

Town of Springdale
Washington County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2012

Town of Springdale
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June 30, 2012

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Independent Auditors' Report

The Honorable Mayor and
Town Council
Town of 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 (the Town), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town's management. Our responsibility is to express an opinion 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 as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof 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 February 4, 2013 on our consideration of the Town's internal control structure 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 considered in assessing the results of our audit.

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

HintonBurdick, PLLC

HintonBurdick, PLLC

February 4, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Town of Springdale
Management's Discussion and Analysis
June 30, 2012

As management of Town of Springdale (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of financial activities of the Town for the fiscal year ended June 30, 2012.

FINANCIAL HIGHLIGHTS

- *Total net assets for the Town as a whole increased by \$526,151.
- *Total unrestricted net assets for the Town as a whole increased by \$411,440.
- *Total net assets for governmental activities increased by \$243,443.
- *Total net assets for business-type activities increased by \$282,708.

BASIC FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the Town's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the Town available to cover any remaining costs of the functions or programs.

Town of Springdale
Management's Discussion and Analysis
June 30, 2012

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains one major governmental fund, the general fund.

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

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

The Town maintains four proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for the operations of the water, sewer, and irrigation utilities, as well as the Building Authority.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

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

Town of Springdale
Management's Discussion and Analysis
June 30, 2012

FINANCIAL ANALYSIS

Town of Springdale's Net Assets

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 1,142,234	1,006,235	2,105,347	1,804,576	3,247,580	2,790,871
Net capital assets	1,723,975	1,680,466	8,174,477	8,369,845	9,898,452	10,050,300
Total assets	<u>2,866,209</u>	<u>2,686,701</u>	<u>10,279,823</u>	<u>10,174,421</u>	<u>13,146,032</u>	<u>12,861,122</u>
Other liabilities	88,120	45,499	132,096	127,928	220,216	173,427
Long-term debt outstanding	136,690	243,508	3,783,480	3,964,952	3,920,170	4,208,460
Total liabilities	<u>224,810</u>	<u>288,807</u>	<u>3,915,576</u>	<u>4,092,880</u>	<u>4,140,386</u>	<u>4,381,687</u>
Net assets:						
Capital assets, net of debt	1,587,285	1,441,129	4,390,997	4,467,205	5,978,282	5,908,33
Restricted	111,952	127,783	426,500	365,905	538,452	493,688
Unrestricted	942,162	829,042	1,546,750	1,248,431	2,488,913	2,077,473
Total net assets	<u>\$ 2,641,399</u>	<u>2,397,956</u>	<u>6,364,247</u>	<u>6,081,539</u>	<u>9,005,646</u>	<u>8,479,495</u>

As noted earlier, net assets may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities at the close of the year by \$9,005,646, an increase of \$526,151 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net assets at the end of the year are \$2,488,913, which represents an increase of \$411,440 from the previous year. Unrestricted net assets are those available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

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

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

Town of Springdale
Management's Discussion and Analysis
June 30, 2012

FINANCIAL ANALYSIS (continued)

Town of Springdale's Change in Net Assets

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	\$ 190,374	166,461	885,938	795,361	1,076,312	961,822
Operating grants	26,390	31,851	-	-	26,390	31,851
Capital grants and contributions	73,000	15,256	154,429	243,208	227,429	258,464
General revenues:						
Property taxes	64,383	60,089	-	-	64,383	60,089
Sales tax	307,934	271,106	-	-	307,934	271,206
Other taxes	1,106,865	952,971	-	-	1,106,865	952,971
Other revenues	85,552	40,008	4,098	19,604	89,649	59,612
Total revenues	<u>1,854,497</u>	<u>1,537,742</u>	<u>1,044,465</u>	<u>1,058,173</u>	<u>2,898,962</u>	<u>2,595,915</u>
Expenses:						
General government	403,899	421,454	-	-	403,899	421,454
Public safety	478,503	473,049	-	-	478,503	473,049
Public works	154,936	117,220	-	-	154,936	117,220
Parks and recreation	346,063	379,065	-	-	346,063	379,065
Community development	148,133	132,472	-	-	148,133	132,472
Interest on long-term debt	9,521	8,567	-	-	9,521	8,567
Water	-	-	496,344	396,762	496,344	396,762
Sewer	-	-	221,225	223,960	221,225	223,960
Irrigation	-	-	44,606	48,562	44,606	48,562
Building Authority	-	-	69,583	74,232	69,583	74,232
Total expenses	<u>1,541,054</u>	<u>1,531,827</u>	<u>831,757</u>	<u>743,516</u>	<u>2,372,811</u>	<u>2,275,343</u>
Excess (deficiency) before transfers and contributions	313,443	5,951	212,708	314,657	526,151	320,572
Transfers	(70,000)	(67,955)	70,000	67,955	-	-
Change in net assets	<u>\$ 243,443</u>	<u>(62,040)</u>	<u>282,708</u>	<u>382,612</u>	<u>526,151</u>	<u>320,572</u>

For the Town as a whole, total revenues increased by \$303,047 compared to the previous year, while total expenses increased by \$97,468. The total net change of \$526,151 is, in private sector terms, the net income for the year which is \$205,579 more than the previous year's net change.

Governmental activities revenues of \$1,854,497 is \$316,755 more than the previous year. While charges for services increased, tax revenues increased. Governmental activities expenses of \$1,541,054 is \$9,227 more than the previous year.

Business-type activities revenue of \$1,044,465 is \$13,708 less than the previous year. While service income and connect fees increased during the year, grant revenue decreased. Business-type activities expenses of \$831,757 were more than the previous year by \$88,241. This increase is primarily due to an increase in depreciation expense in the water fund.

Town of Springdale
Management's Discussion and Analysis
June 30, 2012

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$996,848 reflects an increase of \$60,992 from the previous year. Total revenues, including other financing sources, increased by \$188,669. Tax revenues increased by \$195,018. Intergovernmental revenue decreased by \$20,718. Licenses and permits revenue increased by \$31,024. Proceeds from capital leases decreased by \$56,900. All other revenues increased by \$40,245.

Total expenditures, exclusive of transfers out, decreased by \$11,014. Current expenditure changes by department were as follows: general government increased by \$3,307, public safety decreased by \$50,155, public works increased by \$34,059, culture and recreation decreased by \$32,102 and community development increased by \$15,661. Debt service expenditures increased by \$18,217. There were transfers out made during the year that amounted to \$219,976.

Restricted fund balance amounts to \$111,952. The unassigned fund balance amounts to \$884,896.

Water Fund

Net operating income for the year was \$40,511. The change in net assets (net income) was \$236,624. Net assets restricted for bond requirements amount to \$296,468. Unrestricted net assets amount to \$182,458.

Sewer Fund

Net operating income for the year was \$25,320. The change in net assets (net income) was \$26,771. Net assets restricted for bond requirements amount to \$89,695. Unrestricted net assets amount to \$925,818.

Irrigation Fund

Net operating loss for the year was \$1,519, which was the change in net assets (net loss). There were not restricted net assets, resulting in unrestricted net assets of \$80,898.

Building Authority Fund

Net operating income for the year was \$37,023. The change in net assets (net income) was \$20,832. Net assets restricted for bond requirements amount to \$40,337. Unrestricted net assets amount to \$357,576.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year were originally budgeted in the amount of \$1,494,379. Amendments were made during the year resulting in a final budget of \$1,580,008. Actual revenues for the current year amounted to \$1,779,301, which was \$199,293 more than budgeted.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$1,510,068. Amendments were made during the year resulting in a final budget of \$1,524,868. Actual expenditures, excluding transfers, amounted to \$1,498,333 which was \$26,535 under the budgeted amount. Actual transfers out amounted to \$219,976, which was \$35,700 less than budgeted.

Town of Springdale
Management's Discussion and Analysis
June 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

Town of Springdale's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land and rights	\$ 318,300	318,300	132,444	132,444	450,744	450,744
Water shares and rights	-	-	158,900	158,900	158,900	158,900
Buildings	583,563	583,563	1,287,256	1,287,256	1,870,819	1,870,819
Improvements	768,947	709,297	60,842	60,842	829,789	770,139
Water system	-	-	6,109,398	6,029,130	6,109,398	6,029,130
Sewer system	-	-	2,258,231	2,258,231	2,258,231	2,258,231
Pressurized irrigation system	-	-	687,272	687,272	687,272	687,272
Machinery and equipment	320,147	305,388	572,470	563,880	892,617	869,268
Vehicles	188,207	188,207	148,290	148,290	336,498	336,498
Infrastructure	721,905	646,253	-	-	721,905	646,253
Construction in progress	4,869	-	-	-	4,869	-
 Total	 2,905,939	 2,751,009	 11,415,103	 11,326,245	 14,321,042	 14,077,254
 Less accumulated depreciation	 (1,181,964)	 (1,070,544)	 (3,240,626)	 (2,956,400)	 (4,422,591)	 (4,026,944)
 Net capital assets	 <u>\$ 1,723,975</u>	 <u>1,680,465</u>	 <u>8,174,477</u>	 <u>8,369,845</u>	 <u>9,898,452</u>	 <u>10,050,310</u>

The total amount of capital assets, net of depreciation, of \$9,898,452 is a decrease of \$151,858 from the previous year.

Governmental activities capital assets, net of depreciation, of \$1,723,975 represents an increase of \$43,510 from the previous year. This increase is equal to the amount that additions to capital assets exceeded depreciation charged on capital assets.

Business-type activities capital assets, net of depreciation, of \$8,174,477 decreased during the year by \$195,368, which represents the amount that depreciation charged on capital assets exceeded additions to capital assets during the year.

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

Town of Springdale
Management's Discussion and Analysis
 June 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Town of Springdale's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
GMC Truck Lease	\$ 11,882	17,329
2004A Revenue Bonds	84,000	123,000
Police Vehicles Lease	40,808	51,625
Total governmental	<u>\$ 136,690</u>	<u>191,954</u>
Business-type activities:		
1987A Water Revenue	\$ 17,080	34,160
1995A Water Revenue	96,000	144,000
Advance from State of Utah	20,400	27,200
2004 Water Revenue	767,000	784,000
2006 MBA Lease Revenue	1,057,000	1,087,000
2009 Water Tank Sales Tax Revenue	1,826,000	1,885,000
Total business-type	<u>\$ 3,783,480</u>	<u>3,961,360</u>
Total outstanding debt	<u>\$ 3,920,170</u>	<u>4,153,314</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the Town are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Springdale's finances for all those with an interest in the Town's finances and to show the Town's accountability for the money it receives. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Town of Springdale, P.O. Box 187, 84767 or call (435) 772-3434.

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BASIC FINANCIAL STATEMENTS

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Town of Springdale
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 504,209	1,549,530	2,053,738
Receivables, net of allowances	443,532	146,826	590,358
Internal balances	79,894	(79,894)	-
Total current assets	1,027,635	1,616,461	2,644,096
Non-current assets:			
Restricted cash and cash equivalents	111,952	426,500	538,452
Unamortized bond issue costs	2,647	62,385	65,032
Capital assets:			
Not being depreciated	323,169	291,344	614,514
Net of accumulated depreciation	1,400,806	7,883,132	9,283,938
Total non-current assets	1,838,574	8,663,362	10,501,936
Total assets	\$ 2,866,209	10,279,823	13,146,032
LIABILITIES:			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 36,768	12,879	49,647
Accrued interest payable	-	16,041	16,041
Customer security deposits	-	5,680	5,680
Deferred revenue	-	83,222	83,222
Compensated absences, due within one year	25,676	-	25,676
Capital leases, due within one year	16,951	-	16,951
Notes payable, due within one year	-	6,800	6,800
Revenue bonds, due within one year	41,000	173,080	214,080
Total current liabilities	120,394	297,703	418,097
Non-current liabilities:			
Compensated absences, due after one year	25,676	14,273	39,949
Capital leases, due after one year	35,739	-	35,739
Notes payable, due after one year	-	13,600	13,600
Revenue bonds, due after one year	43,000	3,590,000	3,633,000
Total non-current liabilities	104,415	3,617,873	3,722,289
Total liabilities	224,810	3,915,576	4,140,386
NET ASSETS:			
Invested in capital assets, net of related debt	1,587,285	4,390,997	5,978,282
Restricted:			
Bond requirements	-	426,500	426,500
Class "C" roads	72,417	-	72,417
Public safety	24,575	-	24,575
Other	14,960	-	14,960
Unrestricted	942,162	1,546,750	2,488,913
Total net assets	2,641,399	6,364,247	9,005,646
Total liabilities and net assets	\$ 2,866,209	10,279,823	13,146,032

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

Town of Springdale
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
General government	\$ 403,899	105,832	225	-	(297,841)
Public safety	478,503	79,982	8,167	-	(390,354)
Public works	154,936	-	17,998	64,000	(72,938)
Culture and recreation	346,063	4,560	-	9,000	(332,503)
Community development	148,133	-	-	-	(148,133)
Interest on long-term debt	9,521	-	-	-	(9,521)
Total governmental activities	<u>1,541,054</u>	<u>190,374</u>	<u>26,390</u>	<u>73,000</u>	<u>(1,251,290)</u>
Business-type activities:					
Water	496,344	516,688	-	154,486	174,830
Sewer	221,225	246,545	-	(56)	25,264
Irrigation	44,606	43,087	-	-	(1,519)
Building authority	69,583	79,618	-	-	10,035
Total business-type activities	<u>831,757</u>	<u>885,938</u>	<u>-</u>	<u>154,429</u>	<u>208,610</u>
Total primary government	<u>\$ 2,372,811</u>	<u>1,076,312</u>	<u>26,390</u>	<u>227,429</u>	<u>(1,042,680)</u>

(The statement of activities continues on the following page)

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

Town of Springdale
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
CHANGES IN NET ASSETS:			
Net (expense) revenue (from previous page)	<u>\$ (1,251,290)</u>	<u>208,610</u>	<u>(1,042,680)</u>
General revenues:			
Property taxes	64,383	-	64,383
Sales tax	307,934	-	307,934
Other taxes	1,106,865	-	1,106,865
Unrestricted investment earnings	12,337	4,098	16,435
Miscellaneous	<u>73,214</u>	<u>-</u>	<u>73,214</u>
Total general revenues	<u>1,564,733</u>	<u>4,098</u>	<u>1,568,831</u>
Transfers	<u>(70,000)</u>	<u>70,000</u>	<u>-</u>
Total general revenues and transfers	<u>1,494,733</u>	<u>74,098</u>	<u>1,568,831</u>
Change in net assets	243,443	282,708	526,151
Net assets - beginning	2,055,727	6,081,539	8,137,266
Prior period adjustment	<u>342,229</u>	<u>-</u>	<u>342,229</u>
Net assets - ending	<u>\$ 2,641,399</u>	<u>6,364,247</u>	<u>9,005,646</u>

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

Town of Springdale
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Nonmajor Parks Capital Projects	Nonmajor Streets Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 398,237	96,274	9,698	504,209
Accounts receivable	8,315	-	-	8,315
Due from other governments	435,218	-	-	435,218
Due from other funds	79,894	-	-	79,894
Restricted cash and cash equivalents	111,952	-	-	111,952
TOTAL ASSETS	<u>\$ 1,033,615</u>	<u>96,274</u>	<u>9,698</u>	<u>1,139,587</u>
LIABILITIES				
Accounts payable	\$ 15,907	-	-	15,907
Accrued liabilities	20,861	-	-	20,861
TOTAL LIABILITIES	<u>36,768</u>	<u>-</u>	<u>-</u>	<u>36,768</u>
FUND BALANCES:				
Restricted for:				
Class C Roads	72,417	-	-	72,417
Public safety	24,575	-	-	24,575
Other	14,960	-	-	14,960
Assigned for:				
Capital projects	-	96,274	9,698	105,972
Unassigned	884,896	-	-	884,896
TOTAL FUND BALANCES	<u>996,848</u>	<u>96,274</u>	<u>9,698</u>	<u>1,102,819</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,033,615</u>	<u>96,274</u>	<u>9,698</u>	<u>1,139,587</u>

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

Town of Springdale
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2012

	General Fund	Nonmajor Parks Capital Projects	Nonmajor Streets Capital Projects	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 64,383	-	-	64,383
Sales	307,934	-	-	307,934
Other taxes	1,106,865	-	-	1,106,865
Licenses and permits	57,917	-	-	57,917
Intergovernmental revenues	26,390	-	64,000	90,390
Charges for services	99,972	-	-	99,972
Fines and forfeitures	32,486	-	-	32,486
Impact fees	-	9,000	-	9,000
Interest	12,337	-	-	12,337
Miscellaneous revenue	71,019	2,195	-	73,214
Total revenues	<u>1,779,301</u>	<u>11,195</u>	<u>64,000</u>	<u>1,854,497</u>
EXPENDITURES:				
General government	398,122	-	-	398,122
Public safety	469,441	-	-	469,441
Public works	112,325	-	-	112,325
Culture and recreation	308,063	-	-	308,063
Community development	146,921	-	-	146,921
Capital outlay	-	64,519	75,652	140,171
Debt service:				
Principal	55,264	-	-	55,264
Interest	8,198	-	-	8,198
Total expenditures	<u>1,498,333</u>	<u>64,519</u>	<u>75,652</u>	<u>1,638,504</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>280,968</u>	<u>(53,324)</u>	<u>(11,652)</u>	<u>215,992</u>
Other Financing Sources and (Uses):				
Transfers in	-	139,000	10,976	149,976
Transfers (out)	(219,976)	-	-	(219,976)
Total other financing sources and (uses)	<u>(219,976)</u>	<u>139,000</u>	<u>10,976</u>	<u>(70,000)</u>
Net Change in Fund Balances	<u>60,992</u>	<u>85,676</u>	<u>(676)</u>	<u>145,992</u>
Fund balances - beginning of year	593,626	10,598	10,374	614,598
Prior period adjustment	342,229	-	-	342,229
Fund balances - end of year	<u>\$ 996,848</u>	<u>96,274</u>	<u>9,698</u>	<u>1,102,819</u>

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

Town of Springdale
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS**
 June 30, 2012

Total Fund Balances for Governmental Funds	<u>\$ 1,102,819</u>
<p>Total net assets reported for governmental activities in the Statement of Net Assets is different because:</p>	
<p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.</p>	
Capital assets, at cost	2,905,939
Less accumulated depreciation	<u>(1,181,964)</u>
Net capital assets	<u>1,723,975</u>
<p>Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.</p>	
General long-term debt	<u>(136,690)</u>
Unamortized bond issuance costs	<u>2,647</u>
Compensated absences	<u>(51,352)</u>
Total Net Assets of Governmental Activities	<u><u>\$ 2,641,399</u></u>

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

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, 2012

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 145,992</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	154,930
Depreciation expense	<u>(111,420)</u>
Net	<u>43,510</u>
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Long-term debt principal repayments	<u>55,264</u>
<p>Governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Bond issuance costs amortized during the year	<u>(1,323)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 243,443</u></u>

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

Town of Springdale
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2012

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 266,873	916,368	64,858	301,431	1,549,530
Accounts receivable, net of allowances	76,485	23,916	16,424	30,000	146,826
Total current assets	<u>343,358</u>	<u>940,285</u>	<u>81,282</u>	<u>331,431</u>	<u>1,696,355</u>
Non-current assets:					
Restricted cash and cash equivalents	296,468	89,695	-	40,337	426,500
Unamortized bond issue costs	29,633	-	-	32,752	62,385
Capital assets:					
Not being depreciated	100,000	132,444	58,900	-	291,344
Net of accumulated depreciation	5,205,184	1,120,779	386,096	1,171,074	7,883,132
Total non-current assets	<u>5,631,285</u>	<u>1,342,918</u>	<u>444,996</u>	<u>1,244,163</u>	<u>8,663,362</u>
Total assets	<u>\$ 5,974,643</u>	<u>2,283,203</u>	<u>526,278</u>	<u>1,575,594</u>	<u>10,359,717</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 3,571	9,309	-	-	12,879
Accrued interest payable	9,435	-	-	6,606	16,041
Customer deposits	5,680	-	-	-	5,680
Due to other funds	79,894	-	-	-	79,894
Deferred revenue	83,222	-	-	-	83,222
Notes payable, current portion	-	6,800	-	-	6,800
Revenue bonds, current portion	142,080	-	-	31,000	173,080
Total current liabilities	<u>323,882</u>	<u>16,109</u>	<u>-</u>	<u>37,606</u>	<u>377,597</u>
Non-current liabilities:					
Compensated absences	8,732	5,158	383	-	14,273
Notes payable, long-term portion	-	13,600	-	-	13,600
Revenue bonds, long-term portion	2,564,000	-	-	1,026,000	3,590,000
Total non-current liabilities	<u>2,572,732</u>	<u>18,758</u>	<u>383</u>	<u>1,026,000</u>	<u>3,617,873</u>
Total liabilities	<u>2,896,614</u>	<u>34,867</u>	<u>383</u>	<u>1,063,606</u>	<u>3,995,470</u>
NET ASSETS:					
Invested in capital assets, net of related debt	2,599,104	1,232,824	444,996	114,074	4,390,997
Restricted for:					
Bond requirements	296,468	89,695	-	40,337	426,500
Unrestricted	182,458	925,818	80,898	357,576	1,546,750
Total net assets	<u>3,078,030</u>	<u>2,248,336</u>	<u>525,894</u>	<u>511,988</u>	<u>6,364,247</u>
Total liabilities and net assets	<u>\$ 5,974,643</u>	<u>2,283,203</u>	<u>526,278</u>	<u>1,575,594</u>	<u>10,359,717</u>

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

Town of Springdale
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
Operating revenue:					
Charges for sales and service	\$ 496,418	242,690	43,087	-	782,195
Other operating revenue	20,270	3,855	-	79,618	103,743
Total operating revenue	<u>516,688</u>	<u>246,545</u>	<u>43,087</u>	<u>79,618</u>	<u>885,938</u>
Operating expenses:					
Personnel services	194,029	87,622	16,805	-	298,455
Utilities	31,112	5,279	9,919	-	46,310
Repair & maintenance	33,684	10,246	3,116	-	47,046
Other supplies & expenses	57,496	31,623	1,565	1,344	92,029
Insurance expense	9,777	5,614	-	1,146	16,537
Depreciation expense	150,080	80,840	13,201	40,105	284,227
Total operating expense	<u>476,177</u>	<u>221,225</u>	<u>44,606</u>	<u>42,595</u>	<u>784,603</u>
Net operating income (loss)	<u>40,511</u>	<u>25,320</u>	<u>(1,519)</u>	<u>37,023</u>	<u>101,335</u>
Non-operating income (expense):					
Connection fees	79,566	-	-	-	79,566
Grants	4,950	(56)	-	-	4,893
Investment income (loss)	1,794	1,507	-	797	4,098
Interest on long-term debt	(20,167)	-	-	(26,988)	(47,154)
Total non-operating income (expense)	<u>66,143</u>	<u>1,450</u>	<u>-</u>	<u>(26,190)</u>	<u>41,403</u>
Income (loss) before contributions and transfers	106,654	26,771	(1,519)	10,832	142,738
Capital contributions	69,970	-	-	-	69,970
Transfers from other funds	60,000	-	-	10,000	70,000
Change in net assets	236,624	26,771	(1,519)	20,832	282,708
Net assets, beginning	2,841,406	2,221,565	527,413	491,155	6,081,539
Net assets, ending	<u>\$ 3,078,030</u>	<u>2,248,336</u>	<u>525,894</u>	<u>511,988</u>	<u>6,364,247</u>

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

Town of Springdale
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
Cash flows from operating activities:					
Cash received from customers - service	\$ 477,861	247,964	38,513	69,618	833,956
Cash paid to suppliers	(135,551)	(43,736)	(14,857)	(2,490)	(196,635)
Cash paid to employees	(188,888)	(82,463)	(16,421)	-	(287,773)
Net cash provided (used) in operating activities	<u>153,421</u>	<u>121,765</u>	<u>7,234</u>	<u>67,128</u>	<u>349,549</u>
Cash flows from noncapital financing activities:					
Change in customer deposits	3,125	-	-	-	3,125
Net interfund activity	60,000	-	-	10,000	70,000
Net cash provided (used) in noncapital financing activities	<u>63,125</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>73,125</u>
Cash flows from capital and related financing activities:					
Cash received from capital grants	20,724	23,123	-	-	43,847
Cash from connection fees	67,760	-	-	-	67,760
Payments for capital assets	(10,298)	(8,590)	-	-	(18,888)
Payments for long-term debt	(141,080)	(6,800)	-	(30,000)	(177,880)
Payments for long-term debt interest	(24,905)	-	-	(25,831)	(50,736)
Net cash provided (used) in capital and related financing activities	<u>(87,800)</u>	<u>7,733</u>	<u>-</u>	<u>(55,831)</u>	<u>(135,898)</u>
Cash flows from investing activities:					
Cash received from interest earned	1,794	1,507	-	797	4,098
Net cash provided (used) in investing activities	<u>1,794</u>	<u>1,507</u>	<u>-</u>	<u>797</u>	<u>4,098</u>
Net increase (decrease) in cash	<u>130,540</u>	<u>131,005</u>	<u>7,234</u>	<u>22,094</u>	<u>290,874</u>
Cash balance, beginning	432,801	875,058	57,623	319,674	1,685,157
Cash balance, ending	<u>\$ 563,341</u>	<u>1,006,063</u>	<u>64,858</u>	<u>341,768</u>	<u>1,976,030</u>
Cash reported on the statement of net assets:					
Cash and cash equivalents	\$ 266,873	916,368	64,858	301,431	1,549,530
Non-current restricted cash	296,468	89,695	-	40,337	426,500
Total cash and cash equivalents	<u>\$ 563,341</u>	<u>1,006,063</u>	<u>64,858</u>	<u>341,768</u>	<u>1,976,030</u>

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

Town of Springdale
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Year Ended June 30, 2012

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

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
Net operating income (loss)	\$ 40,511	25,320	(1,519)	37,023	101,335
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:					
Depreciation and amortization	150,080	80,840	13,201	40,105	284,227
Changes in assets and liabilities:					
(Increase) decrease in receivables	(38,828)	1,419	(4,573)	(10,000)	(51,982)
Increase (decrease) in payables	(3,482)	9,027	(258)	-	5,287
Increase (decrease) in compensated absences	5,140	5,158	383	-	10,682
Net cash provided (used) in operating activities	<u>\$ 153,421</u>	<u>121,765</u>	<u>7,234</u>	<u>67,128</u>	<u>349,549</u>
<u>Non-Cash Transactions</u>					
Developer contributions	\$ 69,970	-	-	-	69,970

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Town of Springdale (the Town), a municipal corporation located in Washington County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The Town has no component units and is not a component unit of another entity.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

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

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

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

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

Policy regarding use of restricted resources

When faced with a choice, it is the Town's policy to use restricted resources first, then committed and assigned amounts before spending unassigned amounts. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

1-D. Fund types and major funds

Governmental funds

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 those required to be accounted for in another fund.

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

The *parks capital projects fund* is used to account for the acquisition or construction of major capital facilities relating to Town parks.

The *streets capital projects fund* is used to account for the acquisition or construction of major capital facilities relating to Town streets.

Proprietary funds

The Town reports the following major proprietary funds:

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

The *sewer fund* is used to account for the activities of the sewer collection and treatment operations.

The *Municipal Building Authority* is used to account for the issuance of debt and receipt of donations for the community center.

The Town reports the following nonmajor proprietary funds:

The *irrigation fund* is used to account for the provision of irrigation water services to the residents of the Town.

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

1-E-1. Deposit and Investments

Cash includes cash on hand, demand deposits with bank 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 investment in fund 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.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

1-E-2. Cash and Cash Equivalents

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

1-E-3. Receivables and Payables

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of any allowance for uncollectible accounts on the Statement of Net Assets.

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

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

1-E-4. Restricted Assets

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

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

1-E-5. Inventories and Prepaid items

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

Inventories for business-type funds, consisting of materials used in the extension and repair of the transmission, distribution, collection and treatment systems, are valued at cost and account 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 costs.

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.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

1-E-6. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of three years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

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

Assets	Years
Buildings & Improvements	7-40
Machinery & Equipment	3-5
Vehicles	5-7
Office Furniture & Equipment	3-7
Utility Systems	40
Infrastructure	7-40

1-E-7. Long-term Obligations

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

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

1-E-8. *Compensated Absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for these compensated absences is recorded as long-term liabilities in the government-wide statements. The current portion is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as incurred.

1-E-9. *Fund Equity*

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When both committed, assigned, or unassigned resources are available for use, it is the Town's policy to use committed resources first, followed by assigned resources and then unassigned resources as they are needed.

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

Invested in capital assets, net of related debt represents capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets are 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.

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

Equity is classified in governmental fund financial statements as fund balance and is further classified as nonspendable, restricted, committed, assigned or unassigned as follows:

Nonspendable fund balance cannot be spent because it is either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance is fund balance 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.

Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Town Council. A resolution, ordinance or vote by the Town Council is required to establish, modify or rescind a fund balance commitment.

Assigned fund balance is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. The Town Manager is authorized to assign amounts to a specific purpose in accordance with the Town's budget policy.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

1-E-9. Fund Equity (continued)

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

1-F. Prior period adjustment

In the prior year certain tax revenues were not recognized that were applicable to fiscal year 2011. A prior period adjustment has been recorded to correct the misstatement, the net effect of which increases the beginning fund balance in the General fund by \$342,229.

1-G. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

In accordance with State Law, annual budgets are reported and adopted by the Town Council on or before June 22, for the fiscal year commencing the following July 1. Prior to June 22, an advertised public hearing is conducted to receive taxpayer input. The operating budgets include proposed revenues and expenditures. Control of budget appropriations is exercised under State Law at the department level. Budget amendments are required to increase expenditure budgets and are adopted following a public hearing before the end of the fiscal year. During the current fiscal year budget amendments were made to prevent budget overruns and to increase revenue estimates and appropriations for unanticipated revenues and expenditures. The governmental fund type budgets are prepared using the modified accrual basis of accounting. Budgets for the proprietary funds are prepared using the accrual basis of accounting.

Utah State law prohibits the Town from creating a deficit fund balance by making expenditures in excess of amounts budgeted. Any deficit so created must be made up in the following fiscal year. Deficits arising from emergencies, however, may be retired over five years. The maximum amount held in the general fund may not exceed 75% of the total estimated revenue of the fund for the succeeding year.

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Deposits and investments of the Town as of June 30, 2012 consist of the following:

Deposits:	
Cash on hand	\$ 199
Cash in bank	139,683
Investments:	
State Treasurer's Investment Pool	2,289,708
Treasury Obligations	162,600
Total deposits and investments	<u><u>\$ 2,592,190</u></u>

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

Cash and cash equivalents (current)	\$ 2,053,738
Restricted cash and cash equivalents (non-current)	538,452
	<u><u>\$ 2,592,190</u></u>

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 depositor 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 bank failure, the Town's deposit may not be returned to it. The Town's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the Town to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2012, none of the Town's bank balance of \$168,335 was exposed to custodial risk because it was uninsured and uncollateralized.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

3-A. Deposits and investments (continued)

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 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. Financial statements for the PTIF funds can be obtained by contacting the Utah State Treasurer’s office.

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 value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of June 30, 2012 the Town had the following investment and maturities:

	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah Public Treasurers' Investment Fund	\$ 2,289,708	2,289,708	-	-	-
Zions Bank Treasury Obligations	162,600	162,600	-	-	-
Total Fair Value	<u>\$ 2,452,308</u>	<u>2,452,308</u>	-	-	-

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

3-A. 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 exposure to credit risk is to comply with the State's Money Management Act.

At June 30, 2012 the Town had the following investments and quality ratings:

	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
State of Utah Public Treasurers' Investment Fund	\$ 2,289,708	-	-	-	2,289,708
Zions Bank Treasury Obligations	162,600	162,600	-	-	-
Total Fair Value	\$ 2,452,308	162,600	-	-	2,289,708

3-B. Receivables

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

	General Fund	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total
Due from other governments	\$ 435,218	-	-	-	-	435,218
Customers	8,315	121,636	38,035	18,738	30,000	216,724
Total receivables	443,532	121,636	38,035	18,738	30,000	651,942
Allowance for uncollectibles	-	(45,151)	(14,119)	(2,314)	-	(61,584)
Net receivables	\$ 443,532	76,485	23,916	16,424	30,000	590,358

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

3-C. Capital Assets

Capital asset activity for governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Reclassifi- cations	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and rights	\$ 318,300	-	-	-	318,300
Construction in progress	-	4,869			4,869
Total capital assets, not being depreciated	318,300	4,869	-	-	323,169
Capital assets, being depreciated:					
Buildings	586,063	-	-	(2,500)	583,563
Improvements other than buildings	784,913	59,650	-	(75,616)	768,947
Office furniture and equipment	120,096	14,759		(112,463)	22,392
Computer equipment	60,027	-	-	(60,027)	-
Machinery and equipment	86,449	-	-	211,307	297,755
Vehicles	197,889	-	-	(9,681)	188,207
Infrastructure	597,273	75,652	-	48,980	721,905
Total capital assets, being depreciation	2,432,710	150,061	-	-	2,582,770
Less accumulated depreciation for:					
Buildings	179,486	14,589	-	(277)	193,798
Improvements other than buildings	360,724	34,159	-	(216,515)	178,368
Office furniture and equipment	117,393	2,464	-	(110,851)	9,006
Computer equipment	60,027	-	-	(60,027)	-
Machinery and equipment	85,075	88	-	212,525	297,689
Vehicles	126,202	17,982	-	(9,681)	134,503
Infrastructure	141,637	42,137	-	184,826	368,600
Total accumulated depreciation	1,070,544	111,420	-	-	1,181,964
Total capital assets being depreciated, net	1,362,166	38,641	-	-	1,400,806
Governmental activities capital assets, net	\$ 1,680,466	43,510	-	-	1,723,975

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

Governmental activities:	
General government	\$ 20,536
Public safety	9,061
Public works	42,611
Parks and recreation	38,000
Community development	1,212
Total	\$ 111,420

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

3-C. Capital Assets (continued)

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

	Beginning Balance	Additions	Retirements	Reclassifi- cations	Ending Balance
Business-type activities:					
Capitl assets, not being depreciated:					
Land and rights	\$ 132,444	-	-	-	132,444
Water rights	158,900	-	-	-	158,900
Total capital assets, not being depreciated	291,344	-	-	-	291,344
Capital assets, being depreciated:					
Buildings	1,313,898	-	-	(26,642)	1,287,256
Improvements	1,334,132	-	-	(1,273,290)	60,842
Distribution system	7,944,930	-	-	(7,944,930)	-
Furniture and fixtures	77,514	-	-	(77,514)	-
Water distribution system	-	80,268	-	6,029,130	6,109,398
Sewer collection/treatment syste	-	-	-	2,258,231	2,258,231
Irrigaiton system	-	-	-	687,272	687,272
Machinery and equipment	255,049	8,590	-	308,831	572,470
Vehicles	109,378	-	-	38,912	148,290
Total capital assets, being depreciation	11,034,901	88,858	-	-	11,123,759
Less accumulated depreciation for:					
Buildings	136,389	32,181	-	(4,798)	163,772
Improvements	479,690	4,056	-	(465,267)	18,479
Distribution system	2,076,131	-	-	(2,076,131)	-
Furniture and fixtures	43,845	-	-	(43,845)	-
Water distribution system	-	137,936	-	907,815	1,045,751
Sewer collection/treatment system	-	58,721	-	1,313,628	1,372,349
Irrigaiton system	-	13,201	-	287,975	301,176
Machinery and equipment	127,298	29,924	-	72,231	229,453
Vehicles	93,047	8,207	-	8,392	109,646
Total accumulated depreciation	2,956,400	284,226	-	-	3,240,626
Total capital assets being depreciated, net	8,078,501	(195,368)	-	-	7,883,133
Business-type activities capital assets, net	\$ 8,369,845	(195,368)	-	-	8,174,477

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

Business-type activities:	
Water	\$ 150,080
Sewer	80,840
Irrigation	13,201
Building Authority	40,105
Total	<u><u>\$ 284,227</u></u>

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

3-C. Capital assets (continued)

The capital asset schedules on the previous pages include the reclassification of assets among the asset groups. While the total assets from the previous year did not change, the reclassifications were done in the current year for clearer and more accurate presentation of the capital assets.

3-D. Long-term liabilities

Long-term debt activity for the year was as follows:

	Original Principal	% Rate	6/30/2011	Additions	Reductions	6/30/2012	Due Within One Year
<u>Governmental activities:</u>							
GMC Truck Lease Matures 7/1/2013	\$ 28,946	5.778	\$ 17,329	-	5,447	11,882	5,770
2004A Revenue Bonds Matures 3/1/2014	631,000	4.50	123,000	-	39,000	84,000	41,000
Police Vehicles Lease Matures 7/31/2015	56,900	3.34	51,625	-	10,817	40,808	11,181
Total governmental activity long-term liabilities			<u>\$191,954</u>	<u>-</u>	<u>55,264</u>	<u>136,690</u>	<u>57,951</u>

Debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2013	\$ 57,951	5,755	63,706
2014	60,669	3,191	63,860
2015	11,947	505	12,451
2016	6,123	102	6,226
Total	<u>\$136,690</u>	<u>9,553</u>	<u>146,243</u>

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

3-D. Long-term liabilities (continued)

	Original Principal	%	6/30/2011	Additions	Reductions	6/30/2012	Due Within One Year
<u>Business-type activities:</u>							
1987A Water Revenue Matures 1/1/2013	\$ 324,520	-	\$ 34,160	-	17,080	17,080	17,080
1995A Water Revenue Matures 1/1/2014	420,000	-	144,000	-	48,000	96,000	48,000
Advance from State of Utah Matures 12/31/2014	34,000	-	27,200	-	6,800	20,400	6,800
2004 Water Revenue Matures 9/1/2022	850,000	1.00	784,000	-	17,000	767,000	18,000
2006 MBA Lease Revenue Matures 4/1/2037	1,200,000	2.50	1,087,000	-	30,000	1,057,000	31,000
2009 Sales Tax Revenue Matures 5/1/2039	2,000,000	1.00	1,885,000	-	59,000	1,826,000	59,000
Total business-type activity long-term liabilities			<u>\$3,961,360</u>	<u>-</u>	<u>177,880</u>	<u>3,783,480</u>	<u>179,880</u>

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

	Principal	Interest	Total
2013	\$ 179,880	52,355	232,235
2014	165,800	50,810	216,610
2015	118,800	49,220	168,020
2016	162,000	47,620	209,620
2017	177,000	45,505	222,505
2018 - 2022	961,000	192,065	1,153,065
2023 - 2027	646,000	133,240	779,240
2028 - 2032	587,000	87,680	674,680
2033 - 2037	633,000	38,860	671,860
2038 - 2039	153,000	2,300	155,300
Total	<u>\$3,783,480</u>	<u>699,655</u>	<u>4,483,135</u>

Compensated Absences:

	Balance 6/30/2011	Additions	Reductions	Balance 6/30/2012
Governmental	\$ 51,352	20,842	20,842	51,352
Business-type	3,592	16,560	5,879	14,273
Total	<u>\$ 54,944</u>	<u>37,402</u>	<u>26,721</u>	<u>65,625</u>

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

3-D. Long-term liabilities (continued)

Capital Leases:

The Town has entered into lease agreements as lessee for financing a garbage truck and two police vehicles. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at present value of their future minimum lease payments as of the date of inception.

The assets acquired through capital leases are as follows:

Police Vehicle Lease	\$ 56,900
Truck Lease	29,296
Accumulated depreciation	<u>(33,157)</u>
Total	<u><u>\$ 53,039</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

Year ending June 30:	
2013	\$ 18,926
2014	18,926
2015	12,452
2016	<u>6,226</u>
Total remaining minimum lease payments	56,530
Less: amount representing interest	<u>3,839</u>
Present value of minimum lease payments	<u><u>\$ 52,691</u></u>

3-E. Interfund receivables, payables and transfers

As of June 30, 2012, interfund receivables and payables consisted of the following:

From the water fund to the general fund: \$79,894

Interfund transfers for the fiscal year ended June 30, 2012 are as follows:

	Transfers To:				
Transfers From:	Nonmajor Parks Capital Projects	Nonmajor Streets Capital Projects	Water Fund	Building Authority	Total
General fund	\$ 139,000	10,976	60,000	10,000	219,976
Total	\$ 139,000	10,976	60,000	10,000	219,976

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 other funds in accordance with budgetary authorizations.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 4 - OTHER INFORMATION

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

4-B. Employee pension and other benefit plans

Plan Description:

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

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs 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 System and Plans. a copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

In the Local Governmental Noncontributory Retirement System, the Town is required to contribute 13.77% of their annual covered salary. In the Public Safety Noncontributory Retirement System, the Town is required to contribute 27.07% of their annual covered salary. The contribution rates are actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The Town's contributions to the Systems for the years ending June 30, 2012, 2011, and 2010 were: to the Noncontributory Retirement System, \$69,162, \$68,526 and \$57,465, respectively; and to the Public Safety Noncontributory Retirement System, \$23,544, \$22,094 and \$19,017, respectively. The contributions were equal to the required contributions for each year.

IRC Code Section 401(k) Plan:

The Town participates in a 401k plan offered through the Utah State Retirement Systems. The Town's contribution for the years ending June 30, 2012, 2011 and 2010 were \$11,813, \$12,326 and \$30,534, respectively.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

4-C. Rounding convention

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

4-D. 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 the accounts payable in the Water Fund Statement of Net Assets.

4-E. Contingencies and Commitments

The Town 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 year after the last permit was issued. As of June 30, 2012 there is a balance of \$83,222 in deferred revenue, of which \$55,340 was advanced by Zion Park Resort. The balance of \$27,882 was advanced by others in unrelated settlements.

4-F. Subsequent Events

The Town has evaluated subsequent events through February 4, 2013, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Town of Springdale
Notes to Required Supplementary Information
June 30, 2012

Budgetary Comparison Schedules

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

Budgeting and Budgetary Control

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

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

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2012, spending within the community development department exceeded budget appropriations by \$12,665.

Town of Springdale
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
 (Unaudited)
 For the Year Ended June 30, 2012

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,256,079	1,297,100	1,479,182	182,082
Licenses and permits	31,200	55,875	57,917	2,042
Intergovernmental revenues	26,000	26,390	26,390	-
Charges for services	70,500	94,399	99,972	5,573
Fine and forfeitures	50,000	26,000	32,486	6,486
Interest	10,500	11,235	12,337	1,102
Miscellaneous revenue	50,100	69,009	71,019	2,010
Total revenues	<u>1,494,379</u>	<u>1,580,008</u>	<u>1,779,301</u>	<u>199,293</u>
Expenditures				
General government	367,583	406,056	398,122	7,934
Public safety	460,177	482,048	469,441	12,607
Public works	124,946	114,412	112,325	2,087
Culture and recreation	306,636	324,624	308,063	16,561
Community development	186,656	134,266	146,921	(12,655)
Debt Service:				
Principal	55,264	55,264	55,264	-
Interest	8,806	8,198	8,198	-
Total expenditures	<u>1,510,068</u>	<u>1,524,868</u>	<u>1,498,333</u>	<u>26,535</u>
Excess (deficiency) of revenues over (under) expenditures	(16,189)	55,140	280,968	225,829
Other financing forces and (uses)				
Transfers out	(219,976)	(255,676)	(219,976)	35,700
Total other financing sources and (uses)	<u>(219,976)</u>	<u>(255,676)</u>	<u>(219,976)</u>	<u>-</u>
Net change in fund balances	(236,165)	(200,536)	60,992	261,529
Fund balances - beginning of year	593,626	593,626	593,626	-
Prior period adjustment	342,229	342,229	342,229	-
Fund balances - end of year	<u>\$ 699,690</u>	<u>735,319</u>	<u>996,848</u>	<u>261,529</u>



**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***

The Honorable Mayor and
Town Council
Town of 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 (the Town), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 4, 2013. 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

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and recommendations that we consider to be a significant deficiency in internal control over financial reporting.

07-01. Misstatements Requiring Adjustments – prior year reissue (downgraded from MW)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 other matters that we have reported to the management of the Town in a separate letter dated February 4, 2013.

The Town's responses to the findings identified in our audit are described in the accompanying letter of responses. We did not audit the Town's responses and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, town council, others within the entity and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.


HintonBurdick, PLLC
February 4, 2013



**Independent Auditors' Report on
State Legal Compliance**

The Honorable Mayor and
Town Council
Town of Springdale, Utah

We have audited the basic financial statements of the Town of Springdale, Utah (the Town), for the year ended June 30, 2012, and have issued our report thereon dated February 4, 2013. As part of our audit, we have audited the Town's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2012.

The general compliance requirements applicable to the Town are identified as follows:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Liquor Law Enforcement
- B & C Road Funds
- Other General Compliance Issues
- Uniform Building Code Standards
- Impact Fees and Other Development Fees
- Asset Forfeitures
- Utah Retirement System Compliance
- Fund Balance

The Town received the following major assistance programs from the State of Utah:

- B & C Road Funds (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)

Compliance with the requirements referred to above is the responsibility of the Town's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town of Springdale, Utah, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as items 10-02 and 09-01.

Management's responses to the findings identified in our audit are described in the accompanying letter of responses. We did not audit management's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, town council, others within the entity and the Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.


HintonBurdick, PLLC
February 4, 2013



**Findings and Recommendations
 For the Year Ended June 30, 2012**

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:

None noted

Significant Deficiencies:

07-01. Misstatements Requiring Adjustments – prior year reissued (downgraded from MW)

During our audit we identified several adjustments that were necessary to correct misstatements that were not initially identified by the Town’s internal controls. Audit standards require that we report such adjustments as a deficiency when the Town’s controls do not eliminate such misstatements. We noted improvement for fiscal year 2012 and we no longer consider this deficiency to be a material weakness.

Recommendation

We recommend that management and accounting personnel review the adjustments and discuss them with us to ensure they 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 adjustments are posted to the general ledger before the annual audit takes place.

COMPLIANCE AND OTHER MATTERS:

Compliance:

10-02. Fidelity Bond Coverage – prior year reissued

Utah Code 51-7-15 and rule 4 of the Utah Money Management Act require that every public treasurer secure a fidelity bond, the amount of which is calculated in relation to the total budgeted gross revenue for that entity. The fidelity bond currently in place is not sufficient to meet the requirement.

Recommendation

We recommend the Town increase the fidelity bond coverage of the public treasurer to the amount required by the state.

09-01. Budgetary Compliance – prior year reissued

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 the community development department of the general fund was over budget for the fiscal year.

Recommendation

We recommend the Town closely monitor the expenditures for each department to ensure that budget overruns do not occur in future 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 management, town council, others within the entity and various federal and state agencies.

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,


HintonBurdick, PLLC
February 4, 2013

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February 19, 2013

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 2012 audit.

Compliance Findings and Recommendations:

07-01. Misstatements Requiring Adjustments – prior year reissued (downgraded from MW).

Finding: During our audit, we identified several adjustments that were necessary to correct misstatements that were not initially identified by the Town's internal controls. Audit standards require that we report such adjustments as a deficiency when the Town's controls do not eliminate such misstatements. We noted improvement for fiscal years 2012 and we no longer consider this deficiency to be a material weakness.

Recommendation: We recommend that management and accounting personnel review the adjustments and discuss them with us to ensure they 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 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 adjustments are posted prior to the annual audit in the future.

10-02. Fidelity Bond Coverage.

Finding: Utah code 51-7-15 and rule 4 of the Utah Money Management Act require that every public treasurer secure a fidelity bond, the amount of which is calculated in relation to the total budgeted gross revenue for that entity. The fidelity bond currently in place is not sufficient to meet the requirement.

Recommendation: We recommend the Town increase the fidelity bond coverage of the Public Treasurer to the amounts required by State Law.

Response: Every effort will be made to complete the bond increase prior to the dates required.

09-01. Budgetary Compliance – prior year reissued.

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 the community development department of the general fund was over budget for the fiscal year.

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

Response: The budget overrun was the result of a programming error during our software conversion. With the exception of this error, the expenditures of every fund were within budget. We will be diligent in ensuring that budget overruns do not occur in future fiscal years.

Sincerely,



Richard D. Wixom
Town Manager