

TOWN OF EUREKA CITY

FINANCIAL STATEMENTS

JUNE 30, 2015

TOWN OF EUREKA CITY
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CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Eureka City
Eureka City, 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 Eureka City (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Eureka City, as of June 30, 2015, 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 discussed in note 14 to the financial statements, in 2015 the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions-An amendment to GASB Statement No. 27* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB No. 68*. Our opinion is not modified with respect to this.

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 January 15, 2016 on our consideration of Eureka City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Eureka City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC

Certified Public Accountants

Provo, UT 84601

November 19, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Eureka City, we offer readers of Town of Eureka City's financial statements this narrative overview and analysis of the financial activities of Town of Eureka City for the fiscal year ended June 30, 2015.

Financial Highlights

- The total net assets of the governmental activities of \$1,483,991 is composed of \$1,065,713 of investment in capital assets, \$138,882 restricted for roads, and \$279,396 of unrestricted net assets. Total net assets decreased by \$101,136 from the prior year.
- As of the end of the current fiscal year, the City's governmental fund reported an ending fund balance of \$378,110. Of this amount, \$138,882 is restricted and must only be spent on the projects for which the money is restricted. The remaining \$239,228 is unassigned in the general fund.
- In the enterprise (proprietary) funds, operating revenues increased by \$2,487. Corresponding operating expenses decreased by \$17,515.
- In the enterprise (proprietary) funds, nonoperating revenues increased by \$271,045 due to an increase in grant revenues related to the water and sewer projects.

Reporting the City as a Whole

This discussion and analysis is intended to serve as an introduction to Town of Eureka City's basic financial statements. Town of Eureka City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

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

- *The statement of net assets* presents information on all of Town of Eureka City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Town of Eureka City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- *The statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of Town of Eureka City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other

functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 9 -10 of this report.

Reporting the City's Most Significant Funds

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. Town of Eureka City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- Governmental funds – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The governmental fund financial statements can be found on pages 11-14 of this report.

The major governmental fund (as determined by generally accepted accounting principles) is the general fund.

- Proprietary funds – Town of Eureka City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Eureka City uses enterprise funds to account for its water utility, sewer utility, and sanitation utility.
- The basic proprietary fund financial statements can be found on pages 15-17 of this report.

Government-Wide Financial Analysis

Capitalized net assets may serve over time as a useful indicator of a government's financial position. In the case of Town of Eureka City, assets exceed liabilities by \$5,140,728.

One of the largest portions of Town of Eureka City's net assets (80%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City's net assets.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 605,985	\$ 651,231	\$ 2,848,469	\$ 180,150	\$ 3,454,454	\$ 831,381
Capital assets	1,065,713	1,128,163	3,821,191	2,434,577	4,886,904	3,562,740
Total assets	1,671,698	1,779,394	6,669,660	2,614,727	8,341,358	4,394,121
Deferred outflows of resources						
Pension related costs	2,915	-	6,109	-	9,024	-
Total assets	2,915	-	6,109	-	9,024	-
Liabilities						
Long term Liabilities	14,107	-	2,761,368	395,873	2,775,475	395,873
Other liabilities	132,852	137,446	292,303	6,000	425,155	143,446
Total liabilities	146,959	137,446	3,053,671	401,873	3,200,630	539,319
Deferred inflows of resources						
Unearned property taxes -future years	41,873	41,730	-	-	41,873	41,730
Pension related costs	1,790	-	3,751	-	5,541	-
Total deferred inflows of resources	43,663	41,730	3,751	-	47,414	41,730
Net assets						
Invested in capital assets						
net of related debt	1,065,713	1,128,163	3,031,912	2,038,704	4,097,625	3,166,867
Restricted	138,882	64,945	-	-	138,882	64,945
Unrestricted	279,396	407,110	586,435	174,150	865,831	581,260
Total net assets	\$ 1,483,991	\$ 1,600,218	\$ 3,618,347	\$ 2,212,854	\$ 5,102,338	\$ 3,813,072

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The following table summarizes the City's change in net assets.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 46,478	\$ 38,306	\$ 470,925	\$ 473,412	\$ 517,403	\$ 511,718
Operating grants & contrib.	-	-	-	-	-	-
Capital grants & contrib.	40,307	54,407	1,393,712	1,104,828	1,434,019	1,159,235
General revenues:						
Property taxes	19,345	90,486	-	-	19,345	90,486
Sales and use tax	60,537	68,810	-	-	60,537	68,810
Franchise tax	21,113	19,899	-	-	21,113	19,899
Other taxes	1,054	2,161	-	-	1,054	2,161
Unrestricted investmt. earn.	194	139	6,777	1,942	6,971	2,081
Capital Contributions	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	-
Total revenues	<u>189,028</u>	<u>274,208</u>	<u>1,871,414</u>	<u>1,580,182</u>	<u>2,060,442</u>	<u>1,854,390</u>
Expenses:						
General government	193,992	160,496	-	-	193,992	160,496
Public safety	5,680	3,538	-	-	5,680	3,538
Public works	78,650	80,244	-	-	78,650	80,244
Community development	11,323	13,728	-	-	11,323	13,728
Planning	519	354	-	-	519	354
Interest on debt	-	-	28,690	6,016	28,690	6,016
Water utility	-	-	164,792	163,845	164,792	163,845
Sewer utility	-	-	96,789	126,543	96,789	126,543
Sanitation utility	-	-	64,020	52,728	64,020	52,728
Total expenses	<u>290,164</u>	<u>258,360</u>	<u>354,291</u>	<u>349,132</u>	<u>644,455</u>	<u>607,492</u>
Increase (decr) in net assets						
before transfers	(101,136)	15,848	1,517,123	1,231,050	1,415,987	1,246,898
Transfers	-	-	-	-	-	-
Change in net assets	<u>(101,136)</u>	<u>15,848</u>	<u>1,517,123</u>	<u>1,231,050</u>	<u>1,415,987</u>	<u>1,246,898</u>
Net assets - beginning	1,600,218	1,584,370	2,212,854	981,804	3,813,072	2,566,174
Restatement of Net Assets - see note 14	(15,091)		(111,630)			
Net assets - ending	<u>\$ 1,483,991</u>	<u>\$ 1,600,218</u>	<u>\$ 3,618,347</u>	<u>\$ 2,212,854</u>	<u>\$ 5,229,059</u>	<u>\$ 3,813,072</u>

Business-type activities. Business-type activities increased the City's net assets by \$1,517,123. As of the end of the current fiscal year, all three business-type funds reported positive net assets.

Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$239,228, while total fund balance reached \$378,110. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 104% of total general fund expenditures, while total fund balance represents 165% of that same amount.

The City maintains enterprise funds to account for the business-type activities of the City. The information is found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the combined enterprise funds at the end of the year amounted to \$586,435. The net investment in capital assets is \$3,031,912. As mentioned in the financial highlights, operational revenues and expenditures in the Enterprise funds increased during the current fiscal year.

General Fund Budgetary Highlights

During the fiscal year, the general fund’s original budget was adopted by the city council with budgeted revenues of \$215,463 and budgeted expenditures of \$215,463. The budget was not amended during the year.

Capital Assets and Debt Administration

Capital Assets. Town of Eureka City’s investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$4,886,904 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

	Governmental Activities		Business-type Activities		Total	Total
	2015	2014	2015	2014	2015	2014
Construction in progress	\$ -	\$ -	\$ 2,444,397	\$ 1,000,154	\$ 2,444,397	\$ 1,000,154
Land	118,000	118,000	75,756	75,756	193,756	193,756
Water rights			36,997	36,997	36,997	36,997
Buildings	481,468	499,943	-	-	481,468	499,943
Improvements	1,029	1,363	-	-	1,029	1,363
Equipment	-	180	-	-	-	180
Infrastructure	465,216	508,677	1,264,041	1,321,670	1,729,257	1,830,347
Total capital assets	<u>\$ 1,065,713</u>	<u>\$ 1,128,163</u>	<u>\$ 3,821,191</u>	<u>\$ 2,434,577</u>	<u>\$ 4,886,904</u>	<u>\$ 3,562,740</u>

Additional information on the City’s capital assets can be found in the footnotes to this financial report.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of \$2,731,800 secured solely by specific revenue (enterprise) sources (i.e., revenue bonds) and notes payable.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Water bond payable 2003A	\$ -	\$ -	\$ 165,000	\$ 183,000	\$ 165,000	\$ 183,000
Water bond payable 2003B	-	-	162,000	198,000	162,000	198,000
Sewer loan payable	-	-	-	14,872	-	14,872
Water project planning loan	-	-	60,000	80,000	60,000	80,000
Water bond payable 2015A	-	-	519,000	-	519,000	-
Water bond payable 2015B	-	-	484,985	-	484,985	-
Sewer bond payable 2015A	-	-	354,000	-	354,000	-
Sewer bond payable 2015B	-	-	900,000	-	900,000	-
Sewer bond payable 2015C	-	-	86,815	-	86,815	-
Total outstanding debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,731,800</u>	<u>\$ 475,872</u>	<u>\$2,731,800</u>	<u>\$ 475,872</u>

The City’s total outstanding debt increased by \$2,255,928 during the fiscal year 2015. This was a result of the debt acquired for the water and sewer projects.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitations for the City are \$598,886, which is significantly in excess of the City’s outstanding general obligation debt. In addition, state statutes allow for an additional 8% to be used for water, sewer, or other revenue bond projects, thus resulting in a debt limit of 12% of total taxable value.

Additional information on the City’s long-term debt can be found in the footnotes to this financial report.

Economic Factors and Next Year’s Budgets and Rates

- The general fund budget for the fiscal year ending June 30, 2016 reflects a 61% change in budgeted revenues over the fiscal year ending June 30, 2015 budget.

Request for Information

This financial report is designed to provide a general overview of Town of Eureka City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Town of Eureka City, P.O. Box 156 Town of Eureka City, UT 84628.

BASIC FINANCIAL STATEMENTS

TOWN OF EUREKA CITY

Statement of Net Assets

June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 386,186	\$ 301,718	\$ 687,904
Restricted Cash	-	2,497,031	2,497,031
Receivables:			
Accounts (Net of allowance)	-	49,720	49,720
Taxes	80,146	-	80,146
Intergovernmental	14,877	-	14,877
Other Assets	124,776	-	124,776
Capital Assets (Net of accumulated depreciation):			
Construction in Progress	-	2,444,397	2,444,397
Land	118,000	75,756	193,756
Water Rights	-	36,997	36,997
Buildings	481,468	-	481,468
Improvements	1,029	1,264,041	1,265,070
Equipment and Systems	-	-	-
Infrastructure	465,216	-	465,216
Total Assets	<u>1,671,698</u>	<u>6,669,660</u>	<u>8,341,358</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related costs	2,915	6,109	9,024
Total deferred outflows of resources	<u>2,915</u>	<u>6,109</u>	<u>9,024</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	8,076	286,017	294,093
Other Liabilities	124,776	3,885	128,661
Deposits	0	-	0
Accrued Interest Payable	-	2,401	2,401
Long Term Liabilities			
Due Within One Year	-	74,879	74,879
Due in More Than One Year	14,107	2,686,489	2,700,596
Total liabilities	<u>146,959</u>	<u>3,053,671</u>	<u>3,200,630</u>
DEFERRED INFLOW OF RESOURCES			
Unearned property taxes levied for future years	41,873	-	41,873
Pension related costs	1,790	3,751	5,541
Total deferred outflows of resources	<u>43,663</u>	<u>3,751</u>	<u>47,414</u>
NET ASSETS			
Net investment in capital assets	1,065,713	3,031,912	4,097,625
Restricted			
C Roads	138,882	-	138,882
Unrestricted	279,396	586,435	865,831
Total Net Assets	<u>\$ 1,483,991</u>	<u>\$ 3,618,347</u>	<u>\$ 5,102,338</u>

See accompanying notes to the financial statements.

TOWN OF EUREKA CITY
Statement of Activities
For the Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues			Net (Expense) Rev & Chgs in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 193,992	\$ 30,707	\$ -	\$ -	\$ (163,285)	\$ -	\$ (163,285)
Public Safety	5,680	-	-	-	(5,680)	-	(5,680)
Public Works	78,650	-	-	40,307	(38,343)	-	(38,343)
Community Development	11,323	15,771	-	-	4,448	-	4,448
Planning	519	-	-	-	(519)	-	(519)
Interest on Long-term Debt	-	-	-	-	-	-	-
Total Governmental Activities	<u>290,164</u>	<u>46,478</u>	<u>-</u>	<u>40,307</u>	<u>(203,379)</u>	<u>-</u>	<u>(203,379)</u>
Business-type Activities:							
Water	193,482	226,144	-	540,312	-	572,974	572,974
Sewer	96,789	185,886	-	853,400	-	942,497	942,497
Sanitation	64,020	58,895	-	-	-	(5,125)	(5,125)
Total Business-type Activities	<u>354,291</u>	<u>470,925</u>	<u>-</u>	<u>1,393,712</u>	<u>-</u>	<u>1,510,346</u>	<u>1,510,346</u>
Total Primary Government	<u>\$ 644,455</u>	<u>\$ 517,403</u>	<u>\$ -</u>	<u>\$ 1,434,019</u>	<u>\$ (203,379)</u>	<u>\$ 1,510,346</u>	<u>\$ 1,306,967</u>
General Revenues:							
Property Taxes					\$ 19,345	\$ -	\$ 19,345
General Sales and Use Tax					60,537	-	60,537
Franchise Tax					21,113	-	21,113
Other Taxes					1,054	-	1,054
Unrestricted Investment Earnings					194	6,777	6,971
Total General Revenues					<u>102,243</u>	<u>6,777</u>	<u>109,020</u>
Change in Net Assets					(101,136)	1,517,123	1,415,987
Net position- Beginning					1,600,218	2,212,854	3,813,072
Restatement of Net Position see note-14					(15,091)	(111,630)	(126,721)
Net position - Ending as restated					<u>\$ 1,483,991</u>	<u>\$ 3,618,347</u>	<u>\$ 5,102,338</u>

See accompanying notes to the financial statements.

TOWN OF EUREKA CITY

Balance Sheet

Governmental Funds

June 30, 2015

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 386,186
Restricted cash	-
Taxes receivable	80,146
Intergovernmental receivable	14,877
Pension assets	-
Total assets	<u>481,209</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 8,076
Deposits	-
Deferred revenue	-
Net Pension Liability	-
Total liabilities	<u>8,076</u>
Deferred inflows of resources	
Unearned property tax-levied for future years.	\$ 41,873
Unavailable property taxes - delinquent	53,150
Pension Related Costs	-
Total deferred inflows of resources	<u>95,023</u>
Fund Balances:	
Restricted	
Roads	138,882
Unassigned	239,228
Total fund balances	<u>378,110</u>
Total liabilities, deferred inflows of resources & fund balances	<u>\$ 481,209</u>

See accompanying notes to the financial statements.

TOWN OF EUREKA CITY
 Balance Sheet Reconciliation to
 Statement of Net Assets
 June 30, 2015

Total fund balances - governmental fund types: \$ 378,110

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 118,000	
Buildings	740,331	
Improvements	15,005	
Equipment	66,742	
Infrastructure	1,889,588	
Less Accumulated Depreciation	<u>(1,763,953)</u>	
		1,065,713

Long-term assets not available to pay for current period expenditures and, therefore, are deferred in the funds

Delinquent Property Taxes	53,150	
Pension related costs	<u>2,915</u>	
		56,065

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds but rather as an expenditure when due. All liabilities, both current and long-term are reported in the statement of net assets.

Pension Liability (14,107)

Deferred inflows or resources related to pensions do not require current resources and are not reported in the governmental funds

(1,790)

Net assets of government activities

\$ 1,483,991

TOWN OF EUREKA CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	<u>General Fund</u>
REVENUES	
Taxes	\$ 274,641
Licenses and permits	10,195
Intergovernmental	79,837
Charges for services	15,771
Fines	-
Miscellaneous	20,706
Total revenues	<u>401,150</u>
EXPENDITURES	
Current:	
General government	177,626
Public safety	5,500
Public works	35,189
Planning and zoning	519
Community development	10,989
Debt service:	
Principal	-
Interest	-
Total expenditures	<u>229,823</u>
Excess (deficit) of revenues over (under) Expenditures	<u>171,327</u>
Other financing sources (uses)	-
Net change in fund balance	171,327
Fund balances - beginning of year	206,783
Fund balances - end of year	<u><u>\$ 378,110</u></u>

See accompanying notes to the financial statements.

TOWN OF EUREKA CITY
Statement of Changes Reconciliation to
Statement of Activities
For the Year Ended June 30, 2015

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

Net changes in fund balances - total governmental funds \$ 171,327

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	\$ -	
Contribution of Capital Assets to Enterprise Funds	-	
Depreciation Expense	<u>(62,450)</u>	(62,450)

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental fund statements.

Pension expenses		2,109
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements.

Delinquent Taxes	(92,904)	
Withheld Sales and Franchise Taxes	<u>(119,218)</u>	<u>(212,122)</u>

Change in net assets of governmental activities		<u><u>\$ (101,136)</u></u>
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TOWN OF EUREKA CITY

Statement of Net Assets

Proprietary Funds

June 30, 2015

	Business-Type Activities - Enterprise			
	Water	Sewer	Sanitation	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 115,739	\$ 134,518	\$ 51,461	\$ 301,718
Receivables				
Accounts (Net)	24,299	18,871	6,550	49,720
Total current assets	140,038	153,389	58,011	351,438
Noncurrent assets:				
Restricted Cash	773,115	1,723,916		2,497,031
Net pension asset	-	-	-	-
Construction in progress	1,639,730	804,666	-	2,444,396
Capital assets	1,518,927	1,265,636	43,000	2,827,563
Less: Accumulated depreciation	(688,301)	(719,467)	(43,000)	(1,450,768)
Total noncurrent assets	3,243,471	3,074,751	-	6,318,222
Total assets	3,383,509	3,228,140	58,011	6,669,660
DEFERRED OUTFLOWS OF RESOURCES				
Pension related costs	3,104	3,005		6,109
Total deferred outflows of resources	3,104	3,005	-	6,109
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	271,967	9,729	4,321	286,017
Bond interest payable	2,401	-	-	2,401
Payroll payable	2,315	1,564	6	3,885
Current portion of long-term debt	69,850	5,029	-	74,879
Total current liabilities	346,533	16,322	4,327	367,182
Noncurrent liabilities:				
Net pension liability	15,024	14,544		29,568
Long term debt	1,321,135	1,335,786	-	2,656,921
Total noncurrent liabilities	1,336,159	1,350,330	-	2,686,489
Total liabilities	1,682,692	1,366,652	4,327	3,053,671
DEFERRED INFLOWS OF RESOURCES				
Pension related costs	1,906	1,845	-	3,751
Total deferred inflows of resources	1,906	1,845	-	3,751
Net Assets:				
Net investment in capital assets	1,681,077	1,350,835	-	3,031,912
Unrestricted	20,938	511,813	53,684	586,435
Total net assets	\$ 1,702,015	\$ 1,862,648	\$ 53,684	\$ 3,618,347

See accompanying notes to the financial statements.

TOWN OF EUREKA CITY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Operating revenues:				
Charges for services	\$ -	\$ 185,886	\$ 58,895	\$ 244,781
Charges for services pledged as security on revenue bonds	226,144	-	-	226,144
Total operating revenues	<u>226,144</u>	<u>185,886</u>	<u>58,895</u>	<u>470,925</u>
Operating expenses:				
Salaries and wages	55,215	54,475	138	109,828
Purchased services	50,590	6,515	61,951	119,056
Supplies and materials	26,599	10,558	1,931	39,088
Depreciation and amortization	32,388	25,241	-	57,629
Total operating expenses	<u>164,792</u>	<u>96,789</u>	<u>64,020</u>	<u>325,601</u>
Operating income	<u>61,352</u>	<u>89,097</u>	<u>(5,125)</u>	<u>145,324</u>
Nonoperating revenues (expenses):				
Interest revenue	1,416	5,361	-	6,777
Intergovernmental revenue	540,312	853,400	-	1,393,712
Interest expense and fiscal charges	(28,690)	-	-	(28,690)
Total nonoperating revenues (expenses)	<u>513,038</u>	<u>858,761</u>	<u>-</u>	<u>1,371,799</u>
Net Income (loss) before Contributions and Transfers and Transfers	<u>574,390</u>	<u>947,858</u>	<u>(5,125)</u>	<u>1,517,123</u>
Change in net assets	574,390	947,858	(5,125)	1,517,123
Total net position beginning	1,223,697	930,348	58,809	2,212,854
Restatement of net position see note -14	(96,072)	(15,558)	-	(111,630)
Total net assets - ending as restated	<u>\$ 1,702,015</u>	<u>\$ 1,862,648</u>	<u>\$ 53,684</u>	<u>\$ 3,618,347</u>

See accompanying notes to the financial statements.

TOWN OF EUREKA CITY

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total BTAs
Cash Flows From Operating Activities				
Receipts from customers	\$ 227,555	\$ 187,395	\$ 59,164	\$ 474,114
Payments to suppliers	194,700	(7,806)	(59,561)	127,333
Payments to employees	(56,307)	(56,328)	(191)	(112,826)
Net cash provided (used) by operating activities	<u>365,948</u>	<u>123,261</u>	<u>(588)</u>	<u>488,621</u>
Cash Flows From Noncapital Financing Activities	-	-	-	-
Cash Flows From Capital and Related Financing Activities				
Proceeds from the issuance of long-term debt	1,003,985	1,340,815.00	-	2,344,800
Intergovernmental revenue	540,312	853,400	-	1,393,712
Principal paid on capital debt	(74,000)	(14,872)	-	(88,872)
Purchase of capital assets	(960,979)	(483,264)	-	(1,444,243)
Interest paid on capital debt	(29,284)	-	-	(29,284)
Net cash provided (used) by capital and related financing activities	<u>480,034</u>	<u>1,696,079</u>	<u>-</u>	<u>2,176,113</u>
Cash Flows From Investing Activities				
Interest and dividends received	1,416	5,361	-	6,777
Net increase (decrease) in cash and cash equivalents	847,398	1,824,701	(588)	2,671,511
Cash and cash equivalents - beginning	41,456	33,733	52,049	127,238
Cash and cash equivalents - ending	<u>\$ 888,854</u>	<u>\$ 1,858,434</u>	<u>\$ 51,461</u>	<u>\$ 2,798,749</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 61,352	\$ 89,097	\$ (5,125)	\$ 145,324
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	32,388	25,241	-	57,629
(Increase) decrease in accounts receivable	1,411	1,509	269	3,189
(Increase) decrease in net pension assets	-	-	-	-
(Increase) decrease in deferred outflows	(504)	(488)	-	(992)
Increase (decrease) in accounts payable	271,889	9,267	4,321	285,477
Increase (decrease) in payroll payable	1,154	321	(53)	1,422
Increase (decrease) in net pension liability	(3,648)	(3,531)	-	(7,179)
Increase (decrease) in deferred inflows	1,906	1,845	-	3,751
Total adjustments	<u>304,596</u>	<u>34,164</u>	<u>4,537</u>	<u>343,297</u>
Net cash provided (used) by operating activities	<u>\$ 365,948</u>	<u>\$ 123,261</u>	<u>\$ (588)</u>	<u>\$ 488,621</u>

See accompanying notes to the financial statements.

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Town of Eureka City (the Town) are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict the GASB pronouncements. The Town applies FASB pronouncements issued after that date to its business-type activities and enterprise funds. The more significant accounting policies established by GAAP and used by the Town are discussed below.

Reporting Entity

The Town of Eureka City is located in Juab County in the State of Utah. Under the present form of government, administrative and legislative powers are vested in a governing body, consisting of the mayor and a town council. The Town provides the following services as mandated by law: general administrative services, public safety, highways and public improvements, parks, recreation and public property, water, and sanitation services.

Government Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) 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 are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred, except for expenditures related to compensated absences, claims, and judgments, which are recorded only when payment is due.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenue when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the Town receives the cash.

The Town reports the following major governmental funds:

The *general fund* is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The *water, sewer, and sanitation funds* account for the water, sewer, and sanitation activities of the Town.

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of inter-fund activity has been eliminated from the government financial statements. Exceptions to this general rule are payments to the general fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Assets, Liabilities, and Net Assets or Equity

A. Cash and Cash Equivalents

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. Town policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (the Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The fund operates in accordance with state laws and regulations. The reported value of the Town's cash in the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this criterion.

B. Restricted Assets

Cash, which is restricted to a particular use due to statutory, budgetary, or bonding requirements by outside parties, is classified as "restricted cash" on the financial statements. Restricted cash would be spent first and then unrestricted would be used when the restricted funds are depleted.

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Capital Assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and structures	30-50
Infrastructure	30-50
Improvements other than buildings	10-40
Machinery and equipment	5-10

D. Taxes

In Utah, county governments assess, levy, collect and disburse two principal types of tax: (1) personal property tax which is assessed on business assets other than real estate, and (2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1. Taxes are levied on all business personal property on January 1, and real estate and improvement taxes are levied on January 1 and are payable by November 30. The real property taxes which are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by deferred revenue.

The Town council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council must set a tax rate by June 22 each year.

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

The county treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

E. Deferred Outflows / Inflows of Resources

Beginning with 2013, The City implemented GASB Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously Reported as Assets and Liabilities*. These Statements provide financial reporting guidance to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. They also establish accounting standards and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resource, certain items that were previously reported as assets and liabilities, and recognizes, as outflows or resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In addition to assets, the financial statements will sometimes report 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources related to pension costs

In addition to liabilities, the financial statements will sometimes report 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 and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, revenue for future year, is reported in both the statement of net position and the governmental funds balance sheet. These amounts account for property taxes levied on January 1, 2015 for the 2015-2016 Fiscal year. The enterprise funds report deferred inflows of resources related to pension costs.

F. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

H. Fund Equity

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the City is bound to honor them. The City first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following: debt service, impact fees, and unspent B&C road funds.
- **Unassigned.** Residual balances in the Governmental Funds are classified as unassigned.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of assets, net of accumulated depreciation reduced by the

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the Town or through external restriction imposed by creditors, grantors or laws or regulations of other governments.

J. Use of Estimates

Presenting financial statements in conformity with generally accepted accounting principles requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the State of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of adopted budget, they are not a valid or enforceable claim against the Town. Budgets are adopted on a basis consistent with generally accepted accounting principles.

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. On or before the first regularly scheduled meeting of the Town council in May, the Town clerk, authorized under state statute to be appointed budget officer, submits a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held, at which time the taxpayers' comments are heard. Notice of the hearing is posted in various locations in the Town at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 22, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1.
- D. Control of budgeted expenditures is exercised at the departmental level under state law. The Town clerk, however, acting as budget officer, has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The Town council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

- E. Budget appropriations for any department may be reduced by resolution.
- F. A public hearing, as required in B) above, must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.
- G. Encumbrances lapse at year end. Encumbered amounts carry over to the following year and are subject to re-appropriation. Therefore, no encumbrances are presented in the financial statements.

During the fiscal year, the Town modified the budget using the above procedures.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Town’s carrying amount of deposits was \$3,356,956 and the balance in the Town’s bank account and the cash on hand was \$3,184,935, with the difference being due to outstanding checks and deposits in transit.

A. Deposits

Deposits – Custodial Credit Risk. Custodial risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town follows the requirements of the Utah Money Management Act in handling its depository and investing transactions. The Town considers the actions of the State Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. Town funds are deposited in qualified depositories as defined by the Act. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2015, the Town’s custodial credit risk for deposits were as follows:

Depository Account	Custodial Credit Risk	Balance June 30, 2015
Checking and Savings	Insured and Collateralized	\$ 250,000
Checking and Savings	Uninsured and Uncollateralized	51,284
Total Deposits		\$ 301,284

B. Investments

The Town’s investments are managed through participation in the State Public Treasurer’s Investment Fund and through a trust arrangement with a local bank. As of June 30, 2015 the Town had the following investments:

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments	Investment Maturities (in Years)				Quality Ratings
	Less Than 1	1-5	6-10	More than 10	
Utah Public Treasurer's Investment Fund	\$ 2,922,726	\$ -	\$ -	\$ -	Unrated
Certificates of Deposit	-	132,948	-	-	Unrated
Total Investments	<u>\$ 2,922,726</u>	<u>\$ 132,948</u>	<u>\$ -</u>	<u>\$ -</u>	

Investments – Interest Rate Risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance with the Utah Money Management Act, which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments – Credit Risk. The Town follows the requirements of the Utah Money Management Act (the Act) in handling its depository and investing transactions. The Town funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the Town to invest in the Utah Public Treasurer’s Investment Fund (PTIF), certificates of deposits, U.S. treasury obligations, U.S. agency issues, restricted mutual funds, and obligations of governmental entities within the State of Utah. The Town’s investments are invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the investments. The degree of risk of the investments depends on the underlying portfolio. The Act and council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The Town considers the actions of the council to be necessary and sufficient for adequate protection of its investments. The Town has no investment policy that would further limit its investment choices. The PTIF fund is unrated.

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4 – RECEIVABLES

Receivables as of yearend for the government’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Receivables:					
Taxes	\$ 80,146	\$ -	\$ -	-	\$ 80,146
Intergovernmental	14,877	-	-	-	14,877
Accounts	-	60,795	47,213	16,387	124,395
Allowance for uncollectible accounts	-	(36,496)	(28,342)	(9,837)	(74,675)
Total receivables	<u>\$ 95,023</u>	<u>\$ 24,299</u>	<u>\$ 18,871</u>	<u>\$ 6,550</u>	<u>\$ 144,743</u>

Governmental funds report *deferred inflows (formerly referred to as deferred revenue)* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (general fund)	<u>\$ 53,150</u>	<u>\$ 41,873</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances and transfers are created to support temporary cash deficiencies in the applicable funds. There are no interfund balances for fiscal year 2015.

NOTE 6 – OTHER ASSETS / OTHER LIABILITIES

The Town received land from the Union Pacific Railroad. The land was adjacent to existing property owners. The railroad company gave the land to the Town with the stipulation that when the adjacent property owner presented a survey showing the portion of land that was adjacent to their property, the Town would then deed the land to the citizen. The Town has title to the land; however, the agreement states that the land can only be given to the adjacent property owners. Therefore, this transaction is treated as another asset and other liability on the statement of net assets.

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government	<u>Ending</u>			<u>Ending</u>
Governmental activities:	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets not being depreciated:				
Construction In Progress	\$ -	\$ -	\$ -	\$ -
Land	118,000	-	-	118,000
Total capital assets not being depreciated	<u>118,000</u>	<u>-</u>	<u>-</u>	<u>118,000</u>
Capital assets being depreciated:				
Buildings	740,331	-	-	740,331
Improvements	15,005	-	-	15,005
Machinery and equipment	66,742	-	-	66,742
Infrastructure	1,889,588	-	-	1,889,588
Total capital assets being depreciated	<u>2,711,666</u>	<u>-</u>	<u>-</u>	<u>2,711,666</u>
Less accumulated depreciation for:				
Buildings	240,388	18,475	-	258,863
Improvements	13,642	334	-	13,976
Machinery and equipment	66,562	180	-	66,742
Infrastructure	1,380,911	43,461	-	1,424,372
Total accumulated depreciation	<u>1,701,503</u>	<u>62,450</u>	<u>-</u>	<u>1,763,953</u>
Total capital assets, being depreciated, net	<u>1,010,163</u>	<u>(62,450)</u>	<u>-</u>	<u>947,713</u>
Governmental activities capital assets, net	<u>\$ 1,128,163</u>	<u>\$ (62,450)</u>	<u>\$ -</u>	<u>\$ 1,065,713</u>
	<u>Ending</u>			<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in Progress	\$ 1,000,154	\$ 1,444,243	\$ -	2,444,397
Land	75,756	-	-	75,756
Water Rights	36,997	-	-	36,997
Total capital assets not being depreciated	<u>1,112,907</u>	<u>1,444,243</u>	<u>-</u>	<u>2,557,150</u>
Capital assets being depreciated:				
Improvements	2,635,309	-	-	2,635,309
Machinery and equipment	79,500	-	-	79,500
Total capital assets being depreciated	<u>2,714,809</u>	<u>-</u>	<u>-</u>	<u>2,714,809</u>
Less accumulated depreciation for:				
Improvements	1,313,639	57,629	-	1,371,268
Machinery and equipment	79,500	-	-	79,500
Total accumulated depreciation	<u>1,393,139</u>	<u>57,629</u>	<u>-</u>	<u>1,450,768</u>
Total capital assets, being depreciated, net	<u>1,321,670</u>	<u>(57,629)</u>	<u>-</u>	<u>1,264,041</u>
Business-type activities capital assets, net	<u>\$ 2,434,577</u>	<u>\$ 1,386,614</u>	<u>\$ -</u>	<u>\$ 3,821,191</u>

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 – CAPITAL ASSETS (Continued)

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

Governmental activities	
General government	\$ 18,475
Public safety	180
Public works	43,461
Community development	334
Total depreciation expense governmental activities	<u>\$ 62,450</u>
Business-type activities	
Water	\$ 32,388
Sewer	25,241
Sanitation	-
Total depreciation expense business-type activities	<u>\$ 57,629</u>

NOTE 9 - LONG-TERM DEBT

Long term liabilities consist of the following:

<u>Governmental Activities</u>	<u>6/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2015</u>	<u>Due in one year</u>
Long Term Liabilities:					
Net Pension Liability	17,532		3,425	14,107	
Total governmental activities	<u>\$ 17,532</u> *	<u>\$ -</u>	<u>\$ 3,425</u>	<u>\$ 14,107</u>	<u>\$ -</u>
<u>Business Type Activities</u>	<u>6/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2015</u>	<u>Due in one year</u>
Bonds payable:					
Water bond payable 2003A	\$ 183,000	\$ -	\$ 18,000	\$ 165,000	\$ 18,000
Water bond payable 2003B	198,000	-	36,000	162,000	19,000
Water project planning loan	80,000		20,000	60,000	20,000
Water bond payable 2015A	-	519,000	-	519,000	-
Water bond payable 2015B		484,985	-	484,985	12,850
Sewer loan payable	14,872	-	14,872	-	-
Sewer bond payable 2015A	-	354,000	-	354,000	-
Sewer bond payable 2015B	-	900,000	-	900,000	-
Sewer bond payable 2015C	-	86,815	-	86,815	5,029
Total bonds payable	<u>\$ 475,872</u>	<u>\$ 2,344,800</u>	<u>\$ 88,872</u>	<u>\$ 2,731,800</u>	<u>\$ 74,879</u>
Long term liabilities:					
Net Pension Liability	36,476		6,908	29,568	
Total business type activities	<u>\$ 512,348</u> *	<u>\$ 2,344,800</u>	<u>\$ 95,780</u>	<u>\$ 2,761,368</u>	<u>\$ 74,879</u>

*The June 30, 2014 balance has been restated to reflect the prior period adjustment (see note 14)

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 9 - LONG-TERM DEBT (Continued)

A) Non-interest bearing indebtedness payable to the State of Utah in annual installments of \$14,872 per year beginning July 1, 1987 through July 1, 2016. The loan was paid off in fiscal year 2015.

B) Non-interest bearing note payable to the Permanent Community Impact Fund Board in annual installments beginning August 1, 2004 through August 1, 2023. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 18,000	\$ -	\$ 18,000
2017	18,000	-	18,000
2018	18,000	-	18,000
2019	18,000	-	18,000
2020	18,000	-	18,000
2021-2025	72,000	-	72,000
	<u>\$ 162,000</u>	<u>\$ -</u>	<u>\$ 144,000</u>

C) \$352,000 Parity Water Revenue Bond Series 2003A. This bond requires annual installments of principal and interest due beginning January 1, 2004 through January 1, 2023, bearing an interest rate of 2.91%. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015			
2016	\$ 18,000	\$ 5,325	\$ 23,325
2017	19,000	4,802	23,802
2018	19,000	4,249	23,249
2019	20,000	3,696	23,696
2020	21,000	2,532	23,532
2021-2025	68,000	3,900	71,900
	<u>\$ 165,000</u>	<u>\$ 24,504</u>	<u>\$ 189,504</u>

D) \$80,000 Water project planning loan. This loan requires annual installments of principal due beginning February 1, 2014 through February 1, 2018, bearing no interest. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 20,000	\$ -	\$ 20,000
2017	20,000	-	20,000
2018	20,000	-	20,000
	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 9 - LONG-TERM DEBT (Continued)

E) \$519,000 Parity Water Revenue Bond Series 2015A. This bond requires annual installments of principal October 1, 2016 through October 1, 2045, bearing no interest. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ -	\$ -
2017	17,000		17,000
2018	17,000		17,000
2019	17,000		17,000
2020	17,000		17,000
2021-2025	85,000		85,000
2026-2030	85,000		85,000
2031-2035	85,000		85,000
2036-2040	85,000		85,000
2041-2045	85,000		85,000
2046-2050	26,000		26,000
	<u>\$ 519,000</u>	<u>\$ -</u>	<u>\$ 519,000</u>

F) \$1,511,000 Parity Water Revenue Bond Series 2015B. This bond requires monthly installments of principal and interest due beginning April 4, 2016 through November 4, 2024, bearing an interest rate of 3%. This bond is a reimbursement bond and will be incurred as the funds are spent on the project. As of June 30, 2015 the City has incurred \$484,985. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 12,850	\$ 19,729	\$ 32,579
2017	52,372	13,448	65,820
2018	53,965	11,855	65,820
2019	55,607	10,213	65,820
2020	57,297	8,522	65,819
2021-2025	252,894	16,137	269,031
	<u>\$ 484,985</u>	<u>\$ 79,904</u>	<u>\$ 564,889</u>

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 9 - LONG-TERM DEBT (Continued)

G) \$354,000 Parity Wastewater Revenue Bond Series 2015A. This bond requires annual installments of principal October 1, 2016 through October 1, 2045, bearing no interest. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ -	\$ -
2017	12,000		12,000
2018	12,000		12,000
2019	12,000		12,000
2020	12,000		12,000
2021-2025	60,000		60,000
2026-2030	60,000		60,000
2031-2035	60,000		60,000
2036-2040	60,000		60,000
2041-2045	60,000		60,000
2046-2050	6,000		6,000
	<u>\$ 354,000</u>	<u>\$ -</u>	<u>\$ 354,000</u>

H) \$1,300,000 Water Quality Wastewater Revenue Bond Series 2015B. This bond requires annual installments of principal October 1, 2016 through October 1, 2036, bearing no interest. This bond is a reimbursement bond and will be incurred as the funds are spent on the project. As of June 30, 2015 the City has incurred \$900,000. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015			
2016	\$ -	\$ -	\$ -
2017	43,000		43,000
2018	43,000		43,000
2019	43,000		43,000
2020	43,000		43,000
2021-2025	215,000		215,000
2026-2030	215,000		215,000
2031-2035	215,000		215,000
2036-2040	83,000		83,000
	<u>\$ 900,000</u>	<u>\$ -</u>	<u>\$ 900,000</u>

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 9 - LONG-TERM DEBT (Continued)

I) \$766,000 Parity Wastewater Revenue Bond Series 2015C. This bond requires monthly installments of principal and interest due beginning April 4, 2016 through December 4, 2018, bearing an interest rate of 3%. This bond is a reimbursement bond and will be incurred as the funds are spent on the project. As of June 30, 2015 the City has incurred \$86,815. Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 5,029	\$ 3,315	\$ 8,344
2017	31,347	2,025	33,372
2018	32,301	1,071	33,372
2019	18,138	169	18,307
	<u>\$ 86,815</u>	<u>\$ 6,580</u>	<u>\$ 93,395</u>

Debt service requirements to maturity for all of the Town's bonds and notes are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 74,879	\$ 27,846	\$ 102,725
2017	212,719	19,721	232,440
2018	216,266	16,622	232,888
2019	183,745	13,496	197,241
2020	168,297	11,054	179,351
2021-2025	750,894	20,037	770,931
2026-2030	360,000	-	360,000
2031-2035	360,000	-	360,000
2036-2040	228,000	-	228,000
2041-2045	145,000	-	145,000
2046-2050	32,000	-	32,000
	<u>\$ 2,731,800</u>	<u>\$ 108,776</u>	<u>\$ 2,840,576</u>

NOTE 10 – RESERVED FUND BALANCES

The Town has reserved fund balance amounts for unspent B&C road funds designed for maintenance of the Town's roads.

<u>General Fund</u>	<u>Amount</u>
Class "C" Roads	\$ 138,882

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 11 – STATE RETIREMENT PLANS

Description of plans – Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- The Tier 2 Public Employees System became effective July 1 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement System (URS) is established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The URS’s defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report which can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org

Benefits Provided – URS Provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

**with actuarial reductions*

***all post-retirement cost of living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 11 – STATE RETIREMENT PLANS (Continued)

Contributions – As a condition of participation in the plans, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.940%
Noncontributory			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%

Pension assets, liabilities, expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At December 30, 2014, the City reported a net pension asset of \$0 and a net pension liability of \$43,675.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.0100581%	\$ -	\$ 43,675
Total Net Pension Asset/Liability		\$ -	\$ 43,675

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability were based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, the City recognized pension expense of \$9,842. At December 31, 2014, the City reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources:

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 11 – STATE RETIREMENT PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,294
Changes in assumptions	-	4,247
Net difference between projected and actual earnings on the pension plan investments	979	-
Changes in proportion and differences between contributions and proportionate shares of contributions	-	-
Contributions subsequent to the measurement date	8,045	-
Total	\$ 9,024	\$ 5,541

The \$8,045 was reported as deferred outflows of resources related to pensions resulting from contributions made prior to the fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2016	(1,154)
2017	(1,154)
2018	(1,154)
2019	(1,098)
Thereafter	-

Actuarial assumptions – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.5-10.5 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 11 – STATE RETIREMENT PLANS (Continued)

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Womend EDUF (100%)

Public Safety and Firefighters

Men RP 2000mWC (100%)

Womend EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Womend EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 – December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Return Arithmetic Basis	
		Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 11 – STATE RETIREMENT PLANS (Continued)

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75% and a real return of 4.75% that is net of investment expense.

Discount rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates, actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension asset and liability to changes in the discount rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportion Share of			
Net Pension (asset)/liability	\$ 104,793	\$ 43,675	\$ (7,249)

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

NOTE 12 - LITIGATION

The Town is defendant in certain legal actions and pending actions, or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. Town management is of the opinion that the final outcome of these matters will not have an adverse material effect on the Town’s financial statements.

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Town to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damages, and other losses. A minimal deductible applies to these policies, which the Town pays in the event of any loss. The Town also has purchased a workers’ compensation policy. Losses have not exceeded coverage during the last three years.

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 14 – RESTATEMENT OF NET POSITION

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 Accounting for Financial Reporting of pensions which became effective for financial statement reporting periods beginning after June 15, 2014. As a result of implementing this statement, pension related items, which were previously not recognized, are now required to be reported in the City’s financial statements. In the year of implementation, the City is required to include the pension related amounts and restate the earliest Net Position presented.

Therefore the effect of adding the pension related items is reflected as a restatement of net position in the statement of Activities for Governmental Activities of \$15,091 as well as \$16,072 in the proprietary funds statement of Revenues, Expenses, and Change in Net Position, since these pension items do not relate to the current financial reporting period.

In fiscal year 2013 the City acquired a \$100,000 Water Project Planning loan in the Water fund. The loan proceeds and payments were incorrectly recorded as intergovernmental grant revenue. The loan has been recorded and the net effect of the loan is \$80,000 and is reflected as a restatement of Net Position in the Statement of Revenues, Expenses, and Changes in Net Position

The total changes to the net position as a result of the restatement are as follows:

	Statement of Activities for the Governmental Activities	Statement of Activities for the Business Type Activities	Statement of Revenues, Expenses, and Changes in Net Position for the Business Type Activities
Restatement related to Gasb 68	\$ 15,091	\$ 16,072	\$ 16,072
Prior Period Adjustment	-	80,000	80,000
	<u>\$ 15,091</u>	<u>\$ 96,072</u>	<u>\$ 96,072</u>

NOTE 15 – COMMITMENTS

The City is involved in a major water and wastewater project. The City’s commitment to contractors is as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Water project	5,870,365
Wastewater project	6,606,809
Total	<u>\$12,477,174</u>

TOWN OF EUREKA CITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 16 – SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through November 19, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EUREKA CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 144,993	\$ 144,993	\$ 274,641	\$ 129,648
Licenses and permits	2,890	2,890	10,195	7,305
Intergovernmental	41,420	41,420	79,837	38,417
Charges for services	17,510	17,510	15,771	(1,739)
Fines	-	-	-	-
Miscellaneous	8,650	8,650	20,706	12,056
Total revenues	215,463	215,463	401,150	185,687
EXPENDITURES				
Current:				
General government	126,000	126,000	177,626	(51,626)
Public safety	5,500	5,500	5,500	-
Public works	37,000	37,000	35,189	1,811
Planning and zoning	-	-	519	(519)
Community development	18,770	18,770	10,989	7,781
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	187,270	187,270	229,823	(42,553)
Excess (deficit) of revenues over (under) expenditures	28,193	28,193	171,327	143,134
Other financing sources (uses)	-	-	-	-
Net change in fund balance	28,193	28,193	171,327	143,134
Fund balances - beginning	206,783	206,783	206,783	-
Fund balances - ending	\$ 234,976	\$ 234,976	\$ 378,110	\$ 143,134

TOWN OF EUEKA CITY

Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
JUNE 30, 2015
Last 10 Fiscal Years*

	<u>Noncontributory System</u>
Proportion of the net pension liability (asset)	0.0100581%
Proportionate share of the net pension liability (asset)	\$ 43,675
Covered employee payroll	\$ 88,382
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	49.4%
Plan fiduciary net position as a percentage of the total pension liability	90.2%

*In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year. Prior year numbers are available from the prior year note disclosure confirmation.

TOWN OF EUREKA CITY

Required Supplementary Information

Schedule of Contributions

JUNE 30, 2015

Last 10 Fiscal Years*

	<u>Noncontributory System</u>
Contractually required contribution	\$ 15,808
Contributions in relation to the contractually required contribution	(15,808)
Contribution deficiency (excess)	<u>\$ -</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	\$ 88,382
Plan fiduciary net position as a percentage of the total pension liability	17.89%

* The amounts presented were determined for the Calendar year January 1-December 31. Employers will be required to prospectively develop this table in future years to show 10-year information. The schedule above is only for the current year. Prior year numbers are available from the prior year note disclosure confirmation.

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

OTHER REPORTS



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

Honorable Mayor and Town Council
The Town of Eureka City
Eureka, UT

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, each major fund, and the aggregate remaining fund information of the Town of Eureka City, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Eureka City's basic financial statements, and have issued our report thereon dated November 19, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Eureka City'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 of Eureka City's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Eureka City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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 questioned costs that we consider to be significant deficiencies [15-1].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Eureka City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 of Eureka City's Response to Findings

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

Purpose of this Report

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

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
November 19, 2016

TOWN OF EUREKA CITY
SCHEDULE OF SIGNIFICANT DEFICIENCIES
FOR THE YEAR ENDED JUNE 30, 2015

1. Segregation of Duties

Finding: During our audit, we found that the proper segregation of duties does not exist to provide for a proper internal control structure. Inherent staff limitations placed on small cities make it difficult to provide for these separations in a cost effective manner. We recommend that, when feasible, the Town provide for proper segregation of duties. However, because in so many instances it is not feasible to provide for these separations, the Town council should continue to constantly be aware of the need for administrative review of transactions and activities of the Town.

Response: We will take steps to ensure the Town council has proper management oversight to reduce the segregation of duties risk.

2. Draft Financial Statements

Finding: The Town does not have an employee with certain expertise to draft the Town's basic financial statements and related footnotes. The auditor, with oversight from management, drafts the financial statements and footnotes. Management then reviews and accepts responsibility for the financial statements. Management should make efforts to gain as much expertise as possible regarding the preparation of the basic financial statements and footnotes to ensure that they are qualified to review, approve and accept responsibility for the financial statements.

Response: Management will gain expertise in the preparation of the financial statements and footnotes to ensure they are qualified to review, approve, and accept responsibility for the financial statements.

3. Adjustments to Accrual Basis of Accounting

Finding: The Town does not currently post year-end adjusting journal entries necessary to adjust the financial statements to the accrual basis of accounting. Management should make efforts to make the year-end entries to adjust to the proper basis of accounting.

Response: Management will seek training on posting year-end journal entries and the adjusting the financial statements to the proper basis of accounting.



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

Honorable Mayor and Town Council
 Town of Eureka City
 Eureka, UT

We have audited Town of Eureka City's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Town of Eureka City for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement System Compliance
- Transfers from Utility Enterprise Funds
- Cash Management
- Impact Fees
- GRAMA
- Conflicts of Interest
- Nepotism
- Utah Public Meetings Act
- Open and Public Meetings Act

The Town did not receive any major assistance programs from the State of Utah during the year ended June 30, 2015.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on General State Compliance Requirements

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in our letter to management dated November 19, 2016 as item 2015-1.

Town of Eureka's response to the noncompliance findings identified in our audit is described in our letter to management as 2015-1. Town of Eureka's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of 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 of compliance, we considered the Town's internal control over compliance with the compliance requirements that could have a direct and material effect on the Town to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in our letter to management as item 2015-1.

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

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants

TOWN OF EUREKA CITY

COMMUNICATION WITH THOSE
CHARGED WITH GOVERNANCE

JUNE 30, 2015



November 19, 2016

Honorable Mayor and Town Council
Town of Eureka City
Eureka, UT

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Eureka City for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 15, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Eureka City are described in Note 1 to the financial statements. The City implemented Governmental Auditing Standards Board pronouncement 68 which is described in Note 1 of the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Town's financial statements was:

Management's estimate of the capital assets' useful life is based on the historical life of similar assets. We evaluated the key factors and assumptions used to develop the capital assets' useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 16, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Town of Eureka City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and certain budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and certain budgetary comparison schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Utah State Legal Compliance Findings – Current Year

15-1 General Compliance- Budgetary Compliance

Finding: According to Utah State Law actual expenditures within the departments of the general fund cannot exceed budgeted amounts. We noted the following departments expenditures exceed budgeted amounts:

General government	\$ 51,626
Planning and zoning	\$ 519

Recommendation: We recommend that the Town review expenditures and amend budget as needed prior to the end of the fiscal year.

Town's Response: We concur with the auditor's finding and will make necessary budget amendments to ensure compliance with Utah State Laws.

15-2 General Compliance- Conflicts of Interest

Finding: State law states that the Town must have a policy and procedure established to disclose conflicts of interest and it must be effectively communicated to public officers and employees of the entity. Upon review we found that the Town does not have a policy and procedure established to disclose conflicts of interest.

Recommendation: We recommend that the Town establish a policy and procedure to disclose conflicts of interest.

Town's Response: We concur with the auditor's finding and will establish a policy and procedure to disclose conflicts of interest.

15-3 General Compliance- Nepotism

Finding: State law states that the Town must have a policy and procedure established to disclose nepotism and it must be effectively communicated to public officers and employees of the entity. Upon review we found that the Town does not have a policy and procedure established to disclose nepotism.

Recommendation: We recommend that the Town establish a policy and procedure to disclose nepotism.

Town's Response: We concur with the auditor's finding and will establish a policy and procedure to disclose nepotism.

15-4 General Compliance – Utah Public Finance Website

Finding: State law states that the Town must upload financial reports to the transparency website on a regular basis. Upon review, we found the Town is not uploading their reports to the transparency website.

Recommendation: We recommend that the Town comply with the state requirements and start uploading all required financial reports to the transparency website.

Town's Response: We have communicated with the State Auditor's Office and our accounting system does not work with the State's program to upload our financial statements. The State is helping work through this issue and we will try all we can to comply with this requirement in the future.

15-5 Reporting Requirements

Finding: Utah State Law requires governmental entities with fiscal June year ends to submit audited financial statements to the Utah State Auditor within 180 days of fiscal year end, each year. The required financial statements were not submitted in a timely manner to the Utah State Auditor.

Recommendation: We recommend the Town submit all required reports by the required deadline.

Town's Response: We agree with the auditor's recommendation. The Town will submit the required reports as required by law.

15-6 Open and Public Meeting Act

Finding: The Town failed to meet the requirements for the open and public meetings act.

Recommendation: We recommend the Town take the necessary steps to fulfill the requirements of the open and public meetings act.

Town's Response: We concur with the auditor's finding and will take the necessary steps to fulfill the requirements of the open and public meetings act.

Utah State Legal Compliance Findings – Prior Year

14-1 General Compliance- Budgetary Compliance

Finding: According to Utah State Law actual expenditures within the departments of the general fund cannot exceed budgeted amounts. We noted the following departments expenditures exceed budgeted amounts:

General government	\$ 16,020
Planning and zoning	\$ 497

Recommendation: We recommend that the Town review expenditures and amend budget as needed prior to the end of the fiscal year.

Current Status: See current year finding 15-1

14-2 General Compliance- Conflicts of Interest

Finding: State law states that the Town must have a policy and procedure established to disclose conflicts of interest and it must be effectively communicated to public officers and employees of the entity. Upon review we found that the Town does not have a policy and procedure established to disclose conflicts of interest.

Current Status: See current year finding 15-2

14-3 General Compliance- Nepotism

Finding: State law states that the Town must have a policy and procedure established to disclose nepotism and it must be effectively communicated to public officers and employees of the entity. Upon review we found that the Town does not have a policy and procedure established to disclose nepotism.

Recommendation: We recommend that the Town establish a policy and procedure to disclose nepotism.

Current Status: See current year finding 15-3

14-4 General Compliance – Utah Public Finance Website

Finding: State law states that the Town must upload financial reports to the transparency website on a regular basis. Upon review, we found the Town is not uploading their reports to the transparency website.

Recommendation: We recommend that the Town comply with the state requirements and start uploading all required financial reports to the transparency website.

Current Status: See current year finding 15-4

14-5 Reporting Requirements

Finding: Utah State Law requires governmental entities with fiscal June year ends to submit audited financial statements to the Utah State Auditor within 180 days of fiscal year end, each year. The required financial statements were not submitted in a timely manner to the Utah State Auditor.

Recommendation: We recommend the Town submit all required reports by the required deadline.

Current Status: See current year status 15-5

This information is intended solely for the use of the mayor, Town Council, and management of the Town of Eureka City and is not intended to be, and should not be, used by anyone other than these specified parties

Very truly yours,

Gilbert & Stewart

GILBERT & STEWART

Certified Public Accountants