

Town of Springdale
Washington County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

Town of Springdale
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June 30, 2013

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Independent Auditor's Report

The Honorable Mayor and
Town Council
Town of Springdale, 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 the Town of Springdale, Utah (the Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town'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 of 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 the Town of Springdale, Utah, as of June 30, 2013, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, in fiscal year 2013, the Town adopted new accounting guidance, GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



HintonBurdick, PLLC

St. George, Utah

May 8, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Town of Springdale
Management's Discussion and Analysis
June 30, 2013

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, 2013.

FINANCIAL HIGHLIGHTS

- *Total net position for the Town as a whole increased by \$1,015,044.
- *Total unrestricted net position for the Town as a whole increased by \$482,541.
- *Total net position for governmental activities increased by \$372,418.
- *Total net position for business-type activities increased by \$642,625.

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, 2013

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, 2013

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	\$ 1,546,001	1,139,587	2,196,580	2,042,962	3,742,581	3,182,548
Net capital assets	1,742,081	1,723,975	8,613,002	8,174,477	10,355,083	9,898,452
Total assets	<u>3,288,082</u>	<u>2,863,562</u>	<u>10,809,582</u>	<u>10,217,438</u>	<u>14,097,664</u>	<u>13,081,000</u>
Long-term liabilities	121,640	136,690	3,703,600	3,783,480	3,825,240	3,920,170
Other liabilities	100,682	88,120	161,495	132,096	262,177	220,216
Deferred inflow of resources	54,589	-	-	-	54,589	-
Total liabilities and deferred inflow	<u>276,912</u>	<u>224,810</u>	<u>3,865,095</u>	<u>3,915,576</u>	<u>4,142,006</u>	<u>4,140,386</u>
Net position:						
Net investment in capital assets	1,620,441	1,587,285	4,909,402	4,390,997	6,529,843	5,978,282
Restricted	96,893	111,952	422,500	426,500	519,394	538,452
Unrestricted	1,293,836	939,515	1,612,585	1,484,365	2,906,421	2,423,881
Total net position	<u>\$ 3,011,170</u>	<u>2,638,752</u>	<u>6,944,488</u>	<u>6,301,862</u>	<u>9,955,658</u>	<u>8,940,614</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 \$9,955,658, an increase of \$1,015,044 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 \$2,906,421, which represents an increase of \$482,541 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, 2013

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	\$ 215,013	190,374	869,383	885,938	1,084,396	1,076,312
Operating grants	29,182	26,390	-	-	29,182	26,390
Capital grants and contributions	45,622	73,000	579,626	154,429	625,247	227,429
General revenues:						
Property taxes	66,326	64,383	-	-	66,326	64,383
Sales tax	347,660	307,934	-	-	347,660	307,934
Other taxes	1,241,056	1,106,865	-	-	1,241,056	1,106,865
Other revenues	82,100	85,552	3,851	4,098	85,951	89,649
Total revenues	<u>2,026,959</u>	<u>1,854,497</u>	<u>1,452,860</u>	<u>1,044,465</u>	<u>3,479,819</u>	<u>2,898,962</u>
Expenses:						
General government	384,892	403,899	-	-	384,892	403,899
Public safety	525,929	478,503	-	-	525,929	478,503
Public works	162,951	154,936	-	-	162,951	154,936
Parks and recreation	366,924	346,063	-	-	366,924	346,063
Community development	145,974	148,133	-	-	145,974	148,133
Interest expense	4,471	9,521	51,913	47,154	56,384	9,521
Water	-	-	522,043	476,177	522,043	476,177
Sewer	-	-	209,935	221,225	209,935	221,225
Irrigation	-	-	50,090	44,606	50,090	44,606
Building Authority	-	-	39,653	42,595	39,653	42,595
Total expenses	<u>1,591,141</u>	<u>1,541,054</u>	<u>873,635</u>	<u>831,757</u>	<u>2,464,776</u>	<u>2,372,811</u>
Excess (deficiency) before transfers	435,818	313,443	579,225	212,708	1,015,044	526,151
Transfers in (out)	(63,400)	(70,000)	63,400	70,000	-	-
Change in net position	<u>372,418</u>	<u>243,443</u>	<u>642,625</u>	<u>282,708</u>	<u>1,015,044</u>	<u>526,151</u>

For the Town as a whole, total revenues increased by \$580,857 compared to the previous year, while total expenses increased by \$91,965. The total net change of \$1,015,044 is, in private sector terms, the net income for the year which is \$488,893 more than the previous year's net change (net loss).

Governmental activities revenues of \$2,026,959 is \$172,462 more than the previous year. Charges for services and tax revenue increased significantly during the year. Governmental activities expenses of \$1,591,141 is \$50,087 more than the previous year. While general government and community development expenses decreased during the year, all other department expenses increased.

Business-type activities revenue of \$1,452,860 is \$408,395 more than the previous year. This increase is primarily due to increases in grant revenues and capital contributions. Business-type activities expenses of \$873,635 were more than the previous year by \$41,878. While sewer and Building Authority expenses decreased during the year, water and irrigation expenses increased.

Town of Springdale
Management's Discussion and Analysis
June 30, 2013

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 \$1,263,066 reflects an increase of \$266,219 from the previous year. Total revenues, including other financing sources, increased by \$340,594. Tax revenues increased by \$175,860. Intergovernmental revenue increased by \$9,414. Licenses and permits revenue increased by \$16,684. Proceeds from capital leases increased by \$91,597. All other revenues increased by \$47,039.

Total expenditures, exclusive of transfers out, increased by \$214,245. Current expenditure changes by department were as follows: general government decreased by \$9,340, public safety decreased by \$46,305, public works increased by \$17,403, culture and recreation increased by \$2,552 and community development decreased by \$1,796. Debt service expenditures increased by \$47,656. There were transfers out made during the year that amounted to \$147,700.

Restricted fund balance amounts to \$96,893. The unassigned fund balance amounts to \$1,166,173.

Water Fund

Net operating loss for the year was \$8,443. The change in net position (net income) was \$543,225. Net position restricted for bond requirements amounts to \$291,612. Unrestricted net position amounts to \$253,400.

Sewer Fund

Net operating income for the year was \$37,509. The change in net position (net income) was \$102,888. Net position restricted for bond requirements amounts to \$90,285. Unrestricted net position amounts to \$936,508.

Irrigation Fund

Net operating loss for the year was \$11,072, which was the change in net position (net loss). There was no restricted net position, resulting in an unrestricted net position of \$83,028.

Building Authority Fund

Net operating income for the year was \$29,668. The change in net position (net income) was \$7,584. Net position restricted for bond requirements amounts to \$40,603. Unrestricted net position amounts to \$339,650.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, excluding transfers in, were originally budgeted at \$1,604,065. This amount was amended during the year to \$1,910,3453. Actual revenues, excluding transfers, amounted to \$2,126,496.

Expenditures for the current year, excluding transfers out, were originally budgeted in the amount of \$1,579,155. This amount was amended during the year to \$1,678,150. Actual expenditures, excluding transfers, amounted to \$1,712,578.

Town of Springdale
Management's Discussion and Analysis
June 30, 2013

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	768,947	768,947	60,842	60,842	829,789	829,789
Water system	-	-	6,434,993	6,109,398	6,434,993	6,109,398
Sewer system	-	-	2,361,604	2,258,231	2,361,604	2,258,231
Pressurized irrigation system	-	-	687,272	687,272	687,272	687,272
Machinery and equipment	340,015	320,147	736,681	572,470	1,076,696	892,617
Vehicles	222,904	188,207	148,290	148,290	371,195	336,498
Infrastructure	721,905	721,905	-	-	721,905	721,905
Construction in progress	60,844	4,869	131,222	-	192,066	4,869
Total Capital Assets	<u>3,016,479</u>	<u>2,905,939</u>	<u>12,139,505</u>	<u>11,415,103</u>	<u>15,155,984</u>	<u>14,321,042</u>
Less Accumulated Depreciation	<u>(1,274,398)</u>	<u>(1,181,964)</u>	<u>(3,526,503)</u>	<u>(3,240,626)</u>	<u>(4,800,901)</u>	<u>(4,422,591)</u>
Net Capital Assets	<u>\$ 1,742,081</u>	<u>1,723,975</u>	<u>8,613,002</u>	<u>8,174,477</u>	<u>10,355,083</u>	<u>9,898,452</u>

The total amount of capital assets, net of depreciation, of \$10,355,083 has increased by \$456,632 from the previous year.

Governmental activities capital assets, net of depreciation, of \$1,742,081 represents an increase of \$18,106 from the previous year.

Business-type activities capital assets, net of depreciation, of \$8,613,002 increased during the year by \$438,526.

The amount of increases in capital asset balances, net of depreciation, represent the amount that new investments in capital assets exceeded depreciation charged on 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, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Town of Springdale's Outstanding Debt

	<u>Current Year</u>	<u>Previous Year</u>
Governmental activities:		
Police Vehicles Lease	\$ -	40,808
GMC Truck Lease	6,112	11,882
2004A Revenue Bonds	43,000	84,000
2012 Ford F-150 Crew Cab (2) Lease	44,209	-
2013 GMC Sierra 2500 Lease	28,319	-
Total governmental	<u>\$ 121,640</u>	<u>136,690</u>
Business-type activities:		
1987A Water Revenue	\$ -	17,080
1995A Water Revenue	48,000	96,000
Advance from State of Utah	13,600	20,400
2004 Water Revenue	749,000	767,000
2006 MBA Lease Revenue	1,026,000	1,057,000
2009 Sales Tax Revenue	1,767,000	1,826,000
2012 Water Revenue	100,000	-
Total business-type	<u>3,703,600</u>	<u>3,783,480</u>
Total outstanding debt	<u>\$ 3,825,240</u>	<u>3,920,170</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of 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, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 946,329	1,659,158	2,605,487
Receivables, net of allowances	502,778	114,922	617,700
Total current assets	1,449,107	1,774,080	3,223,187
Non-current assets:			
Restricted cash and cash equivalents	96,894	422,500	519,394
Capital assets:			
Not being depreciated	379,144	422,567	801,711
Net of accumulated depreciation	1,362,937	8,190,436	9,553,373
Total non-current assets	1,838,975	9,035,503	10,874,477
Total assets	\$ 3,288,082	10,809,582	14,097,664
LIABILITIES AND DEFERRED INFLOW OF RESOURCES:			
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 71,969	45,497	117,466
Accrued interest payable	-	15,600	15,600
Customer security deposits	-	6,875	6,875
Unearned revenues	-	83,222	83,222
Compensated absences, due within one year	14,357	-	14,357
Capital leases, due within one year	23,698	-	23,698
Notes payable, due within one year	-	6,800	6,800
Revenue bonds, due within one year	43,000	159,000	202,000
Total current liabilities	153,023	316,994	470,017
Non-current liabilities:			
Compensated absences, due after one year	14,357	10,301	24,657
Capital leases, due after one year	54,943	-	54,943
Notes payable, due after one year	-	6,800	6,800
Revenue bonds, due after one year	-	3,531,000	3,531,000
Total non-current liabilities	69,299	3,548,101	3,617,400
Total liabilities	222,323	3,865,095	4,087,417
Deferred inflow of resources	54,589	-	54,589
Total liabilities and deferred inflow of resources	276,912	3,865,095	4,142,006
NET POSITION:			
Net investment in capital assets	1,620,441	4,909,402	6,529,843
Restricted:			
Bond requirements	-	422,500	422,500
Class "C" roads	54,942	-	54,942
Public safety	26,991	-	26,991
Other	14,960	-	14,960
Unrestricted	1,293,836	1,612,585	2,906,421
Total net position	3,011,170	6,944,488	9,955,658
Total liabilities, deferred inflow of resources, and net position	\$ 3,288,082	10,809,582	14,097,664

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, 2013

	<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	\$ 385,405	114,815	309	6,622	(263,659)
Public safety	525,929	98,523	11,066	-	(416,340)
Public works	162,951	-	17,807	-	(145,144)
Culture and recreation	366,924	1,675	-	39,000	(326,249)
Community development	145,974	-	-	-	(145,974)
Interest on long-term debt	4,471	-	-	-	(4,471)
Total governmental activities	<u>1,591,653</u>	<u>215,013</u>	<u>29,182</u>	<u>45,622</u>	<u>(1,301,836)</u>
Business-type activities:					
Water	547,725	513,599	-	515,659	481,534
Sewer	209,935	247,444	-	63,967	101,476
Irrigation	50,090	39,019	-	-	(11,072)
Building authority	65,884	69,321	-	-	3,437
Total business-type activities	<u>873,635</u>	<u>869,383</u>	<u>-</u>	<u>579,626</u>	<u>575,375</u>
Total primary government	<u>\$ 2,465,288</u>	<u>1,084,396</u>	<u>29,182</u>	<u>625,247</u>	<u>(726,462)</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, 2013

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET ASSETS:			
Net (expense) revenue (from previous page)	<u>\$ (1,301,836)</u>	<u>575,375</u>	<u>(726,462)</u>
General revenues:			
Property taxes	66,326	-	66,326
Sales tax	347,660	-	347,660
Other taxes	1,241,056	-	1,241,056
Unrestricted investment earnings	13,994	3,851	17,845
Miscellaneous	68,619	-	68,619
Total general revenues	<u>1,737,654</u>	<u>3,851</u>	<u>1,741,505</u>
Transfers in (out)	(63,400)	63,400	-
Total general revenues and transfers	<u>1,674,254</u>	<u>67,251</u>	<u>1,741,505</u>
Change in net position	372,418	642,625	1,015,044
Net position - beginning	2,641,399	6,364,247	9,005,646
Restatement of net position for GASB 65	(2,647)	(62,385)	(65,032)
Net position - ending	<u><u>\$ 3,011,170</u></u>	<u><u>6,944,488</u></u>	<u><u>9,955,658</u></u>

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

Town of Springdale
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Nonmajor Parks Capital Projects	Nonmajor Streets Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 743,393	193,239	9,698	946,329
Accounts receivable	2,273	-	-	2,273
Due from other governments	500,505	-	-	500,505
Restricted cash and cash equivalents	96,894	-	-	96,894
TOTAL ASSETS	<u>\$ 1,343,064</u>	<u>193,239</u>	<u>9,698</u>	<u>1,546,001</u>
 LIABILITIES AND DEFERRED INFLOW OF RESOURCES				
Liabilities:				
Accounts payable	\$ 10,728	46,559	-	57,287
Accrued liabilities	14,682	-	-	14,682
Total liabilities	<u>25,409</u>	<u>46,559</u>	<u>-</u>	<u>71,969</u>
Deferred inflow of resources	54,589	-	-	54,589
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	<u>79,998</u>	<u>46,559</u>	<u>-</u>	<u>126,558</u>
 FUND BALANCES:				
Restricted for:				
Class C Roads	54,942	-	-	54,942
Public safety	26,991	-	-	26,991
Other	14,960	-	-	14,960
Assigned for:				
Capital projects	-	146,679	9,698	156,377
Unassigned	1,166,173	-	-	1,166,173
TOTAL FUND BALANCES	<u>1,263,066</u>	<u>146,679</u>	<u>9,698</u>	<u>1,419,443</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	<u>\$ 1,343,064</u>	<u>193,239</u>	<u>9,698</u>	<u>1,546,001</u>

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

Town of Springdale
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2013

	General Fund	Nonmajor Parks Capital Projects	Nonmajor Parks Capital Projects	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 66,326	-	-	66,326
Sales	347,660	-	-	347,660
Other taxes	1,241,056	-	-	1,241,056
Licenses and permits	74,601	-	-	74,601
Intergovernmental revenues	35,804	-	-	35,804
Charges for services	120,062	-	-	120,062
Fines and forfeitures	20,350	-	-	20,350
Impact fees	-	39,000	-	39,000
Interest	13,994	-	-	13,994
Miscellaneous revenue	108,447	980	-	109,427
Total revenues	<u>2,028,299</u>	<u>39,980</u>	<u>-</u>	<u>2,068,279</u>
EXPENDITURES:				
General government	396,782	-	-	396,782
Public safety	571,673	-	-	571,673
Public works	129,728	-	-	129,728
Culture and recreation	358,153	11,300	-	369,453
Community development	145,125	-	-	145,125
Capital outlay	-	55,975	-	55,975
Debt service:				
Principal	106,647	-	-	106,647
Interest	4,471	-	-	4,471
Total expenditures	<u>1,712,578</u>	<u>67,275</u>	<u>-</u>	<u>1,779,852</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>315,722</u>	<u>(27,295)</u>	<u>-</u>	<u>288,427</u>
Other Financing Sources and (Uses):				
Capital leases	91,597	-	-	91,597
Transfer in	6,600	77,700	-	84,300
Transfers out	(147,700)	-	-	(147,700)
Total other financing sources and (uses)	<u>(49,503)</u>	<u>77,700</u>	<u>-</u>	<u>28,197</u>
Net Change in Fund Balances	<u>266,219</u>	<u>50,405</u>	<u>-</u>	<u>316,624</u>
Fund balances - beginning of year	996,848	96,274	9,698	1,102,819
Fund balances - end of year	<u>\$ 1,263,066</u>	<u>146,679</u>	<u>9,698</u>	<u>1,419,443</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, 2013

Total Fund Balances for Governmental Funds	<u>\$ 1,419,443</u>
Total net position reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Capital assets, at cost	3,016,479
Less accumulated depreciation	<u>(1,274,398)</u>
Net capital assets	<u>1,742,081</u>
Long-term debt, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.	
Long-term debt outstanding	<u>(121,640)</u>
Compensated absences	<u>(28,713)</u>
Total Net Position of Governmental Activities	<u><u>\$ 3,011,170</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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 316,624

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

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.

Capital outlays	167,440
Depreciation expense	<u>(108,013)</u>
Net	<u><u>59,426</u></u>

Retirement of fixed assets reduces the total fixed assets in the statement of net position, however, no expenditure or revenue is recognized in the fund statement.

Book cost of retired assets (41,320)

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.

Long-term debt issued (91,597)

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.

Long-term debt principal repayments 106,647

Some revenues and expenses reported in the statement of activities do not add to or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Change in compensated absences 22,639

Change in Net Position of Governmental Activities \$ 372,418

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

Town of Springdale
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2013

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 354,822	923,765	44,508	336,063	1,659,158
Accounts receivable, net of allowances	48,672	16,465	39,785	10,000	114,922
Total current assets	<u>403,494</u>	<u>940,230</u>	<u>84,293</u>	<u>346,063</u>	<u>1,774,080</u>
Non-current assets:					
Restricted cash and cash equivalents	291,612	90,285	-	40,603	422,500
Capital assets:					
Not being depreciated	231,222	132,444	58,900	-	422,567
Net of accumulated depreciation	5,479,388	1,205,586	372,895	1,132,567	8,190,436
Total non-current assets	<u>6,002,223</u>	<u>1,428,316</u>	<u>431,795</u>	<u>1,173,170</u>	<u>9,035,503</u>
Total assets	<u>\$ 6,405,716</u>	<u>2,368,546</u>	<u>516,088</u>	<u>1,519,232</u>	<u>10,809,582</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 44,807	43	647	-	45,497
Accrued interest payable	9,187	-	-	6,413	15,600
Customer deposits	6,875	-	-	-	6,875
Unearned revenue	83,222	-	-	-	83,222
Notes payable, current portion	-	6,800	-	-	6,800
Revenue bonds, current portion	127,000	-	-	32,000	159,000
Total current liabilities	<u>271,091</u>	<u>6,843</u>	<u>647</u>	<u>38,413</u>	<u>316,994</u>
Non-current liabilities:					
Compensated absences	6,003	3,680	618	-	10,301
Notes payable, long-term portion	-	6,800	-	-	6,800
Revenue bonds, long-term portion	2,537,000	-	-	994,000	3,531,000
Total non-current liabilities	<u>2,543,003</u>	<u>10,480</u>	<u>618</u>	<u>994,000</u>	<u>3,548,101</u>
Total liabilities	<u>2,814,094</u>	<u>17,323</u>	<u>1,265</u>	<u>1,032,413</u>	<u>3,865,095</u>
NET POSITION:					
Net investment in capital assets	3,046,610	1,324,431	431,795	106,567	4,909,402
Restricted for bond requirements	291,612	90,285	-	40,603	422,500
Unrestricted	253,400	936,508	83,028	339,650	1,612,585
Total net position	<u>3,591,622</u>	<u>2,351,223</u>	<u>514,823</u>	<u>486,820</u>	<u>6,944,488</u>
Total liabilities and net position	<u>\$ 6,405,716</u>	<u>2,368,546</u>	<u>516,088</u>	<u>1,519,232</u>	<u>10,809,582</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, 2013

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
Operating income:					
Charges for sales and service	\$ 477,513	235,879	38,979	-	752,371
Other operating income	36,087	11,565	40	69,321	117,013
Total operating revenue	<u>513,599</u>	<u>247,444</u>	<u>39,019</u>	<u>69,321</u>	<u>869,383</u>
Operating expenses:					
Personnel services	206,521	78,435	16,663	-	301,619
Utilities	35,586	5,156	13,253	-	53,995
Repair & maintenance	56,073	8,364	5,533	-	69,970
Other supplies & expenses	61,850	29,082	1,440	-	92,372
Insurance expense	10,453	6,290	-	1,146	17,889
Depreciation expense	151,560	82,608	13,201	38,507	285,876
Total operating expense	<u>522,043</u>	<u>209,935</u>	<u>50,090</u>	<u>39,653</u>	<u>821,722</u>
Net operating income (loss)	<u>(8,443)</u>	<u>37,509</u>	<u>(11,072)</u>	<u>29,668</u>	<u>47,662</u>
Non-operating income (expense):					
Impact fees	95,616	-	-	-	95,616
Grants	100,093	63,967	-	-	164,060
Interest income	1,692	1,412	-	747	3,851
Interest on long-term debt	(25,682)	-	-	(26,231)	(51,913)
Total non-operating income (expense)	<u>171,719</u>	<u>65,379</u>	<u>-</u>	<u>(25,484)</u>	<u>211,614</u>
Income (loss) before capital contributions and transfers	163,275	102,888	(11,072)	4,184	259,275
Capital contributions	319,950	-	-	-	319,950
Transfers in (out)	60,000	-	-	3,400	63,400
Change in net position	543,225	102,888	(11,072)	7,584	642,625
Net position, beginning	3,078,030	2,248,336	525,894	511,988	6,364,247
Restatement of net position for GASB 65	(29,633)	-	-	(32,752)	(62,385)
Net position, ending	<u>\$ 3,591,622</u>	<u>2,351,223</u>	<u>514,823</u>	<u>486,820</u>	<u>6,944,488</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, 2013

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
Cash flows from operating activities:					
Cash received from customers - service	\$ 541,413	254,895	15,658	89,321	901,287
Cash paid to suppliers	(122,726)	(58,158)	(19,579)	(1,146)	(201,608)
Cash paid to employees	(209,250)	(79,913)	(16,428)	-	(305,592)
Net cash provided (used) in operating activities	<u>209,437</u>	<u>116,824</u>	<u>(20,349)</u>	<u>88,175</u>	<u>394,087</u>
Cash flows from noncapital financing activities:					
Change in customer deposits	1,195	-	-	-	1,195
Net interfund activity	(19,894)	-	-	3,400	(16,494)
Net cash provided (used) in noncapital financing activities	<u>(18,699)</u>	<u>-</u>	<u>-</u>	<u>3,400</u>	<u>(15,299)</u>
Cash flows from capital and related financing activities:					
Cash from impact fees	95,616	-	-	-	95,616
Cash from grants	100,093	63,967	-	-	164,060
Cash from long-term debt	100,000	-	-	-	100,000
Cash payments for capital assets	(237,037)	(167,415)	-	-	(404,452)
Cash payments for long-term debt	(142,080)	(6,800)	-	(31,000)	(179,880)
Cash payments for long-term debt interest	(25,930)	-	-	(26,425)	(52,355)
Net cash provided (used) in capital and related financing activities	<u>(109,337)</u>	<u>(110,249)</u>	<u>-</u>	<u>(57,425)</u>	<u>(277,011)</u>
Cash flows from investing activities:					
Cash received from interest earned	1,692	1,412	-	747	3,851
Net cash provided (used) in investing activities	<u>1,692</u>	<u>1,412</u>	<u>-</u>	<u>747</u>	<u>3,851</u>
Net increase (decrease) in cash	83,093	7,987	(20,349)	34,897	105,628
Cash balance, beginning	563,341	1,006,063	64,858	341,768	1,976,030
Cash balance, ending	<u>\$ 646,434</u>	<u>1,014,050</u>	<u>44,508</u>	<u>376,666</u>	<u>2,081,658</u>
Cash reported on the balance sheet:					
Cash and cash equivalents	\$ 354,822	923,765	44,508	336,063	1,659,158
Non-current restricted cash	291,612	90,285	-	40,603	422,500
Total cash and cash equivalents	<u>\$ 646,434</u>	<u>1,014,050</u>	<u>44,508</u>	<u>376,666</u>	<u>2,081,658</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, 2013

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

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
Net operating income (expense)	\$ (8,443)	37,509	(11,072)	29,668	47,662
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:					
Depreciation and amortization	151,560	82,608	13,201	38,507	285,876
Changes in assets and liabilities:					
(Increase) decrease in receivables	27,814	7,451	(23,361)	20,000	31,904
Increase (decrease) in payables	41,236	(9,265)	647	-	32,618
Increase (decrease) in compensated absences	(2,729)	(1,479)	235	-	(3,973)
Net cash provided (used) in operating activities	<u>\$ 209,437</u>	<u>116,824</u>	<u>(20,349)</u>	<u>88,175</u>	<u>394,087</u>
<u>Non-Cash Transactions:</u>					
Developer contributions	\$ 319,950	-	-	-	319,950

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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, 2013

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.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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, 2013

**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

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

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

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

**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, 2013

**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. *Net position flow assumption*

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied in most cases; however, in certain instances the Town may choose to use unrestricted net position before certain restrictions are completely depleted.

1-E-11. *Fund balance flow assumptions*

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to reports as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. In certain instances the Town may choose to use unrestricted fund balance before certain restrictions are completely depleted.

1-E-12. *Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

1-E-12. Fund balance policies (continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the Town's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Town Manager is authorized to assign amounts to specific purposes in accordance with the Town's budget policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

1-E-13. Estimates

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

1-E-14. Restatement of net position

The beginning net positions in the Statement of Activities and the Statement of Revenues, Expenses, and Changes in Net Position-Proprietary Funds have been restated to reflect the implementation of GASB Statements No. 63 and No. 65 which reclassify bond issuance costs as current period outflows of resources. The adjustment reduces the beginning net position of the governmental funds by \$2,647, the water fund by \$29,633 and the Building Authority fund by \$32,752.

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, 2013

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, 2013 consist of the following:

	<u>Fair Value</u>
Deposits:	
Cash on hand	\$ 199
Cash in bank	166,078
Investments:	
State Treasurer's Investment Pool	2,799,533
Treasury Obligations	<u>159,071</u>
Total deposits and investments	<u><u>\$ 3,124,881</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)	\$ 2,605,487
Restricted cash and cash equivalents (non-current)	<u>519,394</u>
Total cash and cash equivalents	<u><u>\$ 3,124,881</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, 2013, 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, 2013

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, 2013 the Town had the following investment and maturities:

	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah Public Treasurers' Investment Fund	\$ 2,799,533	2,799,533	-	-	-
Zions Bank Treasury Obligations	159,071	159,071	-	-	-
Total Fair Value	<u>\$ 2,958,604</u>	<u>2,958,604</u>	-	-	-

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

3-A. Deposits and investments (continued)

Interest Rate Risk

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

Credit Risk

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

At June 30, 2013 the Town had the following investments and quality ratings:

	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
State of Utah Public Treasurers'					
Investment Fund	\$ 2,799,533	-	-	-	- 2,799,533
Total Fair Value	\$ 2,799,533	-	-	-	- 2,799,533

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	\$ 500,505	-	500,505
Customers accounts	2,273	202,281	204,554
Total receivables	502,778	202,281	705,059
Allowance for uncollectibles	-	(87,359)	(87,359)
Net receivables	\$ 502,778	114,922	617,700

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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	4,869	55,975	-	60,844
Total capital assets, not being depreciated	323,169	55,975	-	379,144
Capital assets, being depreciated:				
Buildings	583,563	-	-	583,563
Improvements other than buildings	768,947	-	-	768,947
Office furniture and equipment	22,392	-	-	22,392
Computer equipment	-	8,000	-	8,000
Machinery and equipment	297,755	11,868	-	309,623
Vehicles	188,207	91,597	56,900	222,904
Infrastructure	721,905	-	-	721,905
Total capital assets, being depreciated	2,582,770	111,465	56,900	2,637,335
Less accumulated depreciation for:				
Buildings	193,798	14,589	-	208,388
Improvements other than buildings	178,368	33,869	-	212,237
Office furniture and equipment	9,006	2,108	-	11,114
Computer equipment	-	1,533	-	1,533
Machinery and equipment	297,689	1,204	-	298,893
Vehicles	134,503	21,960	15,580	140,883
Infrastructure	368,600	32,750	-	401,350
Total accumulated depreciation	1,181,964	108,013	15,580	1,274,398
Total capital assets being depreciated, net	1,400,806	3,452	41,320	1,362,937
Governmental activities capital assets, net	\$ 1,723,975	59,426	41,320	1,742,081

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

Governmental activities:	
General government	\$ 18,749
Public safety	10,183
Public works	33,223
Parks and recreation	45,009
Community development	849
Total	\$ 108,013

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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	-	131,222
Total capital assets, not being depreciated	291,344	131,222	-	422,567
Capital assets, being depreciated:				
Buildings	1,287,256	-	-	1,287,256
Improvements	60,842	-	-	60,842
Water distribution system	6,109,398	325,595	-	6,434,993
Sewer collection/treatment system	2,258,231	103,374	-	2,361,604
Irrigation system	687,272	-	-	687,272
Machinery and equipment	572,470	164,211	-	736,681
Vehicles	148,290	-	-	148,290
Total capital assets, being depreciated	11,123,759	593,180	-	11,716,939
Less accumulated depreciation for:				
Buildings	163,772	32,181	-	195,954
Improvements	18,479	4,056	-	22,535
Water distribution system	1,045,751	138,576	-	1,184,327
Sewer collection/treatment system	1,372,349	59,324	-	1,431,673
Irrigation	301,176	13,201	-	314,377
Machinery and equipment	229,453	30,330	-	259,784
Vehicles	109,646	8,207	-	117,853
Total accumulated depreciation	3,240,626	285,876	-	3,526,503
Total capital assets being depreciated, net	7,883,132	307,303	-	8,190,436
Business-type activities capital assets, net	\$ 8,174,477	438,526	-	8,613,002

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

Business-type activities:	
Water	\$ 151,560
Sewer	82,608
Irrigation	13,201
Building Authority	38,507
Total	\$ 285,876

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

3-D. Long-term liabilities

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

	Original Principal	%	6/30/2012	Additions	Reductions	6/30/2013	Due Within One Year
<u>Governmental activities:</u>							
Police Vehicles Lease Matures 7/1/2012	\$ 56,900	3.34	\$ 40,808	-	40,808	-	-
GMC Truck Lease Matures 7/1/2013	28,946	5.778	11,882	-	5,770	6,112	6,112
2004A Revenue Bonds Matures 3/1/2014	631,000	4.50	84,000	-	41,000	43,000	43,000
2012 Ford F-150 Crew Cab (2) Lease Matures 8/15/2016	55,927	2.38	-	55,927	11,718	44,209	10,665
2013 GMC Sierra 2500 Lease Matures 9/19/2016	35,670	1.52	-	35,670	7,351	28,319	6,920
Total governmental activity long-term liabilities			<u>\$136,690</u>	<u>91,597</u>	<u>106,647</u>	<u>121,640</u>	<u>66,697</u>

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

	Principal	Interest	Total
2014	\$ 66,698	3,780	70,478
2015	17,945	1,124	19,069
2016	18,312	757	19,069
2017	18,686	382	19,069
Total	<u>\$121,640</u>	<u>6,043</u>	<u>127,683</u>

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

3-D. Long-term liabilities (continued)

	Original Principal	%	6/30/2012	Additions	Reductions	6/30/2013	Due Within One Year
<u>Business-type activities:</u>							
1987A Water Revenue Matures 1/1/2013	\$ 324,520	-	\$ 17,080	-	17,080	-	-
1995A Water Revenue Matures 1/1/2014	420,000	-	96,000	-	48,000	48,000	48,000
Advance from State of Utah Matures 12/31/2014	34,000	-	20,400	-	6,800	13,600	6,800
2004 Water Revenue Matures 9/1/2022	850,000	1.00	767,000	-	18,000	749,000	19,000
2012 Water Revenue Matures 10/1/2033	100,000	-	-	100,000	-	100,000	-
2006 MBA Lease Revenue Matures 4/1/2037	1,200,000	2.50	1,057,000	-	31,000	1,026,000	32,000
2009 Sales Tax Revenue Matures 5/1/2039	2,000,000	1.00	1,826,000	-	59,000	1,767,000	60,000
Total business-type activity long-term liabilities			<u>\$3,783,480</u>	<u>100,000</u>	<u>179,880</u>	<u>3,703,600</u>	<u>165,800</u>

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

	Principal	Interest	Total
2014	\$ 165,800	50,810	216,610
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 - 2023	1,013,000	179,680	1,192,680
2024 - 2028	577,000	123,630	700,630
2029 - 2033	621,000	78,285	699,285
2034 - 2038	591,000	28,555	619,555
2039 - 2039	77,000	770	77,770
Total	<u>\$3,703,600</u>	<u>647,300</u>	<u>4,350,900</u>

Compensated Absences:

	Balance 6/30/2012	Additions	Reductions	Balance 6/30/2013
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, 2013

3-D. Long-term liabilities (continued)

Capital Leases:

The Town has entered into lease agreements as lessee for financing four trucks. 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
Accumulated depreciation	<u>(38,872)</u>
Total	<u><u>\$ 82,021</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Year ending June 30:	
2014	\$ 25,543
2015	19,069
2016	19,069
2017	<u>19,069</u>
Total remaining minimum lease payments	82,750
Less: amount representing interest	<u>4,110</u>
Present value of minimum lease payments	<u><u>\$ 78,640</u></u>

3-E. Interfund receivables, payables and transfers

Interfund transfers for the fiscal year ended June 30, 2013 are as follows:

<u>Transfers From:</u>	<u>Transfer To:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Parks Capital Projects</u>	<u>Water Fund</u>	<u>Building Authority</u>	
General fund	\$ -	77,700	60,000	10,000	147,700
Building Authority	<u>6,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,600</u>
Total	<u><u>\$ 6,600</u></u>	<u><u>77,700</u></u>	<u><u>60,000</u></u>	<u><u>10,000</u></u>	<u><u>154,300</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, 2013

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 16.04% of employees' annual covered salary. In the Public Safety Noncontributory Retirement System the Town is required to contribute 30.45% 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, 2013, 2012, and 2011 were: to the Noncontributory System, \$81,807, \$69,162, and \$68,526, respectively; and to the Public Safety Noncontributory Retirement System, \$27,929, \$23,544 and \$22,094, 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, 2013, 2012 and 2011 were \$12,429, \$11,813 and \$12,326, respectively.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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, 2013 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 May 8, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Town of Springdale
Notes to Required Supplementary Information
June 30, 2013

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 unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2013, spending within the public works department exceeded budget appropriations by \$993.

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

For the Year Ended June 30, 2013

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,324,079	1,523,137	1,655,042	131,905
Licenses and permits	29,950	71,525	74,601	3,076
Intergovernmental revenues	26,000	29,066	35,804	6,738
Charges for services	70,500	113,492	120,062	6,570
Fines and forfeitures	40,000	15,461	20,350	4,889
Interest	8,100	13,124	13,994	870
Miscellaneous revenue	66,500	61,393	108,447	47,054
Total revenues	1,565,129	1,827,198	2,028,299	201,101
Expenditures				
General government	361,583	405,961	396,782	9,179
Public safety	505,660	573,627	571,673	1,954
Public works	120,863	128,735	129,728	(993)
Culture and recreation	383,149	374,579	358,153	16,426
Community development	163,120	150,468	145,125	5,343
Debt Service	44,780	44,780	111,117	(66,337)
Total expenditures	1,579,155	1,678,150	1,712,578	(34,428)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,026)	149,048	315,722	166,674
Other Financing Sources and (Uses)				
Capital leases	32,336	76,545	91,597	15,052
Transfers in	6,600	6,600	6,600	-
Transfers out	(112,000)	(147,700)	(147,700)	-
Total Other Financing Sources and (Uses)	(73,064)	(64,555)	(49,503)	15,052
Net Change in Fund Balances	(87,090)	84,493	266,219	181,726
Fund Balances - beginning of year	996,848	996,848	996,848	-
Fund Balances - end of year	909,758	1,081,341	1,263,066	181,726

MEMBERS:

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KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA

**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***

The Honorable Mayor and
Town Council
Town of Springdale, 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 the Town of Springdale, Utah (the Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 8, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations that we consider to be significant deficiencies.

07-01. Misstatements Requiring Adjustments – prior year reissue

Compliance and Other Matters

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

Town's Response to Findings

The Town's responses to the findings identified in our audit are described in the accompanying schedule of responses. The 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC
St. George, Utah
May 8, 2014

**Independent Auditor's Report on Compliance and
on Internal Controls Over Compliance in Accordance with the
*State of Utah Legal Compliance Audit Guide***

The Honorable Mayor and Town Council
Town of Springdale, Utah

Report on Compliance

We have audited the Town of Springdale, Utah's (the Town) compliance with the general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013. The general compliance requirements applicable to the Town are identified as follows:

Cash Management	Government Records Access Mgmt Act
Budgetary Compliance	Conflicts of Interest
Fund Balance	Nepotism
Impact Fees	Utah Public Finance Website
Utah Retirement System Compliance	Open and Public Meetings Act
Transfer from Utility Enterprise Funds	

The Town did not receive any major assistance programs from the State for the year ended June 30, 2013.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the Town's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the Town's compliance based on our audit.

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 of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal 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 could have a material effect on the Town and its major programs occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

Opinion

In our opinion, the Town, complied, in all material aspects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as items 13-01 and 09-01.

Report on Internal Control Over Compliance

Management of the 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, we considered the Town's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.


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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Town's Response to Findings

The Town's responses to the findings identified in our audit are described in the accompanying schedule of responses. The 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.

Purpose of 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.


HintonBurdick, PLLC
St. George, Utah
May 8, 2014

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**Findings and Recommendations
For the Year Ended June 30, 2013**

To 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. We would like to compliment Town personnel for their administrative achievements and oversight of the Town's accounting and budget system. During this year's audit, we encountered several findings that we are required to report to you and other appropriate oversight entities. They are listed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weakness:

None noted

Significant Deficiencies:

07-01. Misstatements Requiring Adjustments – prior year reissued

During our audit we identified several adjustments that were necessary to correct misstatements that were not initially identified by the Town's internal controls. Audit standards require that we report such adjustments as a deficiency when the Town's controls do not eliminate such misstatements.

Recommendation

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

COMPLIANCE AND OTHER MATTERS:

Compliance:

13-01. Governing Body’s Review of Financial Reports

Utah law requires that financial reports detailing receipts and disbursements for all funds be reviewed at least quarterly by the governing body. It’s our understanding that the town council is not always receiving such quarterly financial reports. Reviewing the Town’s financial information on a regular basis allows the council to more effectively govern the Town and provides important safeguards over the Town’s assets.

Recommendation

We recommend that the Town adhere to the state requirements and ensure that the town council is reviewing and approving financial reports at least quarterly.

09-01. Budgetary Compliance – prior year reissued

Utah law states that officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any fund. We noted that the general fund, in total, was over budget for the fiscal year.

Recommendation

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

Other Matters:


None noted

Please respond to the above findings and recommendations in letter form.

This letter is intended solely for the use of the management, town council, others within the entity and various federal and state agencies.

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

Sincerely,


HintonBurdick, PLLC
May 8, 2014



May 23, 2014

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

This letter is written in response to your findings regarding our FY 2013 audit.

Compliance Findings and Recommendations:

07-01. Misstatements Requiring Adjustments – prior year reissued

Finding: During our audit, we identified several adjustments that were necessary to correct misstatements that were not initially identified by the Town’s internal controls. Audit standards require that we report such adjustments as a deficiency when the Town’s controls do not eliminate such misstatements.

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

Response: We will review and discuss said adjustments with auditors and we will make every effort to ensure that all adjustments are posted prior to the annual audit in the future.

13-01. Governing Body’s Review of Financial Reports

Finding: Utah law requires that financial reports detailing receipts and disbursements for all funds be reviewed at least quarterly by the governing body. It’s our understanding that the town council is not always receiving such quarterly financial reports. Reviewing the Town’s financial information on a regular basis allows the council to more effectively govern the Town and provides important safeguards over the Town’s assets.

Recommendation: We recommend that the Town adhere to the state requirements and ensure that the town council is reviewing and approving financial reports at least quarterly

Response: Town staff will adhere to the state requirement and provide financial reports to the council at least quarterly.

09-01. Budgetary Compliance – prior year reissued.

Finding: Utah law states that officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund. We noted that the general fund, in total, was over budget for the fiscal year.

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

Response: The budget overrun was a minor amount (less than \$1,000). With the exception of this error, the expenditures of every fund were within budget. We will be diligent in ensuring that budget overruns do not occur in future fiscal years.

Sincerely,



Richard D. Wixom
Town Manager