

**RICHFIELD CITY**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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# Kimball & Roberts

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Certified Public Accountants  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
Richfield City  
Richfield, Utah 84701

### **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 Richfield City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of Richfield City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### ***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 an opinion 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 financial statement 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of Richfield City at June 30, 2019, and the changes in financial position and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and Utah Retirement Systems pension liability and contribution information on pages 5 through 12, 58 through 59, and 60 through 62 respectively, be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 November 4, 2019, on our consideration of Richfield 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 Richfield City's internal control over financial reporting and compliance.

*Kimball & Roberts, PC*

Certified Public Accountants

November 4, 2019  
Richfield, Utah

## **RICHFIELD CITY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

This discussion of Richfield City's financial performance provides an overview of the City's financial activities for the year ending June 30, 2019. This report is in conjunction with the City's financial statements.

The City's purpose is to provide general services to its residents which includes general government, public safety, highways and public improvements, economic development, and parks and recreation.

### **Financial Highlights**

- \* The assets of the City exceeded its liabilities as of the close of the most recent year by \$58,962,236 (net position). Of this amount, \$2,865,563 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- \* The government's total net position increased by \$2,122,236. The revenues were more than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- \* At the close of the current year, the City's governmental funds reported ending fund balances of \$8,181,353, an increase of \$4,747,894 in comparison with the prior year. Approximately 37 percent of this total amount, \$3,004,481 is available for spending at the government's discretion (assigned and unassigned fund balance).
- \* At the end of the current year, unassigned fund balance for the General Fund was \$1,928,614, or 31 percent of total General Fund expenditures.
- \* The City's total debt increased by a net amount of \$1,542,656 during the current year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Richfield City's basic financial statements. The 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 contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

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

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

**RICHFIELD CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the 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. The governmental activities of the City include general government, public health, highways and public improvements, and parks and recreation. The business-type activities of the City are the proprietary funds; water, sewer, landfill, and refuse.

Refer to the table of contents for the location of the government-wide financial statements.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Richfield City, like other state and local governments, 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**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Richfield City maintains five governmental funds: the General Fund; Capital Projects Fund; Building Authority Fund; Debt Service Fund; and Perpetual Care Fund.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided to demonstrate legal compliance with the adopted budget for the General Fund.

Refer to the table of contents for the location of the basic governmental fund financial statements.

**RICHFIELD CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Proprietary Funds**

Richfield City maintains four types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, landfill, and refuse operations.

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

Refer to the table of contents for the location of the basic proprietary fund financial statements.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

**Notes To The Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

**Other Information**

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Richfield City, assets exceeded liabilities by \$58,962,236 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (85 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are 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.

**RICHFIELD CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Richfield City's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current & Other Assets	\$ 9,250,620	\$ 4,684,872	\$ 1,943,537	\$ 1,947,732	\$ 11,194,157	\$ 6,632,604
Capital Assets	45,741,429	46,374,024	15,825,417	16,119,044	61,566,846	62,493,068
<b>Total Assets</b>	<b>54,992,049</b>	<b>51,058,896</b>	<b>17,768,954</b>	<b>18,066,776</b>	<b>72,761,003</b>	<b>69,125,672</b>
Deferred Outflows of Resources	608,236	664,608	154,560	166,934	762,796	831,542
Long-Term Liabilities	5,845,302	3,588,274	6,106,996	6,431,612	11,952,298	10,019,886
Other Liabilities	858,322	849,111	893,771	837,145	1,752,093	1,686,256
<b>Total Liabilities</b>	<b>6,703,624</b>	<b>4,437,385</b>	<b>7,000,767</b>	<b>7,268,757</b>	<b>13,704,391</b>	<b>11,706,142</b>
Deferred Inflows of Resources	833,385	1,280,375	23,787	130,697	857,172	1,411,072
Net Position:						
Net Investment in Capital Assets	40,812,429	43,412,024	9,520,372	9,389,655	50,332,801	52,801,679
Restricted	5,176,872	960,058	587,000	577,000	5,763,872	1,537,058
Unrestricted	2,073,975	1,633,662	791,588	867,601	2,865,563	2,501,263
<b>Total Net Position</b>	<b>\$ 48,063,276</b>	<b>\$ 46,005,744</b>	<b>\$ 10,898,960</b>	<b>\$ 10,834,256</b>	<b>\$ 58,962,236</b>	<b>\$ 56,840,000</b>

A portion of the City's net position (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$2,865,563, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental Activities**

Governmental activities increased the City's net position by \$2,057,532. Key elements of the changes are shown on the following page:

**RICHFIELD CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Richfield City's Changes In Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 1,787,334	\$ 1,613,662	\$ 2,677,183	\$ 2,635,196	\$ 4,464,517	\$ 4,248,858
Operating Grants	822,936	797,591	26,500	-	849,436	797,591
Capital Grants	2,889,265	1,114,880	-	-	2,889,265	1,114,880
<b>General Revenues:</b>						
Property Taxes	784,814	761,190	-	-	784,814	761,190
Other Taxes	3,989,168	3,914,690	-	-	3,989,168	3,914,690
Impact/Connect Fees	-	-	54,273	100,451	54,273	100,451
Loss on Dspns Assets	(3,000)	17,652	-	-	(3,000)	17,652
Other	35,866	251,650	-	450,000	35,866	701,650
Unrestricted Investment Earnings	118,585	49,576	-	-	118,585	49,576
<b>Total Revenues</b>	<b>10,424,968</b>	<b>8,520,891</b>	<b>2,757,956</b>	<b>3,185,647</b>	<b>13,182,924</b>	<b>11,706,538</b>
<b>Expenses:</b>						
General Government	1,851,240	1,218,212	-	-	1,851,240	1,218,212
Public Safety	2,078,287	1,861,059	-	-	2,078,287	1,861,059
Highways	1,656,818	1,523,946	-	-	1,656,818	1,523,946
Parks and Recreation	2,555,230	2,364,230	-	-	2,555,230	2,364,230
Economic Develop.	221,961	170,426	-	-	221,961	170,426
Int. - Long-Term Debt	24,174	24,992	145,355	145,641	169,529	170,633
Business-Type Activity	-	-	2,527,623	2,480,388	2,527,623	2,480,388
<b>Total Expenses</b>	<b>8,387,710</b>	<b>7,162,865</b>	<b>2,672,978</b>	<b>2,626,029</b>	<b>11,060,688</b>	<b>9,788,894</b>
<b>Increase in Net Position Before Transfers</b>	<b>2,037,258</b>	<b>1,358,026</b>	<b>84,978</b>	<b>559,618</b>	<b>2,122,236</b>	<b>1,917,644</b>
<b>Transfers</b>	<b>20,274</b>	<b>26,910</b>	<b>(20,274)</b>	<b>(26,910)</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>2,057,532</b>	<b>1,384,936</b>	<b>64,704</b>	<b>532,708</b>	<b>2,122,236</b>	<b>1,917,644</b>
<b>Net Position - Beginning</b>	<b>46,005,744</b>	<b>44,620,808</b>	<b>10,834,256</b>	<b>10,301,548</b>	<b>56,840,000</b>	<b>54,922,356</b>
<b>Net Position - Ending</b>	<b>\$ 48,063,276</b>	<b>\$ 46,005,744</b>	<b>\$ 10,898,960</b>	<b>\$ 10,834,256</b>	<b>\$ 58,962,236</b>	<b>\$ 56,840,000</b>

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

**RICHFIELD CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Business-Type Activities**

Business-type activities increased the City's net position by \$64,704. Key elements of the changes are shown on the previous page.

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental 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. In particular *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the City's governmental funds reported ending fund balances of \$8,181,353, an increase of \$4,747,894 in comparison with the prior year. Approximately 23 percent of this amount, \$1,848,818, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been assigned to: 1) perpetual care, \$130,275; 2) capital outlay, \$4,060,937; 3) debt service, \$316,277; and, 4) roads \$593,793. Fund balance has also been assigned \$1,155,663 for capital outlay. Fund balance nonspendable inventory is \$75,590.

The General Fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was \$1,928,614, while total fund balance reached \$2,686,205. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30 percent of total General Fund expenditures, while total fund balance represents 42 percent of that same amount.

**Proprietary Funds**

The City's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the proprietary funds at the end of the year were \$791,588. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

**RICHFIELD CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget of \$322,097 can be briefly summarized as follows:

- \* \$27,698 decrease in General Government.
- \* \$20,956 decrease in Public Safety.
- \* \$329,681 increase in Streets and Public Improvements.
- \* \$385,284 increase in Parks and Recreation.
- \* \$35,971 increase in Economic Development.
- \* \$8,583 net increase in Transfers In and Out.
- \* \$385,668 decrease in Fund Balance to be appropriated.
- \* \$3,100 decrease in Contributions.

**Capital Assets and Debt Administration**

**Capital Assets**

The City's total investment in capital assets for its governmental and business-type activities as of June 30, 2019, was \$61,566,846 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads, highways, public improvements, water and sewer land, machinery and equipment and distribution systems.

**Richfield City's Capital Assets**

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 4,931,792	\$ 4,806,231	\$ 1,479,302	\$ 1,479,302	\$ 6,411,094	\$ 6,285,533
Water Shares	-	-	2,037,446	1,965,446	2,037,446	1,965,446
Buildings	2,753,311	2,864,039	9,536	10,805	2,762,847	2,874,844
Improvements	3,779,795	4,113,682	11,885,188	12,362,105	15,664,983	16,475,787
Equipment	724,471	681,035	142,406	158,112	866,877	839,147
Vehicles	769,480	870,598	70,300	93,607	839,780	964,205
Infrastructure	32,021,100	6,943,966	-	-	32,021,100	6,943,966
Constr. in Progress	761,480	26,094,473	201,239	49,668	962,719	26,144,141
<b>Total</b>	<b>\$ 45,741,429</b>	<b>\$ 46,374,024</b>	<b>\$ 15,825,417</b>	<b>\$ 16,119,045</b>	<b>\$ 61,566,846</b>	<b>\$ 62,493,069</b>

Additional information on the City's capital assets can be found in the notes to the financial statements.

**RICHFIELD CITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Long -Term Debt**

At the end of the current year, the City had outstanding notes payable of \$279,847, leases payable of \$68,298 and revenue bonds payable of \$10,885,900.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Note/Lease Payable	\$ -	\$ -	\$ 348,145	\$ 246,489	\$ 348,145	\$ 246,489
Revenue Bonds	4,929,000	2,962,000	5,956,900	6,482,900	10,885,900	9,444,900
<b>Total Long-Term Debt</b>	<b>\$ 4,929,000</b>	<b>\$ 2,962,000</b>	<b>\$ 6,305,045</b>	<b>\$ 6,729,389</b>	<b>\$ 11,234,045</b>	<b>\$ 9,691,389</b>

State statutes limit the amount of general obligation debt a governmental entity may issue to 4 percent of its total fair market value of taxable property in the City. The current debt limitation for the City is approximately \$25,000,000. The city has no general obligation debt.

Additional information on the City's long-term debt can be found in the notes of the financial statements.

**Request for Information**

This financial report is designed to provide a general overview of Richfield 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 the Richfield City Recorder, P.O. Box 250, Richfield, Utah, 84701

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# **BASIC FINANCIAL STATEMENTS**

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**RICHFIELD CITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current Assets:			
Cash and Investments:			
Unrestricted	\$ 2,766,892	\$ 1,095,059	\$ 3,861,951
Restricted	5,100,757	587,000	5,687,757
Accounts Receivable (Net)	29,178	261,478	290,656
Prepaid Expenses	40,230	-	40,230
Property Taxes Receivable	775,903	-	775,903
Due From Other Government Units	462,070	-	462,070
Inventory	75,590	-	75,590
Total Current Assets	<u>9,250,620</u>	<u>1,943,537</u>	<u>11,194,157</u>
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	5,693,272	3,717,987	9,411,259
Net of Accumulated Depreciation	40,048,157	12,107,430	52,155,587
Total Noncurrent Assets	<u>45,741,429</u>	<u>15,825,417</u>	<u>61,566,846</u>
TOTAL ASSETS	<u>54,992,049</u>	<u>17,768,954</u>	<u>72,761,003</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related To Pensions	608,236	154,560	762,796
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 55,600,285</u>	<u>\$ 17,923,514</u>	<u>\$ 73,523,799</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 161,183	\$ 100,439	\$ 261,622
Accrued Liabilities	136,955	-	136,955
Retention Payable	13,836	-	13,836
Deposits Payable	-	73,102	73,102
Bond Interest Payable	17,348	123,705	141,053
Notes Payable - Due Within One Year	-	43,167	43,167
Lease Payable - Due Within One Year	-	16,358	16,358
Revenue Bonds Payable - Due Within One Year	529,000	537,000	1,066,000
Total Current Liabilities	<u>858,322</u>	<u>893,771</u>	<u>1,752,093</u>
Noncurrent Liabilities:			
Notes Payable - More Than One Year	-	236,680	236,680
Lease Payable - More Than One Year	-	51,940	51,940
Revenue Bonds Payable - More Than One Year	4,400,000	5,419,900	9,819,900
Compensated Absences	144,009	-	144,009
Net Pension Liability	1,301,293	398,476	1,699,769
Total Noncurrent Liabilities	<u>5,845,302</u>	<u>6,106,996</u>	<u>11,952,298</u>
TOTAL LIABILITIES	<u>6,703,624</u>	<u>7,000,767</u>	<u>13,704,391</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	757,293	-	757,293
Related to Pensions	76,092	23,787	99,879
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>833,385</u>	<u>23,787</u>	<u>857,172</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	40,812,429	9,520,372	50,332,801
Restricted For:			
Inventory	75,590	-	75,590
Debt Service	316,277	587,000	903,277
Capital Outlay	4,060,937	-	4,060,937
Perpetual Care	130,275	-	130,275
Roads	593,793	-	593,793
Unrestricted	2,073,975	791,588	2,865,563
TOTAL NET POSITION	<u>48,063,276</u>	<u>10,898,960</u>	<u>58,962,236</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 55,600,285</u>	<u>\$ 17,923,514</u>	<u>\$ 73,523,799</u>

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

**RICHFIELD CITY**  
**STATEMENT OF ACTIVITIES**  
**For The Fiscal Year Ended June 30, 2019**

Function/Programs Primary Government: Governmental Activities:	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
	Charges for Services	Operating Grants/ Contributions	Governmental Activities	Business-Type Activities	Total
General Government	\$ 1,851,240	\$ 151,223	\$ (1,063,069)	\$ -	\$ (1,063,069)
Public Safety	2,078,287	245,977	(1,817,441)	-	(1,817,441)
Highways and Public Improvements	1,656,818	422,639	(1,234,179)	-	(1,234,179)
Parks and Recreation	2,555,230	3,097	987,965	-	987,965
Economic Development	221,961	-	262,723	-	262,723
Interest on Long-Term Debt	24,174	-	(24,174)	-	(24,174)
<b>Total Governmental Activities</b>	<b>8,387,710</b>	<b>822,936</b>	<b>(2,888,175)</b>	<b>-</b>	<b>(2,888,175)</b>
<b>Business-Type Activities:</b>					
Water Fund	1,032,640	-	-	18,529	18,529
Sewer Fund	1,126,994	26,500	-	(4,135)	(4,135)
Landfill Fund	232,286	-	-	20,274	20,274
Refuse Fund	281,058	-	-	(3,963)	(3,963)
<b>Total Business-Type Activities</b>	<b>2,672,978</b>	<b>26,500</b>	<b>-</b>	<b>30,705</b>	<b>30,705</b>
<b>Total Primary Government</b>	<b>\$11,060,688</b>	<b>\$ 849,436</b>	<b>(2,888,175)</b>	<b>30,705</b>	<b>(2,857,470)</b>
<b>General Revenues:</b>					
Property Taxes			561,140	-	561,140
Property Taxes-Recreation			223,674	-	223,674
Fee-In-Lieu of Property Taxes			63,622	-	63,622
Sales Taxes			2,188,952	-	2,188,952
Transient Room Taxes			91,497	-	91,497
Franchise Taxes			14,394	-	14,394
Highway Taxes			717,590	-	717,590
Transportation Sales Tax			173,750	-	173,750
Municipal Energy Tax			422,248	-	422,248
Communication Tax			78,079	-	78,079
Impact/Connection Fees			-	54,273	54,273
Recreation Tax			239,036	-	239,036
Other			32,764	-	32,764
Loss on Disposition of Capital Assets			(3,000)	-	(3,000)
Unrestricted Investment Earnings			118,585	-	118,585
Private Capital Contributions			3,102	-	3,102
Transfers In			549,812	-	549,812
Transfers Out			(529,538)	(20,274)	(549,812)
<b>Total General Revenues and Transfers</b>			<b>4,945,707</b>	<b>33,999</b>	<b>4,979,706</b>
<b>Change in Net Position</b>			<b>2,057,532</b>	<b>64,704</b>	<b>2,122,236</b>
<b>Net Position - Beginning</b>			<b>46,005,744</b>	<b>10,834,256</b>	<b>56,840,000</b>
<b>Net Position - Ending</b>			<b>\$ 48,063,276</b>	<b>\$ 10,898,960</b>	<b>\$ 58,962,236</b>

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

**RICHFIELD CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Investments	\$1,575,854	\$1,191,038	\$ -	\$ 2,766,892
Restricted Cash and Investments	682,001	4,060,937	357,819	5,100,757
Accounts Receivable (Net)	28,653	-	525	29,178
Prepaid Expenses	40,230	-	-	40,230
Property Taxes Receivable	775,903	-	-	775,903
Due From Other Government Units	462,070	-	-	462,070
Due From Other Funds	79,786	-	-	79,786
Inventory	75,590	-	-	75,590
	<u>\$3,720,087</u>	<u>\$5,251,975</u>	<u>\$ 358,344</u>	<u>\$ 9,330,406</u>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 139,634	\$ 21,539	\$ 10	\$ 161,183
Accrued Liabilities	136,955	-	-	136,955
Due to Other Funds	-	-	79,786	79,786
Retention Payable	-	13,836	-	13,836
	<u>276,589</u>	<u>35,375</u>	<u>79,796</u>	<u>391,760</u>
<b>TOTAL LIABILITIES</b>				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	<u>757,293</u>	<u>-</u>	<u>-</u>	<u>757,293</u>
<b>FUND BALANCES</b>				
Nonspendable Inventory	75,590	-	-	75,590
Restricted For:				
Perpetual Care	-	-	130,275	130,275
Capital Outlay	-	4,060,937	-	4,060,937
Debt Service	88,208	-	228,069	316,277
Roads	593,793	-	-	593,793
Assigned For:				
Capital Outlay	-	1,155,663	-	1,155,663
Unassigned:				
Building Authority	-	-	(79,796)	(79,796)
General Fund	<u>1,928,614</u>	<u>-</u>	<u>-</u>	<u>1,928,614</u>
	<u>2,686,205</u>	<u>5,216,600</u>	<u>278,548</u>	<u>8,181,353</u>
<b>Total Fund Balance</b>				
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
	<u>\$3,720,087</u>	<u>\$5,251,975</u>	<u>\$ 358,344</u>	<u>\$ 9,330,406</u>

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

**RICHFIELD CITY**  
**GOVERNMENTAL BALANCE SHEET RECONCILIATION TO THE STATEMENT OF NET POSITION**  
**June 30, 2019**

Total Fund Balances - Governmental Fund Types \$ 8,181,353

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Land	\$ 4,931,792	
Buildings	2,753,311	
Improvements	3,779,795	
Machinery and Equipment	724,471	
Vehicles	769,480	
Infrastructure	32,021,100	
Construction in Progress	<u>761,480</u>	
Total		45,741,429

To recognize resources associated with pension assets and deferred outflows of pension resources:

Deferred Outflows of Resources Related to Pensions	<u>\$ 608,236</u>	
Total Pension Assets and Deferred Outflows of Resources		608,236

To recognize obligations associated with pension liabilities which are not current obligations and not recorded in the fund statements:

Net Pension Liability	\$ (1,301,293)	
Deferred Inflows of Resources Related to Pensions	<u>(76,092)</u>	
Total Pension Liability and Deferred Inflows of Resources		(1,377,385)

Long-term liabilities, including bonds payable, bond interest payable, and compensated absences, are not due payable or consumed in the current period and, therefore, are not reported in the funds:

Bond Interest Payable	\$ (17,348)	
Revenue Bonds	(4,929,000)	
Compensated Absences	<u>(144,009)</u>	
Total		<u>(5,090,357)</u>

Net Position of Government Activities \$48,063,276

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

**RICHFIELD CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Fiscal Year Ended June 30, 2019**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$4,773,982	\$ -	\$ -	\$ 4,773,982
Licenses and Permits	132,586	-	-	132,586
Intergovernmental Revenue	822,936	2,820,084	-	3,643,020
Charges for Services	1,427,633	29,581	-	1,457,214
Interest	90,572	21,786	6,227	118,585
Other Revenues	32,765	-	227,114	259,879
	<u>7,280,474</u>	<u>2,871,451</u>	<u>233,341</u>	<u>10,385,266</u>
<b>Total Revenues</b>				
<b>Expenditures:</b>				
Current:				
General Government	855,578	9,126	3,150	867,854
Public Safety	1,950,650	4,500	-	1,955,150
Highways and Public Improvements	1,100,474	-	-	1,100,474
Parks and Recreation	2,212,922	94,879	-	2,307,801
Economic Development	143,803	-	-	143,803
Capital Outlay	-	1,272,660	-	1,272,660
Debt Service:				
Principal	77,000	-	226,000	303,000
Interest	-	-	19,606	19,606
	<u>6,340,427</u>	<u>1,381,165</u>	<u>248,756</u>	<u>7,970,348</u>
<b>Total Expenditures</b>				
Excess Revenues Over (Under)				
Expenditures	<u>940,047</u>	<u>1,490,286</u>	<u>(15,415)</u>	<u>2,414,918</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	23,495	480,655	45,662	549,812
Operating Transfers Out	(526,317)	-	(3,221)	(529,538)
Bond Proceeds	-	2,270,000	-	2,270,000
Contributions	3,102	39,600	-	42,702
	<u>(499,720)</u>	<u>2,790,255</u>	<u>42,441</u>	<u>2,332,976</u>
<b>Total Other Financing Sources</b>				
Net Change In Fund Balance	440,327	4,280,541	27,026	4,747,894
Fund Balance - Beginning	<u>2,245,878</u>	<u>936,059</u>	<u>251,522</u>	<u>3,433,459</u>
Fund Balance - Ending	<u>\$2,686,205</u>	<u>\$5,216,600</u>	<u>\$ 278,548</u>	<u>\$ 8,181,353</u>

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

**RICHFIELD CITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For The Fiscal Year Ended June 30, 2019**

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 4,747,894
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The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown on the fund statements.	(86,243)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	\$ 1,272,660	
Depreciation Expense	<u>(1,902,255)</u>	
Total		(629,595)

Gain or Loss on Disposition of Capital Assets is not shown in the fund statements but is reported in the Statement of Activities.	(3,000)
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The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Increase in Accrued Interest Payable	\$ (4,568)	
Decrease in Compensated Absences	44	
Bond Proceeds	(2,270,000)	
Principal Payment on Long-Term Debt	<u>303,000</u>	
Total		<u>(1,971,524)</u>

Changes In Net Position of Governmental Activities	<u>\$ 2,057,532</u>
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The notes to the financial statements are an integral part of this statement.

**RICHFIELD CITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2019**

	Business-Type Activities Enterprise Funds			Total
	Water	Sewer	Nonmajor Funds	
<b>ASSETS:</b>				
Current Assets:				
Cash and Investments	\$ 723,966	\$ 360,207	\$ 10,886	\$ 1,095,059
Accounts Receivable	108,910	103,114	49,454	261,478
Total Current Assets	<u>832,876</u>	<u>463,321</u>	<u>60,340</u>	<u>1,356,537</u>
Noncurrent Assets:				
Restricted Cash and Investments	236,000	351,000	-	587,000
Capital Assets:				
Not Being Depreciated	2,935,098	782,889	-	3,717,987
Net of Accumulated Depreciation	4,714,421	7,393,009	-	12,107,430
Total Noncurrent Assets	<u>7,885,519</u>	<u>8,526,898</u>	<u>-</u>	<u>16,412,417</u>
<b>TOTAL ASSETS</b>	<u>8,718,395</u>	<u>8,990,219</u>	<u>60,340</u>	<u>17,768,954</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Related to Pensions	63,895	90,665	-	154,560
<b>TOTAL ASSETS AND DEFERRED     OUTFLOWS OF RESOURCES</b>	<u><u>\$8,782,290</u></u>	<u><u>\$9,080,884</u></u>	<u><u>\$ 60,340</u></u>	<u><u>\$17,923,514</u></u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	\$ 66,213	\$ 34,226	\$ -	\$ 100,439
Customer Deposits Payable	73,102	-	-	73,102
Bond Interest Payable	28,100	95,605	-	123,705
Notes Payable - Current Portion	43,167	-	-	43,167
Lease Payable - Current	16,358	-	-	16,358
Bonds Payable - Current Portion	212,000	325,000	-	537,000
Total Current Liabilities	<u>438,940</u>	<u>454,831</u>	<u>-</u>	<u>893,771</u>
Noncurrent Liabilities:				
Notes Payable - Long-Term Portion	77,937	158,743	-	236,680
Lease Payable - Long-Term Portion	51,940	-	-	51,940
Bonds Payable - Long-Term Portion	1,843,900	3,576,000	-	5,419,900
Net Pension Liability	168,625	229,851	-	398,476
Total Noncurrent Liabilities	<u>2,142,402</u>	<u>3,964,594</u>	<u>-</u>	<u>6,106,996</u>
<b>TOTAL LIABILITIES</b>	<u>2,581,342</u>	<u>4,419,425</u>	<u>-</u>	<u>7,000,767</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Related to Pensions	8,147	15,640	-	23,787
<b>NET POSITION:</b>				
Net Investment in Capital Assets	5,404,217	4,116,155	-	9,520,372
Restricted-Debt Service	236,000	351,000	-	587,000
Unrestricted	552,584	178,664	60,340	791,588
<b>TOTAL NET POSITION</b>	<u>6,192,801</u>	<u>4,645,819</u>	<u>60,340</u>	<u>10,898,960</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u><u>\$8,782,290</u></u>	<u><u>\$9,080,884</u></u>	<u><u>\$ 60,340</u></u>	<u><u>\$17,923,514</u></u>

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

**RICHFIELD CITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For The Fiscal Year Ended June 30, 2019**

	Business-Type Activities Enterprise Funds			Total
	Water	Sewer	Nonmajor Funds	
<b>Operating Revenues:</b>				
Charges for Sales and Services:	\$1,039,867	\$1,093,262	\$ 529,655	\$ 2,662,784
Other Revenue	11,302	3,097	-	14,399
<b>Total Operating Revenues</b>	<b>1,051,169</b>	<b>1,096,359</b>	<b>529,655</b>	<b>2,677,183</b>
<b>Operating Expenses:</b>				
Salaries and Wages	125,000	166,082	-	291,082
Employee Benefits	94,000	97,893	-	191,893
Contractual Services	-	-	513,344	513,344
Depreciation	242,660	398,822	-	641,482
Insurance	26,500	28,000	-	54,500
Miscellaneous	5,683	5,608	-	11,291
Administrative Expense	145,000	145,000	-	290,000
Professional Services	14,566	46,224	-	60,790
Repairs and Maintenance	159,043	78,918	-	237,961
Sewage Treatment	-	13,255	-	13,255
Supplies	7,551	6,935	-	14,486
Travel and Training	2,234	978	-	3,212
Bad Debts	97	132	-	229
Utilities	163,574	21,501	-	185,075
<b>Total Operating Expenses</b>	<b>985,908</b>	<b>1,009,348</b>	<b>513,344</b>	<b>2,508,600</b>
<b>Operating Income</b>	<b>65,261</b>	<b>87,011</b>	<b>16,311</b>	<b>168,583</b>
<b>Nonoperating Revenues (Expenses):</b>				
Connection Fees	10,400	1,650	-	12,050
Impact Fees	36,505	5,718	-	42,223
Operating Grants	-	26,500	-	26,500
Interest Expense	(38,562)	(106,793)	-	(145,355)
Transfer to General Fund	-	-	(20,274)	(20,274)
Benefit Expense Due to Pensions	31,282	41,569	-	72,851
Pension Expense Due to Pensions	(39,452)	(52,422)	-	(91,874)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>173</b>	<b>(83,778)</b>	<b>(20,274)</b>	<b>(103,879)</b>
<b>Change in Net Position</b>	<b>65,434</b>	<b>3,233</b>	<b>(3,963)</b>	<b>64,704</b>
<b>Net Position - Beginning</b>	<b>6,127,367</b>	<b>4,642,586</b>	<b>64,303</b>	<b>10,834,256</b>
<b>Net Position - Ending</b>	<b>\$6,192,801</b>	<b>\$4,645,819</b>	<b>\$ 60,340</b>	<b>\$10,898,960</b>

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

**RICHFIELD CITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For The Fiscal Year Ended June 30, 2019**

	Business-Type Activities Enterprise Funds			Total
	Water	Sewer	Nonmajor Funds	
<b>Cash Flows From Operating Activities:</b>				
Receipts From Customers	\$1,058,905	\$1,098,693	\$ 530,250	\$2,687,848
Payments to Suppliers	(484,736)	(322,073)	(535,851)	(1,342,660)
Payments to Employees	(219,000)	(263,975)	-	(482,975)
Net Cash Provided by Operating Activities	<u>355,169</u>	<u>512,645</u>	<u>(5,601)</u>	<u>862,213</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Operating Grants	-	26,500	-	26,500
Long-Term Debt Proceeds	-	158,743	-	158,743
Principal Paid on Capital Debt	(265,087)	(318,000)	-	(583,087)
Capital Outlay	(183,280)	(164,573)	-	(347,853)
Interest Paid on Capital Debt	(38,562)	(105,206)	-	(143,768)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(486,929)</u>	<u>(402,536)</u>	<u>-</u>	<u>(889,465)</u>
<b>Cash Flows from Investing Activities:</b>				
Transfer To Other Funds	-	-	(20,274)	(20,274)
Connection and Impact Fees	46,905	7,368	-	54,273
Net Cash Provided (Used) by Investing Activities	<u>46,905</u>	<u>7,368</u>	<u>(20,274)</u>	<u>33,999</u>
Net Increase (Decrease) in Cash and Investments	(84,855)	117,477	(25,875)	6,747
Cash and Investments - Beginning	<u>1,044,821</u>	<u>593,730</u>	<u>36,761</u>	<u>1,675,312</u>
Cash and Investments - Ending	<u>\$ 959,966</u>	<u>\$ 711,207</u>	<u>\$ 10,886</u>	<u>\$1,682,059</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>				
Operating Income	\$ 65,261	\$ 87,011	\$ 16,311	\$ 168,583
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:				
Depreciation	242,660	398,822	-	641,482
Increase (Decrease) in Operating Assets				
Accounts Receivable	7,736	2,334	597	10,667
Accounts Payable	39,047	24,478	(22,509)	41,016
Accrued Liabilities	465	-	-	465
Total Adjustments	<u>289,908</u>	<u>425,634</u>	<u>(21,912)</u>	<u>693,630</u>
Net Cash Provided by Operating Activities	<u>\$ 355,169</u>	<u>\$ 512,645</u>	<u>\$ (5,601)</u>	<u>\$ 862,213</u>

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

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Richfield City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2019.

The following is a summary of the more significant policies:

**A. Reporting Entity**

Richfield City is a municipal corporation in Sevier County, Utah. It is governed by an elected Mayor and a five-member council. As required by generally accepted accounting principles, these financial statements are of the primary government, Richfield City, the reporting entity. The City has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Ferron City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government 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 Capital Projects Fund account for the acquisition of fixed assets or construction of major capital improvements not being financed by proprietary or nonexpendable trust funds.

The government also reports the following other governmental funds:

The Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The Debt Service Funds which accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Perpetual Care Permanent Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The government reports the following enterprise funds:

The Water, Sewer, Landfill, and Refuse Funds account for the activities of the City's utility operations. 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 water, sewer, landfill and refuse collection are charges to customers for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**D. Assets, Liabilities and Net Position or Equity**

**Deposits and Investments:**

The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The City's investments are reported at amortized cost, which approximates fair value at year-end. The Utah Public Treasurers' Investment Fund (PTIF) operates in accordance with appropriate Utah state laws. Investments are recorded at amortized cost, which approximates fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The value of the City's position in the PTIF investment pool is the same as the value of the pool shares. Changes in the fair value in investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to funds based on the average earnings of each participating fund.

**Cash and Investments:**

The City considers cash and cash equivalents to be cash on hand and demand deposits, and considers investments to be short-term investments with original maturities of three months or less from the date of acquisition, including the PTIF.

**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, individual 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 capital assets are recorded at estimated fair market value at date of donation.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 - 40 Years
Machinery and Equipment	3 - 10 Years
Distribution System	30 - 40 Years
Infrastructure	40 Years

**Long-Term Obligations:**

In the government-wide financial statements, governmental long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Equity Classifications:**

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Nonspendable Fund Balance** classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

**Restricted Fund Balance** classification are restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed Fund Balance** classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

**Assigned fund balance** classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. It also includes all remaining amounts that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, or committed, and are intended to be used for specific purposes.

**Unassigned Fund Balance** classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

**E. Property Taxes**

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

**F. Budgets and Budgetary Accounting:**

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

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 25% of the next year's budgeted revenues must be appropriated within the following two years.

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

**G. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**H. Date of Subsequent Event Evaluation**

Richfield City's subsequent events have been evaluated through the day of the financial statement issuance of November 4, 2019.

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one type of item that qualifies for reporting in this category, deferred outflows as relating to pensions as described in Note 12.

In addition to liabilities, the Statement of Net Position 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. The Town reports unavailable revenues from property taxes and deferred inflows as relating to pensions as described in Note 12. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**  
**J. 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.

**NOTE 2 - CASH AND INVESTMENTS**  
**Deposits:**

Deposits and Investments are carried at amortized cost, which approximates fair value. A reconciliation of cash and investments at June 30, 2019, as shown on the financial statements is as follows:

	Carrying at Fair Value
Cash on Hand	\$ 1,575
Demand Deposits	103,374
Sweep Account	1,607,227
Investments - PTIF	7,727,359
Zions Escrow Accounts	110,173
Total Cash and Investments	\$ 9,549,708
Governmental Activities - Unrestricted	\$ 2,766,892
Governmental Activities - Restricted	5,100,757
Business-Type Activities - Unrestricted	1,095,059
Business-Type Activities - Restricted	587,000
Total Cash and Investments	\$ 9,549,708

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2019, \$1,632,851 of the City's bank balances of \$1,913,493 was uninsured and uncollateralized.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**Investments:**

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

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

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

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse purchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

*Fair Value of Investments*

The City measures and records its investments at amortized cost, which approximates fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- \* Level 1: Quoted prices for identical investments in active markets;
- \* Level 2: Observable inputs other than quoted market prices; and,
- \* Level 3: Unobservable inputs.

At June 30, 2019, the City had the following recurring fair value measurements:

<u>Investments By Fair Value Level</u>	June 30, 2019	<u>Fair Value Measurements Using</u>		
		Level 1	Level 2	Level 3
<b>Debt Securities:</b>				
Utah Public Treasurers' Investment Fund	\$7,759,256	\$ -	\$7,759,256	\$ -
Zions Escrow Accounts - PTIF	110,628	-	110,628	-
<b>Total Investments by Fair Value Level</b>	<b>\$7,869,884</b>	<b>\$ -</b>	<b>\$7,869,884</b>	<b>\$ -</b>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- \* Utah Public Treasurers' Investment Fund: application of the June 30, 2019 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

As of June 30, 2019, the City's investments had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Utah Public Treasurers' Investment Fund	\$7,759,256	\$7,759,256	\$ -	\$ -	\$ -
Zions Escrow A/CS - PTIF	110,628	110,628	-	-	-
<b>Total</b>	<b>\$7,869,884</b>	<b>\$7,869,884</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*Credit Risk*

Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligations. The city's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At June 30, 2019, the City's investments had the following quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Utah Public Treasurers' Investment Fund	\$7,759,256	\$ -	\$ -	\$ -	\$7,759,256
Zions Escrow A/CS - PTIF	110,628	-	-	-	110,628
<b>Total</b>	<b>\$7,869,884</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$7,869,884</b>

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments with a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. The City places no other limits on the amount it may invest in any one issuer.

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The city does not have a formal policy for custodial credit risk. As of June 30, 2019, the City had \$7,869,884 in debt security investments, level 2, which were held by the investment's counterparty. The City places no other limits on the amount of investments to be held by counterparties.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 3 - WATER SHARES**

The Water Fund has water shares and water rights which are shown on the balance sheet at a cost of \$2,037,446. The current value of the water shares and water rights is in excess of the cost.

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets Not Being Depr.:				
Land	\$ 4,556,231	\$ 125,561	\$ -	\$ 4,681,792
Land Related to Infrastructure	250,000	-	-	250,000
Construction In Progress	26,094,473	1,007,927	26,340,920	761,480
<b>Total Capital Assets Not Being Depreciated</b>	<b>30,900,704</b>	<b>1,133,488</b>	<b>26,340,920</b>	<b>5,693,272</b>
Capital Assets Being Depreciated:				
Buildings	6,460,200	29,406	-	6,489,606
Improvements	10,263,056	-	-	10,263,056
Machinery and Equipment	2,156,499	139,172	-	2,295,671
Vehicles	2,826,475	-	75,767	2,750,708
Infrastructure	10,390,867	26,311,514	-	36,702,381
<b>Total Capital Assets Being Depreciated</b>	<b>32,097,097</b>	<b>26,480,092</b>	<b>75,767</b>	<b>58,501,422</b>
Less Accumulated Depr. For:				
Buildings	3,596,161	140,134	-	3,736,295
Improvements	6,149,374	333,887	-	6,483,261
Machinery and Equipment	1,475,464	95,736	-	1,571,200
Vehicles	1,955,877	98,118	72,767	1,981,228
Infrastructure	3,446,901	1,234,380	-	4,681,281
<b>Total Accumulated Depreciation</b>	<b>16,623,777</b>	<b>1,902,255</b>	<b>72,767</b>	<b>18,453,265</b>
<b>Total Capital Assets Being Depreciated (Net)</b>	<b>15,473,320</b>	<b>24,577,837</b>	<b>3,000</b>	<b>40,048,157</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$46,374,024</b>	<b>\$25,711,325</b>	<b>\$26,343,920</b>	<b>\$45,741,429</b>

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,479,302	\$ -	\$ -	\$ 1,479,302
Water Shares	1,965,446	72,000	-	2,037,446
Construction In Progress	49,668	237,631	86,060	201,239
<b>Total Capital Assets Not Being Depreciated</b>	<b>3,494,416</b>	<b>309,631</b>	<b>86,060</b>	<b>3,717,987</b>
Capital Assets Being Depreciated:				
Buildings	55,345	-	-	55,345
Machinery and Equipment	552,048	-	-	552,048
Vehicles	328,819	-	3,065	325,754
Distribution System	21,276,363	124,283	-	21,400,646
<b>Total Capital Assets Being Depreciated</b>	<b>22,212,575</b>	<b>124,283</b>	<b>3,065</b>	<b>22,333,793</b>
Less Accumulated Depreciation For:				
Buildings	44,540	1,269	-	45,809
Machinery and Equipment	393,936	15,706	-	409,642
Vehicles	235,212	23,307	3,065	255,454
Distribution System	8,914,258	601,200	-	9,515,458
<b>Total Accumulated Depreciation</b>	<b>9,587,946</b>	<b>641,482</b>	<b>3,065</b>	<b>10,226,363</b>
<b>Total Capital Assets Being Depreciated (Net)</b>	<b>12,624,629</b>	<b>(517,199)</b>	<b>-</b>	<b>12,107,430</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>16,119,045</b>	<b>(207,568)</b>	<b>86,060</b>	<b>15,825,417</b>
<b>Total Capital Assets</b>	<b>\$62,493,069</b>	<b>\$25,503,757</b>	<b>\$26,429,980</b>	<b>\$61,566,846</b>

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the Primary Government as follows:

	Governmental Activities	Business-Type Activities
General Government	\$ 934,271	\$ -
Public Safety	86,053	-
Highways and Public Improvements	556,344	-
Parks and Recreation	247,429	-
Community Development	78,158	-
Water Fund	-	242,660
Sewer Fund	-	398,822
	<u>\$ 1,902,255</u>	<u>\$ 641,482</u>
Total Depreciation Expense	<u>\$ 1,902,255</u>	<u>\$ 641,482</u>

**NOTE 5 - BOND RESERVES**

**Governmental Funds:**

	Issue Date	Total Issued	Annual Requirement	Maximum Reserve	Reserve to Date
MBA - 2000A	2000	\$ 500,000	\$ -	\$ 25,000	\$ 25,000
MBA - 2000B	2000	1,250,000	-	80,975	80,975
Street Imp. - 2009	2008	770,000	-	77,000	77,000
MBA - 2011	2010	659,000	3,667	22,000	22,000
MBA - 2012	2012	805,000	4,500	27,000	27,000
MBA - 2014	2014	500,000	2,833	17,000	8,499
MBA - 2015	2014	318,000	5,500	33,000	16,500
Street Imp. - 2018	2018	245,000	3,748	26,985	3,748
Street Imp. - 2019	2019	2,025,000	7,460	268,550	7,460
					<u>\$ 268,182</u>
Total Governmental Funds Bond Reserves					<u>\$ 268,182</u>

**Business-Type Funds:**

	Issue Date	Total Issued	Annual Requirement	Maximum Reserve	Reserve to Date
Water Rev. Bond	2003A	\$ 700,000	\$ -	\$ 43,000	\$ 43,000
Water Rev. Bond	2003B	2,000,000	-	138,000	138,000
Water Rev. Bond	2011	1,250,000	10,000	60,000	55,000
Sewer Rev. Bond	2008	1,675,000	-	351,000	351,000
					<u>\$ 587,000</u>
Total Business-Type Funds Bond Reserves					<u>\$ 587,000</u>

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 6 - LONG-TERM DEBT**

**Governmental Long-Term Debt:**

**Bonds Payable:**

**MBA - Lease Revenue Bonds, Series 2000:**

During 2000, the City obtained financing for the purpose of expanding and renovating the golf course. The following Series 2000A and 2000B Lease Revenue Bonds were issued by the City. The bonds contain a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable and by court order appoint a receiver.

**Municipal Building Authority Lease Revenue Bonds, Series 2000A:**

Utah State Division of Finance Series 2000A Lease Revenue Bonds for \$500,000 with an interest rate of 0%. Payments begin on July 1, 2003 and will end on July 1, 2022.

**Municipal Building Authority Lease Revenue Bonds, Series 2000B:**

Utah State Division of Finance Series 2000B Lease Revenue Bonds for \$1,250,000 with an interest rate of 2.5%. Payments begin July 1, 2003 and will end on July 1, 2022.

**Parly Street Improvement Revenue Bond, Series 2009:**

During 2008, the City obtained financing for the purpose of constructing Main Street improvements including lighting, landscaping, and crosswalks for \$770,000. The terms of the loan require yearly payments with no interest on January 1 of each year beginning in 2011, ending January 1, 2020. The City has pledged 100% of the State Road Funds to pay for this bond. The bond contains a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable. In addition, the bond holder may impose on the entire outstanding amount at 18% until the default is cured.

**MBA - Lease Revenue Bonds, Series 2011:**

During 2010 the City obtained financing for the purpose of constructing airport improvements for \$659,000. The terms of the loan require yearly payments with no interest on July 1 of each year beginning in 2013, ending July 1, 2041. The City has pledged 100% of the base and other rentals of the airport to pay for this bond. The bond contains a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable and by court order appoint a receiver.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**MBA - Lease Revenue Bonds, Series 2012:**

During 2012 the City obtained financing for the purpose of constructing a fire station for \$805,000. The terms of the loan require yearly payments with no interest on July 1 of each year beginning in 2013, ending July 1, 2042. The City has pledged 100% of the base and other rentals of the fire station to pay for this bond. The bond contains a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable and by court order appoint a receiver.

**MBA - Lease Revenue Bonds, Series 2014:**

During 2014 the City obtained financing for the purpose of constructing improvements to the City's airport for \$500,000. The terms of the loan require yearly payments with no interest on July 1 of each year beginning in 2016, ending July 1, 2045. The City has pledged 100% of the base and other rentals of the airport to pay for this bond. The bond contains a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable and by court order appoint a receiver.

**MBA - Lease Revenue Bonds, Series 2015:**

During 2014 the City obtained financing for the purpose of purchasing a new Fire Truck for \$318,000. The terms of the loan require yearly payments with interest on October 1 of each year beginning in 2016, ending October 1, 2025. The bond carries an interest rate of 1.5%. The City has pledged 100% of the base and other rentals of the fire truck to pay for this bond. The bond contains a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable and by court order appoint a receiver.

**Sales Tax Revenue Refunding Bonds, Series 2017:**

During 2016 the City issued Series 2017 Sales Tax Revenue Refunding Bonds for the purpose of refunding the Series 2008 Sale Tax Revenue Bonds for \$429,000. The bonds shall mature annually on October 1 of each year beginning 2016 through and including the year 2027 with interest at between .6% and 2.4% payable semi-annually on April 1 and October 1 of each year. The City has pledged 100% of Sales Tax revenues to pay for this bond. The bond contains a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable and by court order appoint a receiver.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Street Improvement Revenue Bond, Series 2018:**

During 2018, the City obtained financing for the purpose of construction and maintenance of 1300 through 800 South for \$245,000. The terms of the loan require yearly payments with interest on September 1 of each year beginning in 2019, ending September 1, 2028. The bond carries an interest rate of 1.5%. The City has pledged 100% of the State Road Funds to pay for this bond. The bond contains a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable. In addition, the bond holder may impose on the entire outstanding amount at 18% until the default is cured.

**Parly Street Improvement Revenue Bond, Series 2019:**

During 2019, the City obtained financing for the purpose of maintaining and improving streets City wide for \$2,025,000. The terms of the loan require yearly payments with interest on February 1 of each year beginning in 2020, ending February 1, 2028. The bond carries an interest rate of 2.5%. The City has pledged 100% of the State Road Funds to pay for this bond. The bond contains a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable. In addition, the bond holder may impose on the entire outstanding amount at 18% until the default is cured.

**Compensated Absences:**

Compensated absences of Richfield City represent accrued vacation pay and associated payroll costs owed at June 30, 2019, in the amount of \$144,009.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Compensated Absences	<u>\$ 144,053</u>	<u>\$ -</u>	<u>\$ 44</u>	<u>\$ 144,009</u>

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Business-Type Long-Term Debt:**

**Bonds Payable:**

**Parly Water Revenue Bonds, Serles 2003:**

During 2003, the City issued two parity revenue bonds for the purpose of providing funds to finance all or part of the cost of improving the culinary water system of the City. The following Series 2003A and 2003B Parly Water Revenue Bonds were issued by the City. The City has pledged 100% of the revenues of the water system to pay for this bond. The bonds contain a significant default event of not paying the principal or interest according to the payment schedule . Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable and by court order order appoint a receiver.

**Parly Water Revenue Bonds, Serles 2003A:**

Utah State Division of Finance Series 2003A Parly Water Revenue Bonds for \$700,000 with an interest rate of 2.5%. Payments begin on March 1, 2005 and will end on March 1, 2024.

**Parly Water Revenue Bonds, Serles 2003B:**

Utah State Division of Finance Series 2003B Parly Water Revenue Bonds for \$2,000,000 with an interest rate of 2.5%. Payments begin July 1, 2005 and will end on July 1, 2024.

**Water Revenue Bonds, Serles 2011:**

During 2011 the City issued revenue bonds for the purpose of providing funds to finance part of the cost of improving the culinary water system of the City for \$1,250,000. The terms of the loan require yearly payments with no interest on January 1 of each year beginning in 2014, ending January 1, 2038. The City has pledged 100% of the revenues of the water system to pay for this bond. The bond contains a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable.

**Sewer Revenue Bonds, Serles 2009:**

During 2009 the City issued revenue bonds for the purpose of providing funds to finance part of the cost of improving the sewer system of the City for \$3,750,000. The terms of the loan require yearly payments with interest on July 1 of each year beginning in 2010, ending July 1, 2034. The bond carries an interest rate of 2.5%. The City has pledged 100% of the revenues of the sewer system to pay for this bond. The bond contains a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Sewer Revenue Refunding Bonds, Series 2014:**

During 2014 the City issued Series 2014 Sewer Revenue Refunding Bonds for the purpose of refunding the Series 1999 Sewer Revenue Bonds. The bonds shall mature annually on February 1 of each year beginning 2014 through and including the year 2020 with interest at between .9% and 2.75% payable semi-annually on August 1 and February 1 of each year. The City has pledged 100% of Sewer fund revenues to pay for this bond. The bond contains a significant default event of not paying the principal or interest according to the payment schedule. Upon the occurrence of a default, the bondholders may declare the principal and interest immediately due and payable and by court order appoint a receiver.

**Notes Payable - Water Fund:**

**David Dastrup:**

On August 15, 2013 the City entered into a seller financing agreement for the purpose of purchasing water rights from David Dastrup for \$116,025. The terms of the note require annual principal and interest payments of \$19,096.59 on August 15 of each year beginning in 2013, ending August 15, 2019. The note carries an interest rate of 5%.

**Warren Harward, Preston Harward and Morgan Harward:**

On March 27, 2018 the City entered into a seller financing agreement for the purpose of purchasing water rights from Warren Harward, Preston Harward and Morgan Harward for \$230,528. The terms of the note require an initial down payment of \$100,000 with the balance of \$130,528 being payable in equal monthly installments of \$2,463.22 beginning May 1, 2018, ending April 1, 2023. The note carries an interest rate of 5%.

**Notes Payable - Sewer Fund:**

**Sevier County Special Service District #1:**

On July 25, 2017 the City entered into an agreement with Sevier County Special Service District #1 to provide payment for reimbursement installation costs of a sewer line along 1500 South in Richfield in the amount of \$158,743. The terms of the lease require seven equal annual installments of principal and interest of \$23,133.38 beginning July 25, 2021, ending July 25, 2027. The note carries an interest rate of 0.5% which will accrue from the date of the Agreement and paid with the first installment.

**Lease Payable - Water Fund:**

**Equipment Lease:**

On November 21, 2017 the City entered into a lease agreement for the purpose of leasing equipment for \$84,300. The terms of the lease require annual principal and interest payments of \$18,396.78 on November 21 beginning November 21, 2018, ending November 21, 2022. The lease carries an interest rate of 2.98%.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The following is an amortization of Governmental Long-Term Debt to maturity:

<b>Fiscal Year Ended June 30</b>	<b>Revenue Bonds</b>					
	<b>Direct Placement</b>		<b>Direct Placement</b>		<b>Direct Placement</b>	
	<b>MBA Lease Revenue 2000A</b>		<b>MBA Lease Revenue 2000B</b>		<b>Street Improvement 2009</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 25,000	\$ -	\$ 73,000	\$ 7,600	\$ 77,000	\$ -
2021	25,000	-	75,000	5,775	-	-
2022	25,000	-	77,000	3,900	-	-
2023	25,000	-	79,000	1,975	-	-
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 304,000</u>	<u>\$ 19,250</u>	<u>\$ 77,000</u>	<u>\$ -</u>

<b>Fiscal Year Ended June 30</b>	<b>Revenue Bonds</b>					
	<b>Direct Placement</b>		<b>Direct Placement</b>		<b>Direct Placement</b>	
	<b>MBA Lease Revenue 2011</b>		<b>MBA Lease Revenue 2012</b>		<b>MBA Lease Revenue 2014</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 22,000	\$ -	\$ 27,000	\$ -	\$ 17,000	\$ -
2021	22,000	-	27,000	-	17,000	-
2022	22,000	-	27,000	-	17,000	-
2023	22,000	-	27,000	-	17,000	-
2024	22,000	-	27,000	-	17,000	-
2025-2029	110,000	-	135,000	-	85,000	-
2030-2034	110,000	-	135,000	-	85,000	-
2035-2039	110,000	-	134,000	-	85,000	-
2040-2044	87,000	-	104,000	-	82,000	-
2045-2049	-	-	-	-	27,000	-
	<u>\$ 527,000</u>	<u>\$ -</u>	<u>\$ 643,000</u>	<u>\$ -</u>	<u>\$ 449,000</u>	<u>\$ -</u>

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The following is an amortization of Governmental Long-Term Debt to maturity (Continued):

Fiscal Year Ended June 30	Revenue Bonds					
	Direct Placement MBA Lease Revenue 2015		Direct Placement Sales Tax Revenue 2017		Direct Placement Street Improvement 2018	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 31,000	\$ -	\$ 34,000	\$ 5,959	\$ 23,000	\$ 3,544
2021	32,000	-	35,000	5,484	23,000	3,330
2022	32,000	-	36,000	4,951	24,000	2,985
2023	33,000	-	36,000	4,366	24,000	2,625
2024	33,000	-	37,000	3,718	24,000	2,265
2025-2029	66,000	-	154,000	7,121	127,000	5,760
	<u>\$ 227,000</u>	<u>\$ -</u>	<u>\$ 332,000</u>	<u>\$ 31,599</u>	<u>\$ 245,000</u>	<u>\$ 20,509</u>

Fiscal Year Ended June 30	Revenue Bonds		Total	
	Direct Placement Street Improvement 2019		Principal	Interest
	Principal	Interest		
2020	\$ 200,000	\$ 35,439	\$ 529,000	\$ 52,542
2021	210,000	45,625	466,000	60,214
2022	210,000	40,375	470,000	52,211
2023	215,000	35,125	478,000	44,091
2024	222,000	29,750	382,000	35,733
2025-2029	968,000	61,975	1,645,000	74,856
2030-2034	-	-	330,000	-
2035-2039	-	-	329,000	-
2040-2044	-	-	273,000	-
2045-2049	-	-	27,000	-
	<u>\$ 2,025,000</u>	<u>\$ 248,289</u>	<u>\$ 4,929,000</u>	<u>\$ 319,647</u>

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The following is an amortization of Business-Type Long-Term Debt to maturity:

<b>Fiscal Year Ended June 30</b>	<b>Revenue Bonds</b>					
	<b>Direct Placement Parly Water Revenue 2003A</b>		<b>Direct Placement Parly Water Revenue 2003B</b>		<b>Direct Placement Water Revenue 2011</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 40,000	\$ 5,175	\$ 122,000	\$ 19,475	\$ 50,000	\$ -
2021	41,000	4,175	125,000	16,425	50,000	-
2022	41,000	3,150	128,000	13,300	50,000	-
2023	42,000	2,125	131,000	10,100	50,000	-
2024	42,900	1,075	135,000	6,825	50,000	-
2025-2029	-	-	138,000	3,450	280,000	-
2030-2034	-	-	-	-	300,000	-
2035-2039	-	-	-	-	240,000	-
	<u>\$ 206,900</u>	<u>\$ 15,700</u>	<u>\$ 779,000</u>	<u>\$ 69,575</u>	<u>\$1,070,000</u>	<u>\$ -</u>

<b>Fiscal Year Ended June 30</b>	<b>Revenue Bonds</b>				<b>Total</b>	
	<b>Direct Placement Sewer Revenue 2009</b>		<b>Direct Placement Sewer Revenue 2014</b>		<b>Principal</b>	<b>Interest</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>		
2020	\$ 35,000	\$ 90,275	\$ 290,000	\$ 7,975	\$ 537,000	\$ 122,900
2021	36,000	89,400	-	-	252,000	110,000
2022	37,000	88,500	-	-	256,000	104,950
2023	38,000	87,575	-	-	261,000	99,800
2024	39,000	86,625	-	-	266,900	94,525
2025-2029	1,479,000	356,175	-	-	1,897,000	359,625
2030-2034	1,672,000	161,850	-	-	1,972,000	161,850
2035-2039	275,000	6,875	-	-	515,000	6,875
	<u>\$3,611,000</u>	<u>\$ 967,275</u>	<u>\$ 290,000</u>	<u>\$ 7,975</u>	<u>\$5,956,900</u>	<u>\$1,060,525</u>

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The following is an amortization of Business-Type Long-Term Debt to maturity (Continued):

Fiscal Year Ended June 30	Notes Payable					
	Direct Borrowing Dastrup - Water Fund		Direct Borrowing Harward - Water Fund		Direct Borrowing Sevler SSD#1 - Sewer Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 18,187	\$ 909	\$ 24,980	\$ 4,579	\$ -	\$ -
2021	-	-	26,258	3,301	-	-
2022	-	-	27,602	1,957	22,340	3,969
2023	-	-	24,077	555	22,451	682
2024	-	-	-	-	22,564	570
2025-2029	-	-	-	-	91,388	1,146
	<u>\$ 18,187</u>	<u>\$ 909</u>	<u>\$ 102,917</u>	<u>\$ 10,392</u>	<u>\$ 158,743</u>	<u>\$ 6,367</u>

Fiscal Year Ended June 30	Lease Payable		Total	
	Direct Borrowing Zlons Bank - Equip. Lease		Principal	Interest
	Principal	Interest		
2020	\$ 16,358	\$ 2,039	\$ 59,525	\$ 7,527
2021	16,845	1,551	43,103	4,852
2022	17,348	1,049	67,290	6,975
2023	17,747	532	64,275	1,769
2024	-	-	22,564	570
2025-2029	-	-	91,388	1,146
	<u>\$ 68,298</u>	<u>\$ 5,171</u>	<u>\$ 348,145</u>	<u>\$ 22,839</u>

The following is a summary of the debt service requirements on Long-Term Debt at June 30, 2019

Fiscal Year Ended June 30	Governmental Activities		Business-Type Activities			
	Bonds		Bonds		Notes & Leases from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 529,000	\$ 52,542	\$ 537,000	\$ 122,900	\$ 59,525	\$ 7,527
2021	466,000	60,214	252,000	110,000	43,103	4,852
2022	470,000	52,211	256,000	104,950	67,290	6,975
2023	478,000	44,091	261,000	99,800	64,275	1,769
2024	382,000	35,733	266,900	94,525	22,564	570
2025-2029	1,645,000	74,856	1,897,000	359,625	91,388	1,146
2030-2034	330,000	-	1,972,000	161,850	-	-
2035-2039	329,000	-	515,000	6,875	-	-
2040-2044	273,000	-	-	-	-	-
2045-2049	27,000	-	-	-	-	-
	<u>\$ 4,929,000</u>	<u>\$ 319,647</u>	<u>\$ 5,956,900</u>	<u>\$ 1,060,525</u>	<u>\$ 348,145</u>	<u>\$ 22,839</u>

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

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
 Continued

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The following is a schedules of changes in long-term debt:

**Governmental Activities:**

	Date of Issue	Interest Rate	Total Authorized	Outstanding June 30, 2018	Current Year Changes			Outstanding June 30, 2019	Current Portion
					Additions	Deletions			
<b>Bonds:</b>									
MBA Lease Rev. Bonds, Series 2000A	2000	0%	\$ 500,000	\$ 125,000	\$ -	\$ 25,000	\$ 100,000	\$ 25,000	
MBA Lease Rev. Bonds, Series 2000B	2000	2.5%	1,250,000	375,000	-	71,000	304,000	73,000	
Street Improv. Rev. Bonds, Series 2009	2008	0%	770,000	154,000	-	77,000	77,000	77,000	
MBA Lease Rev. Bonds, Series 2011	2010	0%	659,000	549,000	-	22,000	527,000	22,000	
MBA Lease Rev. Bonds, Series 2012	2012	0%	805,000	670,000	-	27,000	643,000	27,000	
MBA Lease Rev. Bonds, Series 2014	2014	0%	500,000	466,000	-	17,000	449,000	17,000	
MBA Lease Rev. Bonds, Series 2015	2014	1.5%	318,000	258,000	-	31,000	227,000	31,000	
Sales Tax Rev. Ref. Bonds, Series 2017	2016	.6%-2.4%	429,000	365,000	-	33,000	332,000	34,000	
Street Improv. Rev. Bonds, Series 2018	2018	1.5%	245,000	-	245,000	-	245,000	23,000	
Street Improv. Rev. Bonds, Series 2019	2019	2.5%	2,025,000	-	2,025,000	-	2,025,000	200,000	
<b>Total Bonds</b>			7,501,000	2,962,000	2,270,000	303,000	4,929,000	529,000	
<b>Net Pension Liability</b>			-	785,221	516,072	-	1,301,293	-	
<b>Total Governmental Long-Term Debt</b>			\$ 7,501,000	\$ 3,747,221	\$ 2,786,072	\$ 303,000	\$ 6,230,293	\$ 529,000	

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Business-Type Activities:**

	Date of Issue	Interest Rate	Total Authorized	Outstanding June 30, 2018	Current Year Changes			Outstanding June 30, 2019	Current Portion
					Additions	Deletions			
<b>Bonds:</b>									
Parity Water Rev. Bonds, Series 2003A	2003	2.5%	\$ 700,000	\$ 245,900	\$ -	\$ 39,000	\$ 206,900	\$ 40,000	
Parity Water Rev. Bonds, Series 2003B	2003	2.5%	2,000,000	898,000	-	119,000	779,000	122,000	
Water Revenue Bond, Series 2011	2011	0%	1,250,000	1,120,000	-	50,000	1,070,000	50,000	
Sewer Revenue Bonds, Series 2009	2009	2.5%	3,750,000	3,645,000	-	34,000	3,611,000	35,000	
Sewer Revenue Ref. Bonds, Series 2014	2014	9%-2.75%	1,675,000	574,000	-	284,000	290,000	290,000	
<b>Total Bonds Payable</b>			<b>9,375,000</b>	<b>6,482,900</b>	<b>-</b>	<b>526,000</b>	<b>5,956,900</b>	<b>537,000</b>	

**Notes / Leases Payable from Direct Borrowing:**

Note Payable - Dave Dastrup	2013	5%	116,025	35,508	-	17,321	18,187	18,187	
Note Payable - Warren Harward	2018	5%	130,528	126,681	-	23,764	102,917	24,980	
Note Payable - Sevier SSD #1	2017	0.50%	158,743	-	158,743	-	158,743	-	
Lease Payable - Zions Bank	2017	2.98%	84,300	84,300	-	16,002	68,298	16,358	
<b>Total Notes/Leases Payable from Direct Borrowing</b>			<b>489,596</b>	<b>246,489</b>	<b>158,743</b>	<b>57,087</b>	<b>348,145</b>	<b>59,525</b>	
<b>Net Pension Liability</b>									
			-	285,192	113,284	-	398,476	-	
<b>Total Business-Type Long-Term Debt</b>			<b>9,864,596</b>	<b>7,014,581</b>	<b>272,027</b>	<b>583,087</b>	<b>6,703,521</b>	<b>596,525</b>	
<b>Total Long-Term Debt</b>			<b>\$17,365,596</b>	<b>\$ 10,761,802</b>	<b>\$ 3,058,099</b>	<b>\$ 886,087</b>	<b>\$12,933,814</b>	<b>\$ 1,125,525</b>	

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 7 - CLASS C ROAD FUND**

The following schedule is a statement of revenues, expenditures and changes in the Class C Road Fund:

Balance - Beginning of Year		\$ 375,138
Revenues:		
Class C Road Allotment	\$ 422,639	
Highway Tax	717,590	
Transportation Tax	173,750	
Interest	<u>7,500</u>	
Total Revenues		1,321,479
Expenditures:		
Streets and Highways	\$(1,025,824)	
Bond Principal Payment	<u>(77,000)</u>	
Total Expenditures		<u>(1,102,824)</u>
Balance - End of Year		<u><u>\$ 593,793</u></u>

**NOTE 8 - CEMETERY PERPETUAL CARE FUND**

The following schedule is a statement of revenues, expenses and changes in fund balances:

Balance - Beginning of Year		\$ 112,006
Operating Revenues:		
Perpetual Care	\$ 18,269	
Interest	<u>3,221</u>	
Total Operating Revenues		21,490
Expenditures:		
Transfer Interest to General Fund	<u>\$ (3,221)</u>	
Total Expenditures		<u>(3,221)</u>
Balance - End of Year		<u><u>\$ 130,275</u></u>

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 9 - INTERFUND LOANS, RECEIVABLES, PAYABLES AND TRANSFERS**

**Inter-fund account loan balances** as shown in the fund financial statements consisted of the following:

	<b>Due From Other Funds reported In:</b>	
	General Fund	Total
<b>Due To Other Funds reported In:</b>		
Municipal Building Authority	\$ 79,786	\$ 79,786
Total Interfund Loan Balances	\$ 79,786	\$ 79,786

The outstanding balances between funds result mainly from the time lag between dates that (1) inter-fund goods and services are provided or reimbursable expenditure may occur, (2) transactions are recorded in the accounting system (3) payments between funds are made and (4) loans between funds. The inter-fund amounts in the water and sewer funds are a result of short-term deficit pooled cash balances. There are no specific terms for repayment of the balances at year end.

**Inter-fund account transfers** as shown in the fund financial statements consisted of the following:

Description:	Transfers In	Transfers Out
General Fund	\$ 23,495	\$ 526,317
Debt Service Fund	45,662	-
Capital Projects Fund	480,655	-
Landfill Fund	-	20,274
Perpetual Care Fund	-	3,221
Totals	\$ 549,812	\$ 549,812

Transfers were made for the following purposes:

- \* The General Fund transferred \$480,655 to the Capital Projects Fund for future capital outlays.
- \* The General Fund transferred \$45,662 to the Debt Service Fund to pay the current year bond payment.
- \* The Landfill Fund transferred \$20,274 to the General Fund for administrative costs.
- \* The Perpetual Care Fund transferred \$3,221 of interest to the General Fund for cemetery operating costs.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries and disasters. The City maintains insurance coverage for most all risks through commercial insurance carriers including general liability, errors and omissions, property damage, and other coverages. These carriers also provides medical and health coverage for the City.

Claims have not exceeded coverage in any of the last three calendar years.

**NOTE 11 - ROUNDING CONVENTION**

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

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 12 - PENSION PLAN**

**General Information about the Pension Plan**

**Plan Description:**

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

**Defined Benefit Plans:**

Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employee retirement system.

The Public Safety Retirement System (Public Safety System) is a mixed agent and cost sharing, multiple employer public employee retirement system.

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employee retirement system.

Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters 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 Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System'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 that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah, 84102 or visiting the website: [www.urs.org](http://www.urs.org).

**Benefits Provided:**

URS provides retirement, disability, and death benefits. Retirement benefits are as shown on the following page.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 12 - PENSION PLAN (CONTINUED)**  
**Summary of Benefits By System:**

<u>System</u>	<u>Final Average Salary</u>	<u>Years of Service Required and/or Age Eligible for Benefit</u>	<u>Benefit Percent Per Year of Service</u>	<u>COLA**</u>
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%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
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%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 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.

**Contribution Rate Summary:**

As a condition of participation in the Systems, 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 cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019, are shown on the following page:

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 12 - PENSION PLAN (CONTINUED)**  
Utah Retirement Systems

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k) Plan</u>
<b>Contributory System:</b>			
111 - Local Government Division - Tier 2	N/A	15.54%	1.15%
<b>Noncontributory System:</b>			
15 - Local Government Division - Tier 1	N/A	18.47%	N/A
<b>Public Safety System:</b>			
Contributory:			
122 - Tier 2 DB Hybrid Public Safety	N/A	24.25%	0.74%
Noncontributory:			
75 - Other Division A with 4% COLA	N/A	35.71%	N/A
<b>Tier 2 DC Only:</b>			
211 - Local Government	N/A	6.69%	10.00%
222 - Public Safety	N/A	12.99%	12.00%

\*\*\*Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 178,839	N/A
Public Safety System	166,379	-
Tier 2 Public Employees System	15,103	-
Tier 2 Public Safety and Firefighter	34,526	-
Tier 2 DC Only System	5,084	N/A
Tier 2 DC Public Safety and Firefighter System	<u>4,936</u>	<u>N/A</u>
<b>Total Contributions</b>	<u><u>\$ 404,867</u></u>	<u><u>\$ -</u></u>

Contributions reported are the URS Board approved required contributions by System.  
Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
Continued

**NOTE 12 - PENSION PLAN (CONTINUED)**

**Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions:**

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$1,699,769

	(Measurement Date): December 31, 2018				
	Net Pension Asset	Net Pension Liability	Proportionate Share - 2018	Proportionate Share - 2017	Change (Decrease)
Noncontributory System	\$ -	\$ 803,451	0.1091094%	0.1177453%	-0.0086359%
Public Safety System	-	890,299	0.3460717%	0.3530646%	-0.0069929%
Tier 2 Public Employees System	-	3,709	0.0086606%	0.0079190%	0.0007416%
Tier 2 Public Safety/Firefighter System	-	2,310	0.0921997%	0.0958308%	-0.0036311%
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,699,769</b>			

The net pension asset and liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, we recognized pension expense of \$509,992.

At June 30, 2019 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,421	\$ 58,125
Changes in assumptions	213,096	152
Net difference between projected and actual earnings on pension plan investments	323,660	-
Changes in proportion and differences between contributions and proportionate share of contributions	14,833	41,602
Contributions subsequent to the measurement date	199,785	-
<b>Total</b>	<b>\$ 762,795</b>	<b>\$ 99,879</b>

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 12 - PENSION PLAN (CONTINUED)**

\$199,785 was reported as deferred outflows of resources to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

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 <u>Resources (Net)</u>
2019	\$ 218,486
2020	\$ 54,956
2021	\$ 32,170
2022	\$ 153,614
2023	\$ 351
Thereafter	\$ 3,557

**Actuarial Assumptions:**

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

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 and is applied consistently to each defined benefit pension plan. 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.

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 12 - PENSION PLAN (CONTINUED)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity Securities	40.00%	6.15%	2.46%
Debt Securities	20.00%	0.40%	0.08%
Real Assets	15.00%	5.75%	0.86%
Private Equity	9.00%	9.95%	0.89%
Absolute Return	16.00%	2.85%	0.46%
Cash and Cash Equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.75%
			Inflation 2.50%
			Expected arithmetic nominal return 7.25%

The 6.95% investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

**Discount Rate:**

The discount rate used to measure the total pension liability was 6.95%. 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 that are 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. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent of the prior measurement period.

**Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes In the Discount Rate:**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate shown on the following page:

**RICHFIELD CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**Continued**

**NOTE 12 - PENSION PLAN (CONTINUED)**

<u>System</u>	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
Noncontributory System	\$ 1,646,642	\$ 803,451	\$ 101,297
Public Safety System	1,745,143	890,299	196,353
Tier 2 Public Employees System	14,860	3,709	(4,896)
Tier 2 Public Safety and Firefighter	17,424	2,310	(9,256)
	<u>\$ 3,424,069</u>	<u>\$1,699,769</u>	<u>\$ 283,498</u>

**Pension Plan Fiduciary Net Position:**

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

**Defined Contribution Savings Plans:**

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under section 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provision is available in the separately issued URS financial report.

Richfield City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- \* 401(k) Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
401(K) Plan:			
Employer Contributions	\$ 34,519	\$ 21,878	\$ 11,964
Employee Contributions	\$ -	\$ -	\$ -

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
(UNAUDITED)**

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**RICHFIELD CITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS**  
**For The Fiscal Year Ended June 30, 2019**

**Budgetary Comparison Schedules:**

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual presented in this section of the report is for the City's General Fund.

**Budgeting and Budgetary Control:**

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

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

**Current Year Budgetary Compliance:**

For the year ended June 30, 2019, all spending was within the approved budgets.

**RICHFIELD CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For The Fiscal Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	Budgetary Basis	
<b>Revenues:</b>				
General Property Taxes	\$ 528,125	\$ 528,125	\$ 539,246	\$ 11,121
Recreation Tax	210,925	210,925	215,367	4,442
Prior Years Taxes	22,153	22,153	21,894	(259)
Prior Years Taxes - Recreation	8,847	8,847	8,307	(540)
Sales and Use Taxes	2,183,132	2,186,000	2,188,952	2,952
Highway Sales Taxes	880,434	708,000	717,590	9,590
Recreation Sales Taxes	233,675	236,000	239,036	3,036
Transportation Sales Tax	-	180,000	173,750	(6,250)
Municipal Energy Taxes	460,000	445,000	422,248	(22,752)
Franchise Taxes	14,500	14,500	14,394	(106)
Communications Tax	86,000	79,000	78,079	(921)
Transient Room Taxes	110,000	94,000	91,497	(2,503)
Motor Vehicle Fee	67,900	64,500	63,622	(878)
Recreation Revenue	-	522,100	536,022	13,922
Licenses, Permits and Fees	121,100	120,350	132,586	12,236
Intergovernmental Revenue	731,500	798,024	822,936	24,912
Charges for Services	1,123,250	865,909	891,611	25,702
Fines and Forfeitures	8,150	2,500	2,796	296
Investment Earnings	33,925	85,000	90,572	5,572
Other Revenues	56,498	31,278	29,969	(1,309)
<b>Total Revenue</b>	<b>6,880,114</b>	<b>7,202,211</b>	<b>7,280,474</b>	<b>78,263</b>
<b>Expenditures:</b>				
Current:				
General Government	914,618	886,920	855,578	31,342
Public Safety	2,041,601	2,020,645	1,950,650	69,995
Highways and Public Improvements	1,381,880	1,711,561	1,100,474	611,087
Parks and Recreation	1,934,599	2,319,883	2,212,922	106,961
Economic Development	112,800	148,771	143,803	4,968
Debt Service:				
Principal	-	-	77,000	(77,000)
<b>Total Expenditures</b>	<b>6,385,498</b>	<b>7,087,780</b>	<b>6,340,427</b>	<b>747,353</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>494,616</b>	<b>114,431</b>	<b>940,047</b>	<b>825,616</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	27,000	21,643	23,495	1,852
Transfers Out	(521,616)	(524,842)	(526,317)	(1,475)
Contributions	-	3,100	3,102	2
Fund Balance to be Appropriated	-	385,668	-	(385,668)
<b>Total Other Financing Sources (Uses)</b>	<b>(494,616)</b>	<b>(114,431)</b>	<b>(499,720)</b>	<b>(385,289)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>440,327</b>	<b>\$ 440,327</b>
Fund Balance - Beginning of Year			2,245,878	
Fund Balance - End of Year			<u>2,686,205</u>	

**RICHFIELD CITY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**Measurement Date of December 31, 2018**  
**June 30, 2019**  
Last 10 Fiscal Years\*

	Noncontributory Retirement System	Public Safety Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
<b>Proportion of the Net Pension Liability (Asset)</b>				
2014	0.1185851%	0.3429424%	0.0073983%	0.0437074%
2015	0.1139533%	0.3425450%	0.0016723%	0.1137150%
2016	0.1141028%	0.3473909%	0.0070983%	0.1088961%
2017	0.1177453%	0.3530646%	0.0079190%	0.0958308%
2018	0.1091094%	0.3460717%	0.0086606%	0.0921997%
<b>Proportionate Share of the Net Pension Liability (Asset)</b>				
2014	\$ 514,924	\$ 431,279	\$ (224)	\$ (647)
2015	\$ 644,803	\$ 613,584	\$ (4)	\$ (1,661)
2016	\$ 732,680	\$ 704,952	\$ 792	\$ (945)
2017	\$ 515,877	\$ 553,838	\$ 698	\$ (1,109)
2018	\$ 803,451	\$ 890,299	\$ 3,709	\$ 2,310
<b>Covered Employee Payroll</b>				
2014	\$ 1,020,922	\$ 477,130	\$ 36,370	\$ 18,185
2015	\$ 1,020,771	\$ 469,137	\$ 10,822	\$ 67,681
2016	\$ 1,039,106	\$ 472,457	\$ 58,212	\$ 89,974
2017	\$ 1,050,219	\$ 479,503	\$ 77,385	\$ 101,167
2018	\$ 977,963	\$ 459,988	\$ 101,448	\$ 122,886
<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>				
2014	50.40%	90.40%	-0.60%	-3.60%
2015	63.17%	130.79%	-0.04%	-2.45%
2016	70.51%	149.21%	1.36%	-1.05%
2017	49.12%	115.50%	0.90%	-1.10%
2018	82.16%	193.55%	3.66%	1.88%
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>				
2014	90.20%	90.50%	103.50%	120.50%
2015	87.80%	87.10%	100.20%	110.70%
2016	87.30%	86.50%	95.10%	103.60%
2017	91.90%	90.20%	97.40%	103.00%
2018	87.00%	84.70%	90.80%	95.60%

\* 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. This schedule will need to be built prospectively. The schedule above is for 2014 through 2018.

**RICHFIELD CITY**  
**SCHEDULE OF CONTRIBUTIONS**  
**UTAH RETIREMENT SYSTEMS**  
**June 30, 2019**

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to The Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions As a Percentage of Covered Employee Payroll
Noncontributory System	2014	\$ 178,488	\$ 178,488	\$ -	\$1,032,316	17.29%
	2015	\$ 188,877	\$ 188,877	\$ -	\$1,035,499	18.24%
	2016	\$ 181,947	\$ 181,947	\$ -	\$1,007,890	18.05%
	2017	\$ 194,727	\$ 194,727	\$ -	\$1,062,464	18.33%
	2018	\$ 184,984	\$ 184,984	\$ -	\$1,001,537	18.47%
	2019	\$ 178,839	\$ 178,839	\$ -	\$ 968,266	18.47%
Public Safety System	2014	\$ 167,464	\$ 167,464	\$ -	\$ 490,092	34.17%
	2015	\$ 165,922	\$ 165,922	\$ -	\$ 464,637	35.71%
	2016	\$ 168,972	\$ 168,972	\$ -	\$ 473,179	35.71%
	2017	\$ 171,432	\$ 171,432	\$ -	\$ 480,067	35.71%
	2018	\$ 164,727	\$ 164,727	\$ -	\$ 461,291	35.71%
	2019	\$ 166,379	\$ 166,379	\$ -	\$ 465,917	35.71%
Tier 2 Public Employees System*	2014	\$ 4,566	\$ 4,566	\$ -	\$ 32,638	13.99%
	2015	\$ 3,441	\$ 3,441	\$ -	\$ 23,030	14.94%
	2016	\$ 5,895	\$ 5,895	\$ -	\$ 39,534	14.91%
	2017	\$ 9,043	\$ 9,043	\$ -	\$ 60,647	14.91%
	2018	\$ 15,298	\$ 15,298	\$ -	\$ 100,998	15.15%
	2019	\$ 15,103	\$ 15,103	\$ -	\$ 97,185	15.54%
Tier 2 Public Safety and Firefighter System*	2014	\$ 562	\$ 562	\$ -	\$ 2,512	22.37%
	2015	\$ 10,420	\$ 10,420	\$ -	\$ 38,852	26.82%
	2016	\$ 20,558	\$ 20,558	\$ -	\$ 89,891	22.87%
	2017	\$ 21,686	\$ 21,686	\$ -	\$ 91,656	23.66%
	2018	\$ 23,733	\$ 23,733	\$ -	\$ 99,889	23.76%
	2019	\$ 34,526	\$ 34,526	\$ -	\$ 142,377	24.25%
Tier 2 Public Employees DC Only System*	2014	\$ 1,684	\$ 1,684	\$ -	\$ 30,175	5.58%
	2015	\$ 2,244	\$ 2,244	\$ -	\$ 33,390	6.72%
	2016	\$ 2,514	\$ 2,514	\$ -	\$ 37,571	6.69%
	2017	\$ 2,800	\$ 2,800	\$ -	\$ 41,853	6.69%
	2018	\$ 2,704	\$ 2,704	\$ -	\$ 40,424	6.69%
	2019	\$ 5,084	\$ 5,084	\$ -	\$ 75,994	6.69%
Tier 2 Public Safety and Firefighter DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	\$ -	\$ -	\$ -	\$ -	0.00%
	2017	\$ 2,252	\$ 2,252	\$ -	\$ 17,338	12.99%
	2018	\$ 4,546	\$ 4,546	\$ -	\$ 35,000	12.99%
	2019	\$ 4,936	\$ 4,936	\$ -	\$ 38,000	12.99%

\* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

**RICHFIELD CITY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**UTAH RETIREMENT SYSTEMS**  
**For The Fiscal Year Ended June 30, 2019**

**Changes In Assumptions:**

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

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# **COMBINING FINANCIAL STATEMENTS**

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**RICHFIELD CITY  
NONMAJOR FUNDS  
For The Fiscal Year Ended June 30, 2019**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Building Authority Fund:**

This fund is used to collect rent revenues from Richfield City and Richfield City Redevelopment Agency and to use those revenues to pay off the bonded indebtedness incurred to finance the construction of several downtown improvement projects and golf course improvements.

**DEBT SERVICE FUNDS**

The Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

**Commercial Park:**

This fund is used to account for the debt service payments on the Commercial Park.

**PERMANENT FUNDS**

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Perpetual Care Fund:**

This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

**PROPRIETARY FUNDS**

Proprietary funds are used to account for the provisions of utility services to the residents of the City.

**Landfill Fund:**

This fund is used to account for the billings and collections of landfill services. The City keeps a portion of the billings as an administrative fee and remits the remainder to Sevier County.

**Refuse Collection Fund:**

This fund is used to account for the provision of refuse collection for the residents of the City.

**RICHFIELD CITY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2019**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Building Authority</u>	<u>Commercial Park</u>	<u>Perpetual Care</u>	
<b>ASSETS</b>				
Restricted Cash and Investments	\$ 179,974	\$ 48,095	\$ 129,750	\$ 357,819
Accounts Receivable	<u>-</u>	<u>-</u>	<u>525</u>	<u>525</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 179,974</u></u>	<u><u>\$ 48,095</u></u>	<u><u>\$ 130,275</u></u>	<u><u>\$ 358,344</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due To Other Funds	\$ 79,786	\$ -	\$ -	\$ 79,786
Accounts Payable	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
<b>TOTAL LIABILITIES</b>	<u>79,796</u>	<u>-</u>	<u>-</u>	<u>79,796</u>
Fund Balances:				
Restricted				
Perpetual Care	-	-	130,275	130,275
Debt Service	179,974	48,095	-	228,069
Unassigned	<u>(79,796)</u>	<u>-</u>	<u>-</u>	<u>(79,796)</u>
<b>TOTAL FUND BALANCES</b>	<u>100,178</u>	<u>48,095</u>	<u>130,275</u>	<u>278,548</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 179,974</u></u>	<u><u>\$ 48,095</u></u>	<u><u>\$ 130,275</u></u>	<u><u>\$ 358,344</u></u>

**RICHFIELD CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2019**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Building Authority</u>	<u>Commercial Park</u>	<u>Perpetual Care</u>	
<b>Revenues:</b>				
Interest	\$ 3,006	\$ -	\$ 3,221	\$ 6,227
Other Revenues	<u>208,845</u>	<u>-</u>	<u>18,269</u>	<u>227,114</u>
Total Revenues	<u>211,851</u>	<u>-</u>	<u>21,490</u>	<u>233,341</u>
<b>Expenditures:</b>				
Current:				
Other	3,150	-	-	3,150
Debt Service:				
Principal	193,000	33,000	-	226,000
Interest	<u>13,245</u>	<u>6,361</u>	<u>-</u>	<u>19,606</u>
Total Expenditures	<u>209,395</u>	<u>39,361</u>	<u>-</u>	<u>248,756</u>
Excess Revenues Over (Under) Expenditures	2,456	(39,361)	21,490	(15,415)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	45,662	-	45,662
Transfers (Out)	<u>-</u>	<u>-</u>	<u>(3,221)</u>	<u>(3,221)</u>
Total Other Financing Sources(Uses)	<u>-</u>	<u>45,662</u>	<u>(3,221)</u>	<u>42,441</u>
Net Change in Fund Balance	2,456	6,301	18,269	27,026
Fund Balances - Beginning	<u>97,722</u>	<u>41,794</u>	<u>112,006</u>	<u>251,522</u>
Fund Balances - Ending	<u>\$ 100,178</u>	<u>\$ 48,095</u>	<u>\$ 130,275</u>	<u>\$ 278,548</u>

**RICHFIELD CITY**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**June 30, 2019**

	Nonmajor Business-Type Activities		
	Enterprise Funds		
	Landfill	Refuse Collection	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Investments	\$ 548	\$ 10,338	\$ 10,886
Accounts Receivable	23,375	26,079	49,454
<b>TOTAL ASSETS</b>	<b>\$ 23,923</b>	<b>\$ 36,417</b>	<b>\$ 60,340</b>
<b>LIABILITIES:</b>			
Current Liabilities	\$ -	\$ -	\$ -
<b>NET POSITION:</b>			
Unrestricted	23,923	36,417	60,340
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 23,923</b>	<b>\$ 36,417</b>	<b>\$ 60,340</b>

**RICHFIELD CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**For The Fiscal Year Ended June 30, 2019**

	Nonmajor Business-Type Activities Enterprise Funds		
	Landfill	Refuse Collection	Total
<b>Operating Revenues:</b>			
Charges for Sales and Services:			
Utility Charges	\$ 252,560	\$ 277,095	\$ 529,655
<b>Operating Expenses:</b>			
Costs of Sales and Services	232,286	281,058	513,344
Operating Income	20,274	(3,963)	16,311
<b>Nonoperating Revenues (Expenses):</b>			
Transfer to General Fund	(20,274)	-	(20,274)
Change in Net Position	-	(3,963)	(3,963)
Net Position - Beginning	23,923	40,380	64,303
Net Position - Ending	\$ 23,923	\$ 36,417	\$ 60,340

**RICHFIELD CITY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**For The Fiscal Year Ended June 30, 2019**

	Nonmajor Business-Type Activities Enterprise Funds		
	Landfill	Refuse Collection	Total
	<b>Cash Flows From Operating Activities:</b>		
Receipts From Customers	\$ 253,092	\$ 277,158	\$ 530,250
Payments to Suppliers	(232,286)	(303,565)	(535,851)
Net Cash Provided by Operating Activities	20,806	(26,407)	(5,601)
<b>Cash Flows from Investing Activities:</b>			
Transfer to Other Fund	(20,274)	-	(20,274)
Net Cash Provided (Used) by Investing Activities	(20,274)	-	(20,274)
Net Increase (Decrease) in Cash and Investments	532	(26,407)	(25,875)
Cash and Investments - Beginning	16	36,745	36,761
Cash and Investments - Ending	\$ 548	\$ 10,338	\$ 10,886
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>			
Operating Income (Loss)	\$ 20,274	\$ (3,963)	\$ 16,311
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:			
Increase (Decrease) in Operating Assets:			
Accounts Receivable	532	65	597
Accounts Payable	-	(22,509)	(22,509)
Total Adjustments	532	(22,444)	(21,912)
Net Cash Provided (Used) by Operating Activities	\$ 20,806	\$ (26,407)	\$ (5,601)

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## **COMPLIANCE SECTION**

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# Kimball & Roberts

A Professional Corporation  
Certified Public Accountants  
176 North Main • P.O. Box 663  
Richfield, Utah 84701

## 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 City Council  
Richfield City  
Richfield, Utah 84701

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-type activities, the business-type activities, each major fund and the aggregate remaining fund information of Richfield City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Richfield City's financial statements, and have issued our report thereon dated November 4, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Richfield 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Richfield City's internal control. Accordingly, we do not express an opinion on the effectiveness of Richfield 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Richfield 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*.

We noted certain matters that we reported to the management of Richfield City in the accompanying *Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Compliance Audit Guide*.

### **Purpose of this Report**

This purpose of this report is solely to describe the scope of our testing or 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.

*Kimball & Roberts, PC*

Certified Public Accountants

November 4, 2019  
Richfield, Utah

# Kimball & Roberts

A Professional Corporation  
Certified Public Accountants  
176 North Main • P.O. Box 663  
Richfield, Utah 84701

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

Honorable Mayor and City Council  
Richfield City  
Richfield, Utah 84701

### **Report on Compliance with General State Compliance Requirements**

We have audited Richfield City's compliance with the applicable 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 the City for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

Budgetary Compliance	Open and Public Meetings Act
Fund Balance	Public Treasurer's Bond
Utah Retirement Systems	Impact Fees
Restricted Taxes and Related Revenues	

### ***Management's Responsibility***

Management is responsible for compliance with the state requirements referred to above.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the state 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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the City'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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

**Opinion on General State Compliance Requirements**

In our opinion, Richfield City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

**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 below. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described below. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Finding: State Compliance – Fund Balance**

The maximum unassigned, committed, and assigned fund balance that a City may have in the General Fund is 25% of revenues of the General Fund.

Total General Fund Revenues for 2019	\$ 7,280,474
Maximum Allowable Fund Balance	25%
Allowable Unassigned Fund Balance	\$ 1,820,119
Present Unassigned Fund Balance	\$ 1,928,614

The City's unassigned fund balance in the General Fund exceeds the amount allowed under State Law by \$108,495.

**Recommendation:**

We recommend that the City budget and transfer the excess amount to the Capital Projects Fund for future planned capital projects.

**Richfield City's Response:**

The City has established, by ordinance, a Capital Projects Fund. The excess fund balance will be budgeted for and transferred to the Capital Projects Fund for planned capital projects.

**Finding: State Compliance – Open and Public Meetings Act**

The City has not posted minutes of public meeting on the Utah Public Notice Website within three days after being approved.

**Auditor's Recommendation:**

We recommend that the City post the minutes of public meeting on the Utah Public Notice Website within three days after being approved.

**Richfield City's Response:**

The City will post the minutes of public meeting on the Utah Public Notice Website within three days after being approved.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those 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 the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 to detect and correct noncompliance with a 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 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 state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Kimball & Roberts, PC*

Certified Public Accountants

November 4, 2019  
Richfield, Utah