

Town of Springdale
Washington County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014

Town of Springdale
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June 30, 2014

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REES CERTIFIED PUBLIC ACCOUNTANT, PC

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springdale Town, Utah as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Springdale Town, Utah, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-11 and 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014, on our consideration of Springdale Town, Utah internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Springdale Town, Utah internal control over financial reporting and compliance.

Rees Certified Public Accountant, PC

Rees Certified Public Accountant, PC
Cedar City, Utah
December 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Town of Springdale
Management's Discussion and Analysis
June 30, 2014

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, 2014.

FINANCIAL HIGHLIGHTS

- *Total net position for the Town as a whole increased by \$636,004.
- *Total unrestricted net position for the Town as a whole increased by \$756,424.
- *Total net position for governmental activities increased by \$441,922.
- *Total net position for business-type activities increased by \$194,081.

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

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

Both of the government-wide financial statements distinguish functions of the 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, 2014

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. A reconciliation is provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances 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 all its governmental funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

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

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, irrigation and Building Authority activities.

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, 2014

FINANCIAL ANALYSIS

Town of Springdale's Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 1,969,710	1,546,001	2,416,745	2,196,580	4,386,456	3,742,581
Net capital assets	1,705,459	1,742,081	8,390,634	8,613,002	10,096,093	10,355,083
Total assets	<u>3,675,169</u>	<u>3,288,082</u>	<u>10,807,379</u>	<u>10,809,582</u>	<u>14,482,548</u>	<u>14,097,664</u>
Long-term liabilities	111,847	121,640	3,537,800	3,703,600	3,649,647	3,825,240
Other liabilities	53,786	100,682	131,010	161,495	184,797	262,177
Deferred inflow of resources	56,443	54,589	-	-	56,443	54,589
Total liabilities and deferred inflow	<u>222,076</u>	<u>276,912</u>	<u>3,668,810</u>	<u>3,865,095</u>	<u>3,890,887</u>	<u>4,142,006</u>
Net position:						
Net investment in capital assets	1,593,612	1,620,441	4,852,834	4,909,402	6,446,446	6,529,843
Restricted	133,316	96,893	349,055	422,500	482,371	519,394
Unrestricted	1,726,165	1,293,836	1,936,680	1,612,585	3,662,845	2,906,421
Total net position	<u>\$ 3,453,093</u>	<u>3,011,170</u>	<u>7,138,569</u>	<u>6,944,488</u>	<u>10,591,662</u>	<u>9,955,658</u>

As noted above, net position may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities and deferred inflow of resources at the close of the year by \$10,591,662, an increase of \$636,004 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$3,662,845, which represents an increase of \$756,424 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants 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 amount of debt that has been repaid during the year.

Town of Springdale
Management's Discussion and Analysis
June 30, 2014

FINANCIAL ANALYSIS (continued)

Town of Springdale's Change in Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	\$ 175,814	215,013	948,789	869,383	1,124,603	1,084,396
Operating grants	26,515	29,182	-	-	26,515	29,182
Capital grants and contributions	52,596	45,622	102,157	579,626	154,753	625,247
General revenues:						
Property taxes	68,023	66,326	-	-	68,023	66,326
Sales tax	381,713	347,660	-	-	381,713	347,660
Other taxes	1,417,676	1,241,056	-	-	1,417,676	1,241,056
Other revenues	90,773	82,613	3,274	3,851	94,047	86,464
Total revenues	<u>2,213,108</u>	<u>2,027,472</u>	<u>1,054,220</u>	<u>1,452,860</u>	<u>3,267,329</u>	<u>3,480,332</u>
Expenses:						
General government	381,970	385,405	-	-	381,970	385,405
Public safety	601,965	525,929	-	-	601,965	525,929
Public works	149,770	162,951	-	-	149,770	162,951
Parks and recreation	414,276	366,924	-	-	414,276	366,924
Community development	158,219	145,974	-	-	158,219	145,974
Interest expense	4,486	4,471	50,351	51,913	54,836	56,384
Water	-	-	524,261	522,043	524,261	522,043
Sewer	-	-	227,581	209,935	227,581	209,935
Irrigation	-	-	79,713	50,090	79,713	50,090
Building Authority	-	-	38,734	39,653	38,734	39,653
Total expenses	<u>1,710,686</u>	<u>1,591,654</u>	<u>920,639</u>	<u>873,635</u>	<u>2,631,325</u>	<u>2,465,289</u>
Excess (deficiency) before transfers	<u>502,422</u>	<u>435,818</u>	<u>133,581</u>	<u>579,225</u>	<u>636,004</u>	<u>1,015,044</u>
Transfers in (out)	(60,500)	(63,400)	60,500	63,400	-	-
Change in net position	<u><u>441,922</u></u>	<u><u>372,418</u></u>	<u><u>194,081</u></u>	<u><u>642,625</u></u>	<u><u>636,004</u></u>	<u><u>1,015,044</u></u>

For the Town as a whole, total revenues decreased by \$213,003 compared to the previous year, while total expenses increased by \$166,037. The total net change of \$636,004 is, in private sector terms, the net income for the year which is \$379,040 less than the previous year's net change (net loss).

Governmental activities revenues of \$2,213,108 is \$185,636 more than the previous year. Revenues from taxes increased significantly during the year. Governmental activities expenses of \$1,710,686 is \$119,032 more than the previous year. While general government and parks and recreation expenses decreased during the year, all other department expenses increased.

Business-type activities revenue of \$1,054,220 is \$398,640 less than the previous year. This decrease is primarily due to decreases in grant revenues and capital contributions. Business-type activities expenses of \$920,639 were more than the previous year by \$47,005. While Building Authority expenses decreased during the year, water, sewer and irrigation expenses increased.

Town of Springdale
Management's Discussion and Analysis
June 30, 2014

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$1,694,978 reflects an increase of \$431,912 from the previous year. Total revenues, including other financing sources, increased by \$111,889. Tax revenues increased by \$212,370. Intergovernmental revenue decreased by \$9,289. Licenses and permits revenue decreased by \$22,232. Proceeds from capital leases decreased by \$19,907. All other revenues decreased by \$49,053. There were transfers in during the year that amounted to \$9,500.

Total expenditures, exclusive of transfers out, increased by \$26,796. Current expenditure changes by department were as follows: general government decreased by \$32,961, public safety increased by \$12,146, public works decreased by \$19,905, culture and recreation increased by \$9,439 and community development increased by \$12,245. Capital outlay expenditures increased by \$70,980. Debt service expenditures decreased by \$25,149. There were transfers out made during the year that amounted to \$70,000.

Restricted fund balance amounts to \$96,893. The unassigned fund balance amounts to \$1,598,085.

Water Fund

Net operating income for the year was \$55,336. The change in net position (net income) was \$194,051. Net position restricted for bond requirements amounts to \$217,711. Unrestricted net position amounts to \$531,550.

Sewer Fund

Net operating income for the year was \$29,979. The change in net position (net income) was \$31,069. Net position restricted for bond requirements amounts to \$90,741. Unrestricted net position amounts to \$1,026,524.

Irrigation Fund

Net operating loss for the year was \$37,627, which was the change in net position (net loss). There was no restricted net position, resulting in an unrestricted net position of \$26,438.

Building Authority Fund

Net operating income for the year was \$30,812. The change in net position (net income) was \$6,588. Net position restricted for bond requirements amounts to \$40,603. Unrestricted net position amounts to \$352,170.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, excluding transfers in, were originally budgeted at \$1,780,538. This amount was amended during the year to \$2,156,858. Actual revenues, excluding transfers, amounted to \$2,231,785.

Expenditures for the current year, excluding transfers out, were originally budgeted in the amount of \$1,928,341. This amount was amended during the year to \$1,775,204. Actual expenditures, excluding transfers, amounted to \$1,739,374.

Town of Springdale
Management's Discussion and Analysis
June 30, 2014

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		
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	845,124	768,947	60,842	60,842	905,966	829,789
Water system	-	-	6,434,993	6,434,993	6,434,993	6,434,993
Sewer system	-	-	2,379,889	2,361,604	2,379,889	2,361,604
Pressurized irrigation system	-	-	721,230	687,272	721,230	687,272
Machinery and equipment	340,015	340,015	736,681	736,681	1,076,696	1,076,696
Vehicles	293,884	222,904	148,290	148,290	442,175	371,195
Infrastructure	721,905	721,905	-	-	721,905	721,905
Construction in progress	-	60,844	152,527	131,222	152,527	192,066
Total Capital Assets	<u>3,102,792</u>	<u>3,016,479</u>	<u>12,213,052</u>	<u>12,139,505</u>	<u>15,315,845</u>	<u>15,155,984</u>
Less Accumulated Depreciation	<u>(1,397,333)</u>	<u>(1,274,398)</u>	<u>(3,822,419)</u>	<u>(3,526,503)</u>	<u>(5,219,752)</u>	<u>(4,800,901)</u>
Net Capital Assets	<u>\$ 1,705,459</u>	<u>1,742,081</u>	<u>8,390,634</u>	<u>8,613,002</u>	<u>10,096,093</u>	<u>10,355,083</u>

The total amount of capital assets, net of depreciation, of \$10,096,093 has decreased by \$258,991 from the previous year.

Governmental activities capital assets, net of depreciation, of \$1,705,459 represents a decrease of \$36,622 from the previous year.

Business-type activities capital assets, net of depreciation, of \$8,390,634 decreased during the year by \$222,368.

The amount of decreases in capital asset balances, net of depreciation, represent the amount that depreciation charged on capital assets exceeded new investments in capital assets.

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

Town of Springdale
Management's Discussion and Analysis
June 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Town of Springdale's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
GMC Truck Lease	\$ -	6,112
2004A Revenue Bonds	-	43,000
2012 Ford F-150 Crew Cab (2) Lease	33,544	44,209
2012 GMC Sierra 2500 Lease	21,399	28,319
2014 Equipment Lease	56,905	-
Total governmental	\$ 111,847	121,640
Business-type activities:		
1995A Water Revenue	\$ -	48,000
Advance from State of Utah	6,800	13,600
2004 Water Revenue	730,000	749,000
2012 Water Revenue	100,000	100,000
2006 MBA Lease Revenue	994,000	1,026,000
2009 Sales Tax Revenue	1,707,000	1,767,000
Total business-type	3,537,800	3,703,600
Total outstanding debt	\$ 3,649,647	3,825,240

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 Town of Springdale's finances for all those with an interest in the Town's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to 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 POSITION
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 1,268,514	1,859,526	3,128,039
Receivables, net of allowances	567,880	147,811	715,692
Total current assets	1,836,394	2,007,337	3,843,731
Non-current assets:			
Restricted cash and cash equivalents	133,317	409,408	542,725
Capital assets:			
Not being depreciated	318,300	443,871	762,171
Net of accumulated depreciation	1,387,159	7,946,763	9,333,922
Total non-current assets	1,838,775	8,800,042	10,638,818
Total assets	\$ 3,675,169	10,807,379	14,482,548
LIABILITIES AND DEFERRED INFLOW OF RESOURCES:			
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 25,073	18,322	43,395
Accrued interest payable	-	15,141	15,141
Customer security deposits	-	4,025	4,025
Unearned revenues	-	83,222	83,222
Compensated absences, due within one year	14,357	-	14,357
Capital leases, due within one year	31,842	-	31,842
Notes payable, due within one year	-	6,800	6,800
Revenue bonds, due within one year	-	117,000	117,000
Total current liabilities	71,272	244,510	315,782
Non-current liabilities:			
Compensated absences, due after one year	14,357	10,301	24,657
Capital leases, due after one year	80,005	-	80,005
Revenue bonds, due after one year	-	3,414,000	3,414,000
Total non-current liabilities	94,361	3,424,301	3,518,662
Total liabilities	165,633	3,668,810	3,834,444
Deferred inflow of resources	56,443	-	56,443
Total liabilities and deferred inflow of resources	222,076	3,668,810	3,890,887
NET POSITION:			
Net investment in capital assets	1,593,612	4,852,834	6,446,446
Restricted:			
Bond requirements	-	349,055	349,055
Class "C" roads	54,942	-	54,942
Public safety	26,991	-	26,991
Impact fees	36,423	-	36,423
Other	14,960	-	14,960
Unrestricted	1,726,165	1,936,680	3,662,845
Total net position	3,453,093	7,138,569	10,591,662
Total liabilities, deferred inflow of resources, and net position	\$ 3,675,169	10,807,379	14,482,548

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, 2014

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue (To Next Page)</u>
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
General government	\$ 381,970	81,548	-	-	(300,422)
Public safety	601,965	83,475	8,339	-	(510,151)
Public works	149,770	-	18,176	-	(131,594)
Culture and recreation	414,276	10,790	-	52,596	(350,890)
Community development	158,219	-	-	-	(158,219)
Interest on long-term debt	4,486	-	-	-	(4,486)
Total governmental activities	<u>1,710,686</u>	<u>175,814</u>	<u>26,515</u>	<u>52,596</u>	<u>(1,455,762)</u>
Business-type activities:					
Water	549,162	579,597	-	102,157	132,592
Sewer	227,581	257,560	-	-	29,979
Irrigation	79,713	42,086	-	-	(37,627)
Building authority	64,184	69,546	-	-	5,362
Total business-type activities	<u>920,639</u>	<u>948,789</u>	<u>-</u>	<u>102,157</u>	<u>130,307</u>
Total primary government	<u>\$ 2,631,325</u>	<u>1,124,603</u>	<u>26,515</u>	<u>154,753</u>	<u>(1,325,455)</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, 2014

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	<u>\$ (1,455,762)</u>	<u>130,307</u>	<u>(1,325,455)</u>
General revenues:			
Property taxes	68,023	-	68,023
Sales tax	381,713	-	381,713
Other taxes	1,417,676	-	1,417,676
Unrestricted investment earnings	13,329	3,274	16,604
Miscellaneous	<u>77,443</u>	<u>-</u>	<u>77,443</u>
Total general revenues	<u>1,958,184</u>	<u>3,274</u>	<u>1,961,458</u>
Transfers in (out)	<u>(60,500)</u>	<u>60,500</u>	<u>-</u>
Total general revenues and transfers	<u>1,897,684</u>	<u>63,774</u>	<u>1,961,458</u>
Change in net position	441,922	194,081	636,004
Net position - beginning	<u>3,011,170</u>	<u>6,944,488</u>	<u>9,955,658</u>
Net position - ending	<u><u>\$ 3,453,093</u></u>	<u><u>7,138,569</u></u>	<u><u>10,591,662</u></u>

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

Town of Springdale
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Nonmajor Parks Capital Projects	Nonmajor Streets Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,111,720	147,096	9,698	1,268,514
Accounts receivable	3,778	-	-	3,778
Due from other governments	564,102	-	-	564,102
Restricted cash and cash equivalents	96,894	36,423	-	133,317
TOTAL ASSETS	\$ 1,776,494	183,519	9,698	1,969,710
 LIABILITIES AND DEFERRED INFLOW OF RESOURCES				
Liabilities:				
Accounts payable	\$ 18,384	-	-	18,384
Accrued liabilities	6,689	-	-	6,689
Total liabilities	25,073	-	-	25,073
 Deferred inflow of resources	56,443	-	-	56,443
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	81,516	-	-	81,516
 FUND BALANCES:				
Restricted for:				
Class C Roads	54,942	-	-	54,942
Public safety	26,991	-	-	26,991
Impact fees	-	36,423	-	36,423
Other	14,960	-	-	14,960
Assigned for:				
Capital projects	-	147,096	9,698	156,794
Unassigned	1,598,085	-	-	1,598,085
TOTAL FUND BALANCES	1,694,978	183,519	9,698	1,888,195
 TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 1,776,494	183,519	9,698	1,969,710

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, 2014

	General Fund	Nonmajor Parks Capital Projects	Nonmajor Parks Capital Projects	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 68,023	-	-	68,023
Sales	381,713	-	-	381,713
Other taxes	1,417,676	-	-	1,417,676
Licenses and permits	52,369	-	-	52,369
Intergovernmental revenues	26,515	-	-	26,515
Charges for services	96,040	-	-	96,040
Fines and forfeitures	27,405	-	-	27,405
Impact fees	-	52,596	-	52,596
Interest	13,329	-	-	13,329
Miscellaneous revenue	77,026	417	-	77,443
Total revenues	<u>2,160,095</u>	<u>53,013</u>	<u>-</u>	<u>2,213,108</u>
EXPENDITURES:				
General government	363,821	-	-	363,821
Public safety	583,819	-	-	583,819
Public works	109,823	-	-	109,823
Culture and recreation	367,592	840	-	368,432
Community development	157,370	-	-	157,370
Capital outlay	70,980	15,333	-	86,313
Debt service:				
Principal	81,483	-	-	81,483
Interest	4,486	-	-	4,486
Total expenditures	<u>1,739,374</u>	<u>16,173</u>	<u>-</u>	<u>1,755,547</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>420,722</u>	<u>36,840</u>	<u>-</u>	<u>457,562</u>
Other Financing Sources and (Uses):				
Capital leases	71,690	-	-	71,690
Transfer in	9,500	-	-	9,500
Transfers out	(70,000)	-	-	(70,000)
Total other financing sources and (uses)	<u>11,190</u>	<u>-</u>	<u>-</u>	<u>11,190</u>
Net Change in Fund Balances	431,912	36,840	-	468,751
Fund balances - beginning of year	<u>1,263,066</u>	<u>146,679</u>	<u>9,698</u>	<u>1,419,443</u>
Fund balances - end of year	<u>\$ 1,694,978</u>	<u>183,519</u>	<u>9,698</u>	<u>1,888,195</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 POSITION**
 June 30, 2014

Total Fund Balances for Governmental Funds	<u>\$ 1,888,195</u>
<p>Total net position reported for governmental activities in the statement 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	3,102,792
Less accumulated depreciation	<u>(1,397,333)</u>
Net capital assets	<u>1,705,459</u>
<p>Long-term debt, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.</p>	
Long-term debt outstanding	<u>(111,847)</u>
Compensated absences	<u>(28,713)</u>
Total Net Position of Governmental Activities	<u><u>\$ 3,453,093</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, 2014

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 468,751</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.</p>	
Capital outlays	86,313
Depreciation expense	<u>(122,936)</u>
Net	<u>(36,622)</u>
<p>Capital lease proceeds are reported as financing sources in governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities.</p>	
Long-term debt issued	<u>(71,690)</u>
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Long-term debt principal repayments	<u>81,483</u>
Change in Net Position of Governmental Activities	<u><u>\$ 441,922</u></u>

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

Town of Springdale
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2014

	Water Fund	Sewer Fund	Nonmajor Irrigation Fund	Building Authority	Total Enterprise Funds
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 561,773	1,009,725	-	288,028	1,859,526
Accounts receivable, net of allowances	71,177	25,822	40,812	10,000	147,811
Due from other funds	6,849	-	-	-	6,849
Total current assets	<u>639,799</u>	<u>1,035,547</u>	<u>40,812</u>	<u>298,028</u>	<u>2,014,186</u>
Non-current assets:					
Restricted cash and cash equivalents	217,711	90,741	-	100,957	409,408
Capital assets:					
Not being depreciated	252,527	132,444	58,900	-	443,871
Net of accumulated depreciation	5,320,886	1,139,383	391,858	1,094,635	7,946,763
Total non-current assets	<u>5,791,124</u>	<u>1,362,568</u>	<u>450,758</u>	<u>1,195,592</u>	<u>8,800,042</u>
Total assets	<u>\$ 6,430,923</u>	<u>2,398,115</u>	<u>491,571</u>	<u>1,493,620</u>	<u>10,814,229</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 6,071	5,343	6,908	-	18,322
Due to other funds	-	-	6,849	-	6,849
Accrued interest payable	8,928	-	-	6,213	15,141
Customer deposits	4,025	-	-	-	4,025
Unearned revenue	83,222	-	-	-	83,222
Notes payable, current portion	-	6,800	-	-	6,800
Revenue bonds, current portion	85,000	-	-	32,000	117,000
Total current liabilities	<u>187,246</u>	<u>12,143</u>	<u>13,757</u>	<u>38,213</u>	<u>251,359</u>
Non-current liabilities:					
Compensated absences	6,003	3,680	618	-	10,301
Revenue bonds, long-term portion	2,452,000	-	-	962,000	3,414,000
Total non-current liabilities	<u>2,458,003</u>	<u>3,680</u>	<u>618</u>	<u>962,000</u>	<u>3,424,301</u>
Total liabilities	<u>2,645,250</u>	<u>15,823</u>	<u>14,375</u>	<u>1,000,213</u>	<u>3,675,660</u>
NET POSITION:					
Net investment in capital assets	3,036,413	1,265,028	450,758	100,635	4,852,834
Restricted for bond requirements	217,711	90,741	-	40,603	349,055
Unrestricted	531,550	1,026,524	26,438	352,170	1,936,680
Total net position	<u>3,785,673</u>	<u>2,382,292</u>	<u>477,196</u>	<u>493,408</u>	<u>7,138,569</u>
Total liabilities and net position	<u>\$ 6,430,923</u>	<u>2,398,115</u>	<u>491,571</u>	<u>1,493,620</u>	<u>10,814,229</u>

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

Town of Springdale
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Water Fund	Sewer Fund	Nonmajor Irrigation Fund	Building Authority	Total Enterprise Funds
Operating income:					
Charges for sales and service	\$ 555,556	257,560	42,086	-	855,202
Other operating income	24,041	-	-	69,546	93,587
Total operating revenue	<u>579,597</u>	<u>257,560</u>	<u>42,086</u>	<u>69,546</u>	<u>948,789</u>
Operating expenses:					
Personnel services	202,790	90,741	32,441	-	325,972
Utilities	41,098	4,871	11,416	-	57,385
Repair & maintenance	52,980	10,606	14,157	-	77,743
Other supplies & expenses	56,635	28,782	6,705	-	92,122
Insurance expense	12,255	8,094	-	802	21,151
Depreciation expense	158,502	84,488	14,994	37,932	295,916
Total operating expense	<u>524,261</u>	<u>227,581</u>	<u>79,713</u>	<u>38,734</u>	<u>870,288</u>
Net operating income (loss)	<u>55,336</u>	<u>29,979</u>	<u>(37,627)</u>	<u>30,812</u>	<u>78,501</u>
Non-operating income (expense):					
Impact fees	102,157	-	-	-	102,157
Interest income	1,459	1,090	-	726	3,274
Interest on long-term debt	(24,901)	-	-	(25,450)	(50,351)
Total non-operating income (expense)	<u>78,715</u>	<u>1,090</u>	<u>-</u>	<u>(24,724)</u>	<u>55,081</u>
Income (loss) before transfers	134,051	31,069	(37,627)	6,088	133,581
Transfers in (out)	60,000	-	-	500	60,500
Change in net position	194,051	31,069	(37,627)	6,588	194,081
Net position, beginning	3,591,622	2,351,223	514,823	486,820	6,944,488
Net position, ending	<u>\$ 3,785,673</u>	<u>2,382,292</u>	<u>477,196</u>	<u>493,408</u>	<u>7,138,569</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, 2014

	Water Fund	Sewer Fund	Nonmajor Irrigation Fund	Building Authority	Total Enterprise Funds
Cash flows from operating activities:					
Cash received from customers - service	\$ 557,092	248,203	41,058	69,546	915,900
Cash paid to suppliers	(201,704)	(47,052)	(26,017)	(802)	(275,576)
Cash paid to employees	(202,790)	(90,741)	(32,441)	-	(325,972)
Net cash provided (used) in operating activities	<u>152,597</u>	<u>110,410</u>	<u>(17,400)</u>	<u>68,744</u>	<u>314,352</u>
Cash flows from noncapital financing activities:					
Change in customer deposits	(2,850)	-	-	-	(2,850)
Net interfund activity	53,151	-	6,849	500	60,500
Net cash provided (used) in noncapital financing activities	<u>50,301</u>	<u>-</u>	<u>6,849</u>	<u>500</u>	<u>57,650</u>
Cash flows from capital and related financing activities:					
Cash from impact fees	102,157	-	-	-	102,157
Cash payments for capital assets	(21,304)	(18,285)	(33,958)	-	(73,547)
Cash payments for long-term debt	(127,000)	(6,800)	-	(32,000)	(165,800)
Cash payments for long-term debt interest	(25,160)	-	-	(25,650)	(50,810)
Net cash provided (used) in capital and related financing activities	<u>(71,307)</u>	<u>(25,085)</u>	<u>(33,958)</u>	<u>(57,650)</u>	<u>(188,000)</u>
Cash flows from investing activities:					
Cash received from interest earned	1,459	1,090	-	726	3,274
Net cash provided (used) in investing activities	<u>1,459</u>	<u>1,090</u>	<u>-</u>	<u>726</u>	<u>3,274</u>
Net increase (decrease) in cash	133,049	86,415	(44,508)	12,320	187,276
Cash balance, beginning	646,434	1,014,050	44,508	376,666	2,081,658
Cash balance, ending	<u>\$ 779,484</u>	<u>1,100,465</u>	<u>-</u>	<u>388,985</u>	<u>2,268,934</u>
Cash reported on the balance sheet:					
Cash and cash equivalents	\$ 561,773	1,009,725	-	288,028	1,859,526
Non-current restricted cash	217,711	90,741	-	100,957	409,408
Total cash and cash equivalents	<u>\$ 779,484</u>	<u>1,100,465</u>	<u>-</u>	<u>388,985</u>	<u>2,268,934</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, 2014

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

	Water Fund	Sewer Fund	Nonmajor Irrigation Fund	Building Authority	Total Enterprise Funds
Net operating income (expense)	\$ 55,336	29,979	(37,627)	30,812	78,501
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:					
Depreciation and amortization	158,502	84,488	14,994	37,932	295,916
Changes in assets and liabilities:					
(Increase) decrease in receivables	(22,506)	(9,357)	(1,027)	-	(32,890)
Increase (decrease) in payables	(38,735)	5,300	6,260	-	(27,175)
Net cash provided (used) in operating activities	<u>\$ 152,597</u>	<u>110,410</u>	<u>(17,400)</u>	<u>68,744</u>	<u>314,352</u>

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 because of the significance of their operational or financial relationship with the Town.

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

The statement of net position reports the financial position of the governmental and business-type activities of the Town and its discretely presented component units at year-end.

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

Fund Financial Statements

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 both restricted, committed, assigned and unassigned resources are available for use, it is the Town's policy to use restricted resources first, then committed, assigned and unassigned resources as they are needed. Restricted assets, non-current reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 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 non-major 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, Deferred Outflows/Inflows of Resources, and Net Position 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 bond on quoted market prices.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position 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 an allowance for uncollectible accounts, which is based on balances that are over 90 days past due.

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 position.

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

1-E-5. Inventories and Prepaid items

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed.

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, 2014

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position 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 significant cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

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	40-50
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 position. Bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

1-E-8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not currently have any deferred outflows of resources.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

1-E-8. *Deferred Outflows/Inflows of Resources (continued)*

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Town has only one type of item that qualifies for reporting in this category, which relates to property taxes. Accordingly, the item is reported in both the governmental funds balance sheet and the statement of net position. The governmental funds report deferred revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period for which they are levied.

1-E-9. *Compensated Absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation and comp time 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. Accumulated holiday and sick leave hours are not paid out upon termination and are not accrued in the financial statements.

1-E-10. *Fund Equity*

Government-wide Financial Statements

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

Net investment in capital assets - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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

Fund Financial Statements

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned. Descriptions of each follow:

Nonspendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

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

Committed fund balance - Amounts that can only be used for specific purposes established by formal action of the Town Council, with is the Town's highest level of decision making authority. Fund balance commitments can only be removed or changed by the same type of action (for example resolution) of the Town Council.

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

Unassigned fund balance - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Proprietary fund equity is classified the same as in the government-wide statements.

1-E-11. Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

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

Utah State law prohibits the 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.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

2-A. Budgetary data (continued)

Once adopted, budget amendments which increase total expenditures must be approved by the Town Council following a public hearing. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

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

	<u>Fair Value</u>
Deposits:	
Cash on hand	\$ 199
Cash in bank	97,813
Investments:	
State Treasurer's Investment Pool	3,492,396
Treasury Obligations	80,355
Total deposits and investments	<u><u>\$ 3,670,764</u></u>

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

Cash and cash equivalents (current)	\$ 3,128,039
Restricted cash and cash equivalents (non-current)	<u>542,725</u>
Total cash and cash equivalents	<u><u>\$ 3,670,764</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, 2014, none of the Town's bank balance of \$214,035 was exposed to custodial risk because it was uninsured and uncollateralized.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

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, 2014 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	\$ 3,492,396	3,492,396	-	-	-
Zions Bank Treasury Obligations	80,355	80,355	-	-	-
Total Fair Value	<u>\$ 3,572,751</u>	<u>3,572,751</u>	-	-	-

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

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.

Concentration of credit risk

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

At June 30, 2014 the Town had the following investments and quality ratings:

	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
State of Utah Public Treasurers'					
Investment Fund	\$ 3,492,396	-	-		- 3,492,396
Total Fair Value	\$ 3,492,396	-	-		- 3,492,396

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:

	Governmental Activities	Business-type Activities	Total
Due from other governments	\$ 564,102	-	564,102
Customers accounts	3,778	178,377	182,156
Total receivables	567,880	178,377	746,258
Allowance for uncollectibles	-	(30,566)	(30,566)
Net receivables	\$ 567,880	147,811	715,692

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 318,300	-	-	318,300
Construction in progress	60,844	(60,844)	-	-
Total capital assets, not being depreciated	379,144	(60,844)	-	318,300
Capital assets, being depreciated:				
Buildings	583,563	-	-	583,563
Improvements other than buildings	768,947	76,177	-	845,124
Office furniture and equipment	22,392	-	-	22,392
Computer equipment	8,000	-	-	8,000
Machinery and equipment	309,623	-	-	309,623
Vehicles	222,904	70,980	-	293,884
Infrastructure	721,905	-	-	721,905
Total capital assets, being depreciated	2,637,335	147,157	-	2,784,492
Less accumulated depreciation for:				
Buildings	208,388	14,589	-	222,977
Improvements other than buildings	212,237	33,065	-	245,302
Office furniture and equipment	11,114	2,108	-	13,223
Computer equipment	1,533	1,600	-	3,133
Machinery and equipment	298,893	1,187	-	300,080
Vehicles	140,883	37,783	-	178,666
Infrastructure	401,350	32,603	-	433,953
Total accumulated depreciation	1,274,398	122,936	-	1,397,333
Total capital assets being depreciated, net	1,362,937	24,222	-	1,387,159
Governmental activities capital assets, net	\$ 1,742,081	(36,622)	-	1,705,459

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

Governmental activities:	
General government	\$ 18,149
Public safety	18,146
Public works	39,947
Parks and recreation	45,844
Community development	849
Total	\$ 122,936

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

3-C. Capital assets (continued)

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

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 291,344	-	-	291,344
Construction in progress	131,222	21,304	-	152,527
Total capital assets, not being depreciated	422,567	21,304	-	443,871
Capital assets, being depreciated:				
Buildings	1,287,256	-	-	1,287,256
Improvements	60,842	-	-	60,842
Water distribution system	6,434,993	-	-	6,434,993
Sewer collection/treatment system	2,361,604	18,285	-	2,379,889
Irrigation system	687,272	33,958	-	721,230
Machinery and equipment	736,681	-	-	736,681
Vehicles	148,290	-	-	148,290
Total capital assets, being depreciated	11,716,939	52,243	-	11,769,181
Less accumulated depreciation for:				
Buildings	195,954	32,181	-	228,135
Improvements	22,535	4,056	-	26,592
Water distribution system	1,184,327	144,809	-	1,329,137
Sewer collection/treatment system	1,431,673	61,078	-	1,492,750
Irrigation	314,377	14,994	-	329,371
Machinery and equipment	259,784	30,590	-	290,374
Vehicles	117,853	8,207	-	126,060
Total accumulated depreciation	3,526,503	295,916	-	3,822,419
Total capital assets being depreciated, net	8,190,436	(243,673)	-	7,946,763
Business-type activities capital assets, net	\$ 8,613,002	(222,368)	-	8,390,634

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

Business-type activities:	
Water	\$ 158,502
Sewer	84,488
Irrigation	14,994
Building Authority	37,932
Total	\$ 295,916

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

3-D. Long-term liabilities

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

	Original Principal	%	6/30/2013	Additions	Reductions	6/30/2014	Due Within One Year
<u>Governmental activities:</u>							
GMC Truck Lease Matures 7/1/2013	\$ 28,946	5.778	\$ 6,112	-	6,112	-	-
2004A Revenue Bonds Matures 3/1/2014	631,000	4.50	43,000	-	43,000	-	-
2012 Ford F-150 Crew Cab (2) Lease Matures 8/15/2016	55,927	2.38	44,209	-	10,665	33,544	10,919
2012 GMC Sierra 2500 Lease Matures 9/19/2016	35,670	1.52	28,319	-	6,920	21,399	7,026
2014 Equipment Lease Matures 7/17/2017	71,690	1.56	-	71,690	14,785	56,905	13,898
Total governmental activity long-term liabilities			<u>\$121,640</u>	<u>71,690</u>	<u>81,482</u>	<u>111,848</u>	<u>31,843</u>

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

	Principal	Interest	Total
2015	\$ 31,842	2,011	33,854
2016	32,426	1,428	33,854
2017	33,021	833	33,854
2018	14,558	227	14,785
Total	<u>\$111,847</u>	<u>4,499</u>	<u>116,347</u>

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

3-D. Long-term liabilities (continued)

	Original Principal	%	6/30/2013	Additions	Reductions	6/30/2014	Due Within One Year
<u>Business-type activities:</u>							
1995A Water Revenue Matures 1/1/2014	\$ 420,000	-	\$ 48,000	-	48,000	-	-
Advance from State of Utah Matures 12/31/2014	34,000	-	13,600	-	6,800	6,800	6,800
2004 Water Revenue Matures 9/1/2022	850,000	1.00	749,000	-	19,000	730,000	20,000
2012 Water Revenue Matures 10/1/2033	100,000	-	100,000	-	-	100,000	5,000
2006 MBA Lease Revenue Matures 4/1/2037	1,200,000	2.50	1,026,000	-	32,000	994,000	32,000
2009 Sales Tax Revenue Matures 5/1/2039	2,000,000	0.01	1,767,000	-	60,000	1,707,000	60,000
Total business-type activity long-term liabilities			<u>\$3,703,600</u>	<u>-</u>	<u>165,800</u>	<u>3,537,800</u>	<u>123,800</u>

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

	Principal	Interest	Total
2015	\$ 123,800	49,220	173,020
2016	167,000	47,620	214,620
2017	182,000	45,505	227,505
2018	186,000	43,225	229,225
2019	192,000	40,890	232,890
2020 - 2024	933,000	166,950	1,099,950
2025 - 2029	586,000	114,885	700,885
2030 - 2034	630,000	68,710	698,710
2035 - 2039	538,000	19,485	557,485
Total	<u>\$3,537,800</u>	<u>596,490</u>	<u>4,134,290</u>

Compensated Absences:

	Balance 6/30/2013	Additions	Reductions	Balance 6/30/2014
Governmental activity	\$ 51,352	27,844	50,482	28,714
Business-type activity	14,273	7,853	11,825	10,301
Total	<u>\$ 65,625</u>	<u>35,697</u>	<u>62,307</u>	<u>39,015</u>

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2014

3-D. Long-term liabilities (continued)

Capital Leases:

The Town has entered into lease agreements as lessee for financing equipment. 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:

2009 GMC Sierra	\$ 29,296
2012 Ford F-150 (2)	55,927
2013 GMC Sierra 2500	35,670
2013 GMC Sierra 2500 HD	35,845
2014 Chevy Tahoe	35,135
Accumulated depreciation	<u>(76,655)</u>
Total	<u><u>\$ 115,218</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

Year ending June 30:	
2015	\$ 33,854
2016	33,854
2017	<u>33,854</u>
2018	14,785
Total remaining minimum lease payments	116,347
Less: amount representing interest	<u>4,500</u>
Present value of minimum lease payments	<u><u>\$ 111,847</u></u>

3-E. Interfund receivables, payables and transfers

At year-end, the water fund was due \$6,849 from the irrigation fund.

Interfund transfers for the fiscal year ended June 30, 2014 are as follows:

	Transfer To:			
	General Fund	Water Fund	Building Authority	Total
<u>Transfers From:</u>				
General fund	\$ -	60,000	10,000	70,000
Building Authority	9,500	-	-	9,500
Total	<u><u>\$ 9,500</u></u>	<u><u>60,000</u></u>	<u><u>10,000</u></u>	<u><u>79,500</u></u>

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, 2014

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 a 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 17.29% of employees' annual covered salary. In the Public Safety Noncontributory Retirement System the Town is required to contribute 32.14% of their 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, 2014, 2013, and 2012 were: to the Noncontributory System, \$92,948, \$81,807, and \$69,162, respectively; and to the Public Safety Noncontributory Retirement System, \$31,230, \$27,929 and \$23,544, 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, 2014, 2013 and 2012 were \$13,046, \$12,429 and \$11,813, respectively.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 Position.

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 unearned 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 unearned 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, 2014 there is a balance of \$83,222 in unearned 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 December 31, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Town of Springdale
Notes to Required Supplementary Information
June 30, 2014

Budgetary Comparison Schedules

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

Budgeting and Budgetary Control

The budget for the General Fund is legally required and is prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the 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 unassigned fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

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

Town of Springdale
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 (Unaudited)**

For the Year Ended June 30, 2014

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,501,589	1,804,511	1,867,411	62,900
Licenses and permits	31,450	47,541	52,369	4,828
Intergovernmental revenues	26,000	22,991	26,515	3,524
Charges for services	70,500	95,891	96,040	149
Fines and forfeitures	15,000	25,921	27,405	1,484
Interest	10,100	12,246	13,329	1,083
Miscellaneous revenue	64,950	76,772	77,026	254
Total revenues	<u>1,719,589</u>	<u>2,085,873</u>	<u>2,160,095</u>	<u>74,222</u>
Expenditures				
General government	408,111	366,350	363,821	2,529
Public safety	601,060	643,720	618,954	24,766
Public works	209,557	156,142	145,668	10,474
Culture and recreation	465,996	384,381	367,592	16,789
Community development	198,682	179,676	157,370	22,306
Debt Service	44,935	44,935	85,969	(41,034)
Total expenditures	<u>1,928,341</u>	<u>1,775,204</u>	<u>1,739,374</u>	<u>35,830</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(208,752)	310,669	420,722	110,053
Other Financing Sources and (Uses)				
Capital leases	60,949	70,985	71,690	705
Transfers in	-	9,500	9,500	-
Transfers out	(70,000)	(70,000)	(70,000)	-
Total Other Financing Sources and (Uses)	<u>(9,051)</u>	<u>10,485</u>	<u>11,190</u>	<u>705</u>
Net Change in Fund Balances	(217,803)	321,154	431,912	110,758
Fund Balances - beginning of year	1,263,066	1,263,066	1,263,066	-
Fund Balances - end of year	<u>\$ 1,045,263</u>	<u>1,584,220</u>	<u>1,694,978</u>	<u>110,758</u>



REES CERTIFIED PUBLIC ACCOUNTANT, PC

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and
Member of the Town Council
Springdale Town, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springdale Town, Utah, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Springdale Town's basic financial statements and have issued our report thereon dated December 31, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Springdale Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of Findings and Recommendations.

14-01. Interfund Services Provided

Springdale Town's Response to Findings

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

Purpose of this Report

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

Rees Certified Public Accountant, PC

Rees Certified Public Accountant, PC
Cedar City, Utah
December 31, 2014



REES CERTIFIED PUBLIC ACCOUNTANT, PC

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

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

Report on Compliance with General State Compliance Requirements

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

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

- Budgetary Compliance
- Fund Balance
- Utah Retirements Systems
- Transfers from Utility Enterprise Funds
- Government Records Access Management Act (GRAMA)
- Conflicts of Interest
- Nepotism

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

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on General State Compliance Requirements and Each Major State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of Findings and Recommendations as items 2014-01.

Springdale Town's response to the noncompliance findings identified in our audit is described in the accompanying schedule of Findings and Recommendations. Springdale Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Springdale Town is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Springdale Town's internal control over compliance with the compliance requirements that could have a direct and material effect on Springdale Town or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Springdale Town internal control over compliance.

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

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

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

Rees Certified Public Accountant, PC

Rees Certified Public Accountant, PC
Cedar City, Utah
December 31, 2014



REES CERTIFIED PUBLIC ACCOUNTANT, PC

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

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. During our audit of the Town of Springdale for the fiscal year ended June 30, 2014, we noted a few areas that should be addressed for the Town to be in compliance with laws and regulations. These areas, if improved, would strengthen the Town’s accounting system and control over its assets. These items are discussed below for your consideration.

Internal Control over Financial Reporting:

Material Weaknesses:

None Noted

Significant Deficiencies:

None Noted

Compliance and Other Matters:

Compliance Findings:

14-01 Interfund Services Provided

Finding

GASB Codification 1800.102 indicates that departments of the Town should pay for utility services at the same rate charged to other customers. The Town did not charge its various departments for use of utility services.

Recommendation

We recommend that the Town identify the various departments that are using services provided by a utility fund but are not being charged for those services. The Town should then track the amount of services the departments are consuming and bill accordingly. The rate at which the departments are charged should match current rates charged to residential consumers.

Response

The Town will identify all departments that are not currently being charged for interfund services being provided. The Town will then ensure that each department pays the going rate for the services being provided by the utility funds. While it is the long-term goal of the Town to install meters at all locations, not all departments are currently being metered. Therefore, until the Town reaches its goal, a study will be done to reasonably estimate the water usage and bill accordingly.

Other Matter:

None noted

This letter is intended solely for the use of the Mayor, Town Council and members of management and is not intended to be used and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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

Sincerely,

Rees Certified Public Accountant, PC

Rees Certified Public Accountant, PC
December 31, 2014