ 80,000	$ 237,894

Note 9. Interfund Transactions and Balances, Continued

On May 18, 2004, the Town issued bonds in the amount of $674,000. The proceeds were received into the general fund of the Town and used to retire a capital lease, which was debt of the governmental activities of the Town, a note payable in the water fund and bonds payable in the sewer fund. The bonds are secured by sales tax revenues and will be serviced by the general fund. However, it is the intention of the Town, that the water and sewer funds transfer monies to the general fund to pay their portion of the debt service.

Interfund transfers for the fiscal year ended June 30, 2009 are as follows:

	Transfers To				
Transfers From	Water Fund	Parks Fund	Irrigation Fund	Sewer Fund	Total
General Fund	$ 66,520	$ 90,000	$ 359	$ 4,345	$ 161,224
Water Fund	-	-	7,602	-	7,602
Total	$ 66,520	$ 90,000	$ 7,961	$ 4,345	$ 168,826

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Note 10. Equity Classifications

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

a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – consists of net assets 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.

Note 10. Equity Classifications, Continued

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt.

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Proprietary fund equity is classified the same as in the government-wide statements.

At June 30, 2009, the Town's reserved and designated fund balances are as follows:

Reserved Fund Balances

General Fund	
Class C Roads	$ 70,701
State Liquor Funds	24,575
	$ 95,276
Capital Projects Funds	
CDBG	$ 14,960
Parks	200,797
Streets	9,843
	$ 225,600
Water Fund	
1995A Water Bond Reserves	$ 71,680
1987A Water Bond Reserves	26,164
2004 Water Bond Construction Fund	28,731
Water Tank Project Retainage	41,035
2009 Water Bond Project Funds	179,852
	$ 347,462
Sewer Fund	
1995 Sewer Bond Reserves	$ 88,007

Note 11. Defined Benefit Pension Plan

All full-time employees of the Town participate in the Utah State-Wide Local Government Retirement Systems (Systems).

Plan Description

The Town of Springdale contributes to the Local Governmental Noncontributory Retirement System and the Public Safety Noncontributory Retirement System cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, and Firefighters Retirement System which are for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 S., Salt Lake Town, UT 84102 or by calling 1-800-365-8772.

Funding Policy

In the Local Governmental Noncontributory Retirement System, the Town of Springdale is required to contribute 11.62% of their annual covered salary. In the Public Safety Noncontributory Retirement System, the Town of Springdale is required to contribute 22.61% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Note 11. Defined Benefit Pension Plan, Continued

The required contributions and amounts received for the 2008/2009 fiscal year and the two previous years are as follows:

Year	Employee paid contributions	Employer paid for employee contributions	Employer contributions	Salary subject to retirement contributions
Noncontributory System:				
Local Governmental Division				
2009	N/A	N/A	$ 56,751.14	$ 488,394.05
2008	N/A	N/A	50,266.27	432,583.65
2007	N/A	N/A	43,338.20	373,927.57
Public Safety System:				
Other Division A Noncontributory				
2009	N/A	N/A	$ 18,038.48	$ 79,780.67
2008	N/A	N/A	17,875.86	79,061.94
2007	N/A	N/A	18,909.08	84,490.98
Defined Contribution System:				
457 Plan				
2009	$ 5,800.00	$ -		
2008	800.00	-		
2007	-	-		
Defined Contribution System:				
401 (k) Plan				
2009	$ 11,755.00	$ 24,494.51		
2008	19,690.00	20,348.39		
2007	10,940.00	15,880.30		

The Town of Springdale commenced participation in the Public Safety Noncontributory System on July 1, 1995. The contributions were equal to the required contributions for each year.

Note 12. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk financing activities are accounted for in various operating funds, with unallocated or Town-wide activities being accounted for in the general fund.

The Town maintains insurance for general liability, auto liability, workers' compensation and employee dishonesty through Utah Local Government's Insurance Trust.

Note 13. Garbage Contract

Garbage disposal services are provided to the residents of the Town by the Washington County Solid Waste Special Service District. The Town bills for these services as part of its water billings and the revenues and corresponding expenditures related to such services are included in the Water Fund. Amounts due to these entities, if any, are included with accounts payable in the Water Fund balance sheet.

Note 14. Contingencies and Commitments

The Town of Springdale was involved in a project to develop a municipal golf course. In connection with that project, the Town has become involved in the following:

On January 7, 1993, the Town signed a Mutual Release and Settlement Agreement which provides, among other things, for the payment of $72,500 to Zion Park Resort Limited Partnership. The agreement was a result of efforts to settle a long standing dispute between the Town and Zion Park Resort over payments made by Zion Park Resort for the development of water and a municipal golf course. The settlement agreement called for payment of $45,000 in legal fees and $27,500 for repurchase of water hookups. The $45,000 payment for legal fees was included with legal fee expenditures during the year ended June 30, 1993, and the $27,500 of water hookups was used to reduce the deferred revenue collected from Zion Park Resort. Zion Park Resort had advanced the Town $210,000 in connection with the aforementioned development. $70,097 of the deferred revenue from Zion Park Resort represents prepayment for water connections.

The Town has the right to repurchase any of the unused connections at the rate of 15% of any of the unused connections per year at $1,000 each, plus interest, commencing five years after the last permit is issued. As of June 30, 2009 there is a balance of $95,028 in deferred revenue, of which $67,146 was advanced by Zion Park Resort. The balance of $27,882 was advanced by others in unrelated settlements.

Note 15. Prior Period Adjustment

The Town has an agreement with the Rockville/Springdale Fire Protection District in which the Town remits a portion of its Transient Room Taxes to the District. Some of the Transient Room Taxes collected during the fiscal year are not received by Town until after the fiscal year. Payments to the District related to those taxes are also made after year end. In prior years the Town has accrued the Transient Room Taxes receivable from the State but has not accrued a liability to the District for its portion of those taxes. A liability should have been recorded for the portion of the Transient Room Taxes payable to the District. A prior period adjustment was recorded to correct this omission, the net effect of which is to decrease current year expense and fund balance in the General fund by $26,107.07.

Note 16. Subsequent Event

Subsequent to June 30, 2009 the Town drew down an additional $1,000,000 on the Sales Tax Revenue Bond Series 2009.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities and equipment other than those financed by proprietary funds and trust funds.

The CDBG Capital Project Fund is used to account for the receipt of a CDBG grant and expenditures related to an affordable housing project in the Town.

The Streets Capital Project Fund is used to account for streets projects in the Town.

COMBINING STATEMENTS

Town of Springdale
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Capital Projects		
	CDBG	Streets	Total Nonmajor Governmental Funds
Assets			
Restricted cash and cash equivalents	$ 14,960	$ 9,843	$ 24,803
Total assets	$ 14,960	$ 9,843	$ 24,803
Liabilities and Fund Balances			
Fund Balance:			
Reserved for:			
Capital outlay	14,960	9,843	24,803
Total fund balances	14,960	9,843	24,803
Total liabilities and fund balances	$ 14,960	$ 9,843	$ 24,803

Town of Springdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Capital Projects		
	CDBG	Streets	Total Nonmajor Governmental Funds
Revenues			
Investment earnings	$ -	$ 909	$ 909
Total revenues	-	909	909
Expenditures			
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	909	909
Net change in fund balances	-	909	909
Fund balances, beginning of year	14,960	8,934	23,894
Fund balances, end of year	$ 14,960	$ 9,843	$ 24,803

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

HINTONBURDICK
HINTON BURDICK HALL & SPILKER PLLC
CPAs & ADVISORS

MEMBERS:
CHAD B. ATKINSON
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
TODD B. FELTNER
BRENT R. HALL
TODD R. HESS
KENNETH A. HINTON
MORRIS J. PEACOCK
PHILLIP S. PEINE
MICHAEL K. SPILKER
MARK E. TICHENOR

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and
Members of the Town Council
Springdale, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, Utah, as of and for the year ended June 30, 2009, which collectively comprise the Town of Springdale, Utah's basic financial statements and have issued our report thereon dated October 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Springdale's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the following deficiencies described in the accompanying schedule of findings and recommendations to be significant deficiencies in internal control over financial reporting.

ST. GEORGE • 63 SOUTH 300 EAST, STE. 100, ST. GEORGE, UT 84770 OFFICE 435.628.3663 FAX 435.628.3668
CEDAR CITY • 239 SOUTH MAIN, STE. 100, CEDAR CITY, UT 84720 OFFICE 435.865.7666 FAX 435.867.6111
RICHFIELD • 159 NORTH MAIN ST., RICHFIELD, UT 84701 OFFICE 435.896.5491 FAX 435.896.5493
HURRICANE • 48 SOUTH 2500 WEST, STE. 200, HURRICANE, UT 84737 OFFICE 435.635.5665 FAX 435.635.0552
MESQUITE • 590 WEST MESQUITE BLVD., STE. 201, MESQUITE, NV 89027 OFFICE 702.346.3462 FAX 702.346.3464
www.hintonburdick.com

07-01. Misstatements Requiring Adjustments – prior year reissued
07-02. Sufficient Governmental Accounting Expertise – prior year reissued
07-03. Capital Asset Inventory – prior year reissued

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider the following to be a material weakness:

07-01. Misstatements Requiring Adjustments – prior year reissued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of the Town in the accompanying schedule of findings and recommendations.

The Town's response to the findings identified in our audit is described in their accompanying response pages. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the mayor and Town council, and the Utah State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Hinton, Burdick, Hall & Spilker, PLLC

HINTON, BURDICK, HALL, & SPILKER, PLLC
October 21, 2009

HINTONBURDICK
HINTON BURDICK HALL & SPILKER PLLC
CPAs & ADVISORS

MEMBERS:
CHAD B. ATKINSON
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
TODD B. FELTNER
BRENT R. HALL
TODD R. HESS
KENNETH A. HINTON
MORRIS J. PEACOCK
PHILLIP S. PEINE
MICHAEL K. SPILKER
MARK E. TICHENOR

Independent Auditor's Report on State Legal Compliance

To the Honorable Mayor and
Members of the Town Council
Springdale, UT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Springdale, Utah for the year ended June 30, 2009, and have issued our report thereon dated October 21, 2009. As part of our audit, we have audited the Town of Springdale's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2009. The Town received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)
Drinking Water Grant (Department of Environmental Quality)

Our audit also included test work on the Town's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Property Tax
Liquor Law Enforcement
Other General Compliance Issues
Department of Commerce
B & C Road Funds
Impact Fees & Other Development Fees
Asset Forfeitures
Utah Retirement System

The management of the Town of Springdale is responsible for the Town's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material non-compliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed an immaterial instance of non-compliance with the requirements referred to above, which is described in the accompanying schedule of findings and recommendations. We considered this instance of non-compliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Town of Springdale, Utah, complied, in all material aspects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2009.

Hinton, Burdick, Hall & Spilker, PLLC

HINTON, BURDICK, HALL, & SPILKER, PLLC
October 21, 2009

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Findings and Recommendations
For the Year Ended June 30, 2009

To the Honorable Mayor and
Members of the Town Council
Springdale, UT

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. We would like to compliment Town personnel for their administrative achievements and oversight of the Town's accounting and budget system. During this year's audit, we encountered several findings that we are required to report to you and other appropriate oversight entities. They are listed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weakness:

07-01. Misstatements Requiring Adjustments – prior year reissued

During our audit we made recommendations for adjustments that were necessary to correct various misstatements. The effect of these adjustments was material to the financial statements.

Recommendation

We recommend that management review the adjustments and discuss them with us to ensure they understand and are in agreement with them and that they understand the purpose and underlying accounting principles associated with each adjustment. We also recommend that the Town develop an action plan to ensure that all significant and material adjustments are posted to the general ledger before the annual audit takes place.

Significant Deficiencies:

07-02. Sufficient Governmental Accounting Expertise – prior year reissued

The recently issued Statement on Auditing Standards #112 indicates that it is a significant deficiency in the Town's internal controls when the Town personnel do not have sufficient expertise to select and apply generally accepted accounting principles and prepare the Town's financial statements. It is our opinion that the Town's personnel lack that level of expertise in the governmental accounting field.

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Recommendation

We suggest the Town consider providing its accounting personnel with the appropriate training, as considered cost effective, to provide them with the needed accounting expertise.

07-03. Capital Asset Inventory – prior year reissued

An annual capital asset inventory is an integral step in managing and safeguarding the assets of the Town. A capital asset inventory was not conducted this past year.

Recommendation

We recommend that a capital asset inventory be conducted at least annually to verify that assets listed in the accounting records are physically present and operational. Information obtained from the inventory should be communicated to accounting personnel and reconciled to the detail asset lists maintained by the Town.

COMPLIANCE AND OTHER MATTERS:

Compliance:

09-01. Budgetary Compliance

Utah law states that officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund. We noted that several departments exceeded final appropriation amounts for the fiscal year ended June, 30, 2009.

Recommendation

We recommend that the Town closely monitor the expenditures for each department to ensure that budget overruns do not occur in future fiscal years.

Other Matters:

None noted.

Please respond to the above Findings and Recommendations in letter form.

This letter is intended solely for the use of the town council and management.

It has been a pleasure to be of service to the Town during this past year. We would like to express special thanks to all those who assisted us so cheerfully during the audit. We invite you to ask questions of us throughout the year as you feel it necessary. We look forward to a continued pleasant professional relationship.

Sincerely,

Hinton, Burdick, Hall & Spilker, PLLC

HINTON, BURDICK, HALL & SPILKER, PLLC
October 21, 2009

TOWN OF SPRINGDALE

February 5, 2010

Hinton, Burdick, Hall, & Spilker, PLLC
63 South 300 East, Suite 100
St. George, UT 84770

This letter is written in response to your findings regarding our FY 2009 audit.

Compliance Findings and Recommendations:

07-01. Misstatements Requiring Adjustments – prior year reissued.
Finding: During our audit, we made recommendations that were necessary to correct various misstatements. The effect of these adjustments was material to the financial statements.
Recommendation: We recommend that management review the adjustments and discuss them with us to ensure they understand and are in agreement with them and that they understand the purpose and underlying accounting principles associated with each adjustment. We also recommend that the Town develop an action plan to ensure that all significant and material adjustments are posted to the general ledger before the annual audit takes place.
Response: We will review and discuss said adjustments with auditors and we will make every effort to ensure that all material adjustments are posted prior to the annual audit in the future.

07-02. Sufficient Governmental Accounting Expertise – prior year reissued.
Finding: The recently issued Statement on Auditing Standards #112 indicates that it is a significant deficiency in the Town's internal controls when the Town personnel do not have sufficient expertise to select and apply generally accepted accounting principles and prepare the Town's financial statements. It is our opinion that the Town's personnel lack that level of expertise in the governmental accounting field.
Recommendation: We suggest the Town consider providing its accounting personnel with the appropriate training, as considered cost effective, to provide them with the needed accounting expertise.
Response: We will review the cost-effectiveness of providing adequate training to our accounting personnel to enable them to prepare the financial statements.

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07-03. Capital Asset Inventory – prior year reissued.

Finding: An annual capital asset inventory is an integral step in managing and safeguarding the assets of the Town. A capital asset inventory was not conducted this past year.

Recommendation: We recommend that a capital asset inventory be conducted at least annually to verify that assets listed in the accounting records are physically present and operational. Information obtained from the inventory should be communicated to accounting personnel and reconciled to the detail asset lists maintained by the Town.

Response: We have purchased an asset inventory software program and will be maintaining the capital asset inventory in the future.

09-01. Budgetary Compliance.

Finding: Utah law states that officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund. We noted that several departments exceeded final appropriation amounts for the fiscal year ended June 30, 2009.

Recommendation: We recommend that the Town closely monitor the expenditures for each department to ensure that budget overruns do not occur in future fiscal years.

Response: We will be diligent in ensuring that budget overruns do not occur in future fiscal years.

Sincerely,

Richard D. Wixom
Town Manager

cc: Mayor
Council
Treasurer