SPRINGVILLE CITY CORPORATION

Financial Statements
and
Independent Auditors' Report

For the Year Ended June 30, 2019

HBME

CERTIFIED PUBLIC ACCOUNTANTS

SPRINGVILLE CITY CORPORATION

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and
Independent Auditors' Report

For the Year Ended June 30, 2019

SPRINGVILLE CITY CORPORATION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
Springville City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springville City Corporation, Utah ("the 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 basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Springville City Corporation, Utah, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity 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 on pages 5-14 and the pension schedules on pages 65-67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund

financial statements and budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HBMC, LLC

November 22, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Springville City, we offer readers of Springville City's financial statements this narrative overview and analysis of the financial activities of Springville City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position of Springville City increased $14,247,498 to $226,823,281. The governmental net position increased by $6,376,910 and the business-type net position increased by $7,870,588.

- The total net position of $226,823,281 is made up of $176,855,450 in capital assets net of depreciation and related outstanding debt and $49,967,831 in other net position.

- Total long-term liabilities of the City decreased by $2,496,608.

- The General Fund (the primary operating fund) had its fund balance increase by $981,684 to $6,689,512. The increase was primarily the result of higher-than-expected revenues coupled with lower-than-expected expenses. These outcomes reflect a strong local economy where tax revenues continue to grow along with new development. Personnel costs were lower than budgeted reflecting a tight labor market with historically low unemployment making it difficult to fill some positions.

REPORTING THE CITY AS A WHOLE

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

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

- *The Statement of Net Position* presents information on all of Springville City's assets 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 Springville City is improving or deteriorating. However, you will also need to consider other non-financial factors.

- *The Statement of Activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Springville City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on Pages 15-16 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

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

  The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and Capital Projects Fund. The remaining governmental funds are determined to be nonmajor and are included in the combining statements within this report.

- *Proprietary funds* - Springville City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Springville City uses enterprise funds to account for its Electric Utility, Water Utility, Sewer Utility, Storm Water Utility, Solid Waste Collection, and Golf Course. Internal service funds are an accounting device used to accumulate and allocate costs internally among Springville City's various functions. The City uses an internal service fund for procurement and maintenance of its vehicles and equipment as well as maintenance of the City's buildings and grounds. Because these services primarily benefit governmental activities, they have been included with governmental activities in the government-wide financial statements. As determined by generally accepted accounting principles, the Electric, Water and Sewer enterprise funds meet the criteria for major fund classification. The other enterprise funds are classified as nonmajor and are included in the combining statements within this report.

Notes to the Financial Statements are to provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund statements for major funds.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) on the City's pension program. It also contains the combining fund statements referred to earlier in connection with nonmajor governmental funds and enterprise funds. The RSI and combining and individual fund statements and schedules can be found after the notes to the financial statements.

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 Springville City, assets exceed liabilities by $226,823,281.

The largest portion of Springville City's net position ($176,855,450) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment) net of accumulated depreciation and less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENT OF NET POSITION (In thousands of dollars)

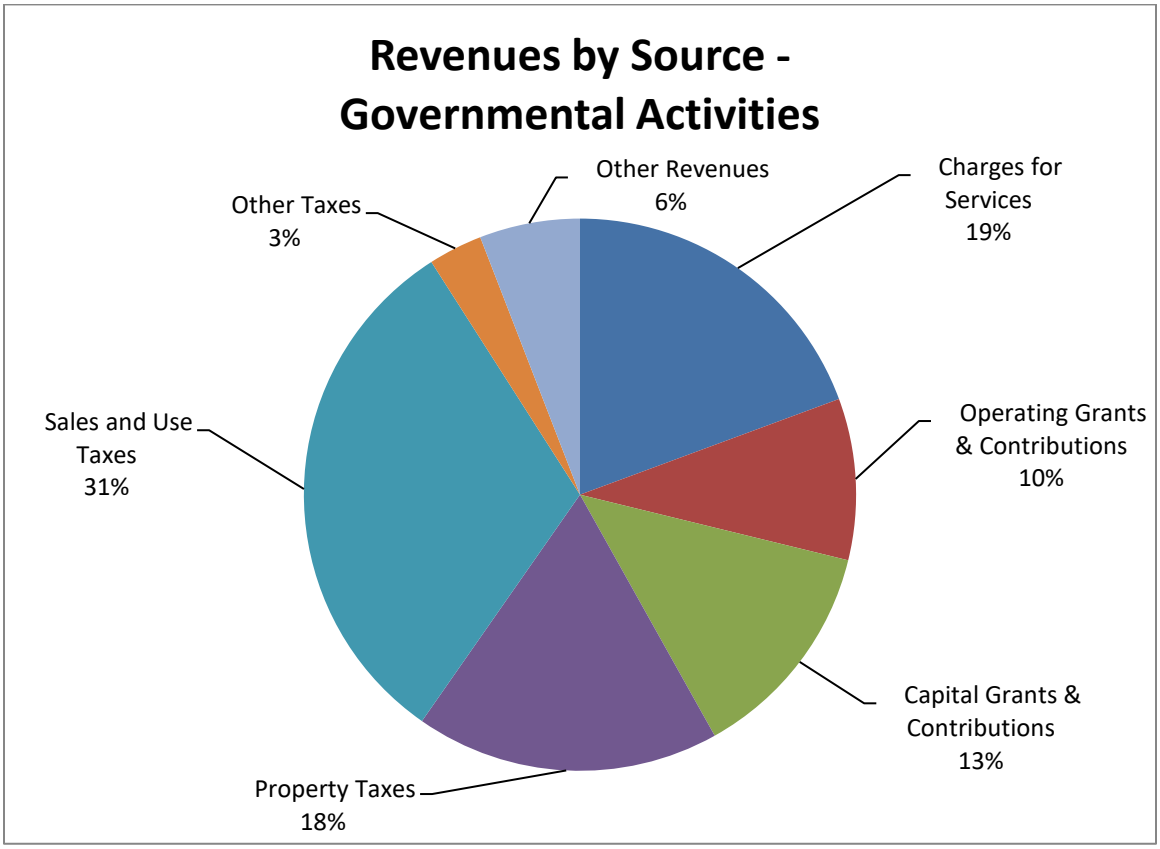
	Governmental Activities		Business-type Activities	
	2018-2019	2017-2018	2018-2019	2017-2018
Current and Other Assets	$ 26,699	$ 25,005	$ 38,735	$ 34,279
Capital Assets	111,116	107,915	96,159	94,411
Total Assets	137,815	132,920	134,894	128,690
Deferred Outflows of Resources	2,410	2,427	1,298	1,298
Total Assets and Deferred Outflows of Resources	140,225	135,347	136,192	129,988
Long-term Debt Outstanding	27,584	27,103	11,649	11,534
Other Liabilities	2,540	2,686	3,354	4,185
Total Liabilities	30,124	29,789	15,003	15,719
Deferred Inflow of Resources	4,257	6,091	209	1,160
Total Liabilities and Deferred Inflow of Resources	34,381	35,880	15,212	16,879
Net Position:				
Net Investment in Capital Assets	89,231	84,436	87,625	84,910
Restricted	3,857	4,303	461	2,320
Unrestricted	12,756	10,728	32,894	25,879
Total Net Position	$ 105,844	$ 99,467	$ 120,980	$ 113,109

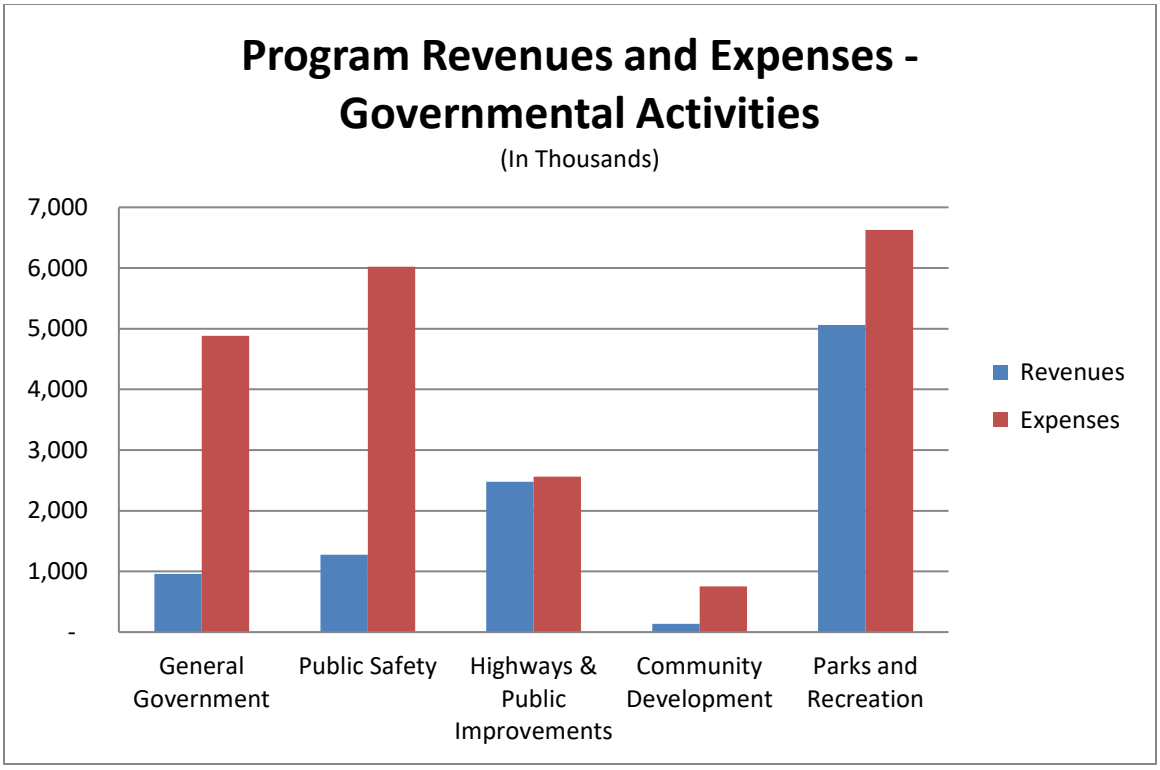
CHANGES IN NET POSITION (In thousands of dollars)

	Governmental Activities		Business-type Activities	
	2018-2019	2017-2018	2018-2019	2017-2018
Revenues				
Program Revenues:				
Charges for Services	$ 4,941	$ 3,724	$ 41,754	$ 40,076
Operating Grants and Contributions	2,411	2,344	-	-
Capital Grants and Contributions	3,334	8,730	2,440	4,285
General Revenues:				
Property Taxes	4,544	4,430	-	-
Sales and Use Taxes	7,973	7,828	-	-
Change in Joint Venture	-	-	139	213
Special Item (Airport transfer)	-	(5,682)	-	-
Gain on Sale of Assets	-	1,132	-	-
Other Taxes	807	806	-	-
Other Revenues	1,501	534	623	349
Total Revenues	25,511	23,846	44,956	44,923
Expenses				
General Government	4,883	4,256	-	-
Public Safety	6,020	5,680	-	-
Highways and Public Improvements	2,560	2,506	-	-
Community Development	753	729	-	-
Parks and Recreation	6,629	5,414	-	-
Interest on Long-Term Debt	807	859	-	-
Electric	-	-	24,689	24,525
Water	-	-	3,640	3,477
Wastewater Collection & Treatment	-	-	3,158	2,921
Storm Water	-	-	917	880
Solid Waste Collections	-	-	1,348	1,441
Golf Course	-	-	815	884
Total Expenses	21,652	19,444	34,567	34,128
Increase in Net Position Before Transfers	3,859	4,402	10,389	10,795
Transfers	2,518	5,638	(2,518)	(5,638)
Change in Net Position	6,377	10,040	7,871	5,157
Net Position Beginning	99,467	89,427	113,109	107,952
Net Position Ending	$ 105,844	$ 99,467	$ 120,980	$ 113,109

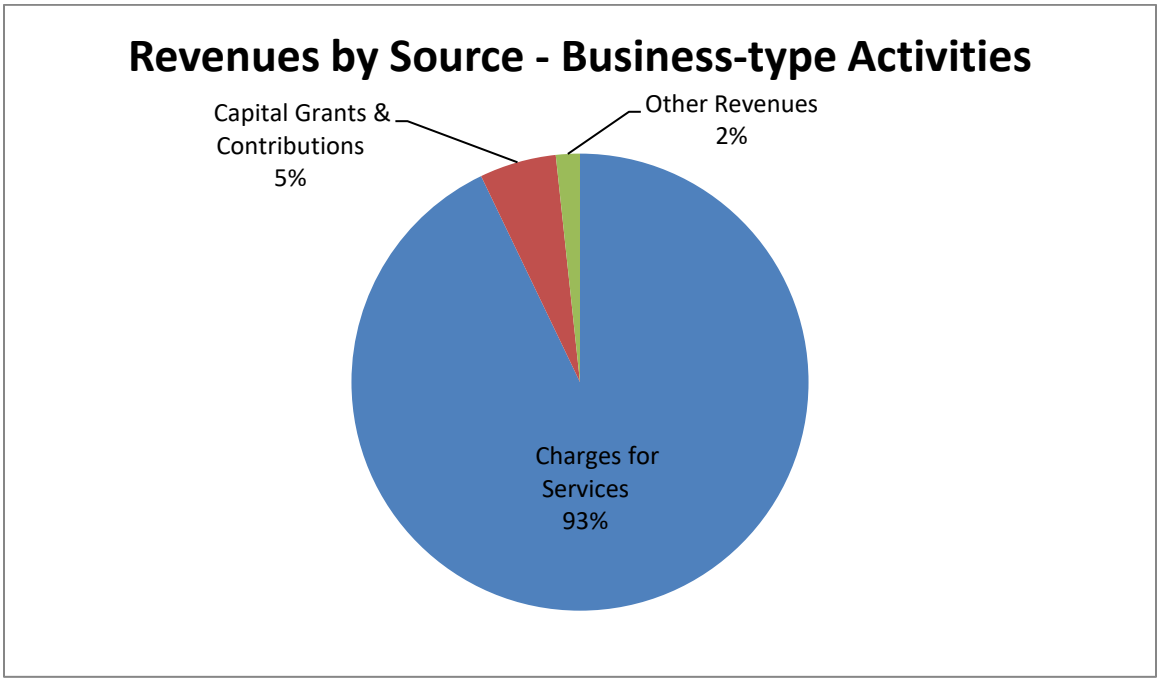
In the governmental funds revenue sources showed modest increases compared to last year primarily as a result of natural growth and new development. Sales tax revenues were up slightly in 2019 as a reflection of an expanding economy state wide and new retail development in the City. Capital grants and contributions were back to normal levels after having been up significantly as a result of contributions from the Nebo School District and private donations for the Clyde Recreation Center. The general government expenditures were up compared to last year primarily reflecting higher labor costs and modest inflation. In the business-type funds, revenue increases are a reflection of system growth, infrastructure contributions from developers, weather and minor rate increases in some utility funds. Expenses reflect labor cost increases and system growth from new development.

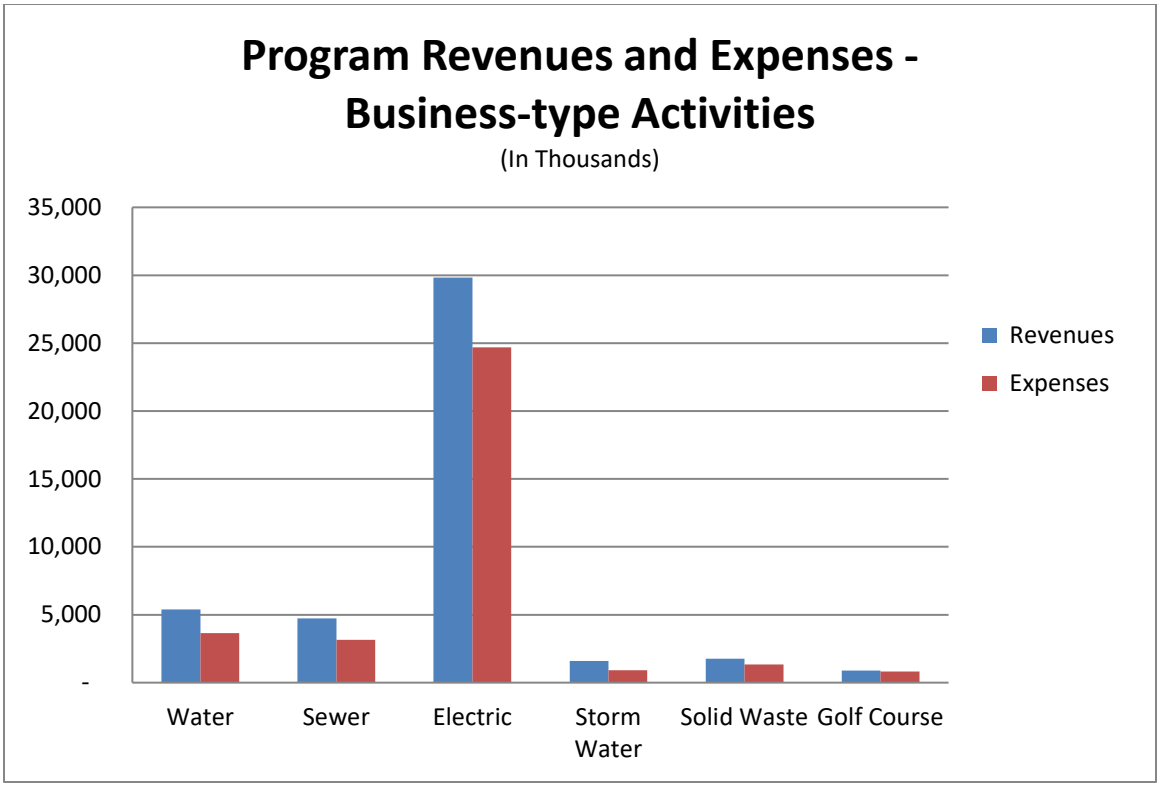
The graphs shown below display the government-wide activities reflected in the previous tables. Program revenues included in the second graph are fees charged for specific services performed by the various governmental functions (for purposes of this graph, general revenues such as property taxes, sales and uses taxes, etc. are not included).





As can be seen from the following charts, the majority of revenues in the business-type activities are from charges for services with over 90% of the revenues coming from this source. The revenues from capital grants and contributions represent the value of grants or infrastructure systems donated to the City via subdivisions or other infrastructure being developed. Expenses for each fund only reflect direct operating costs. The expenses for capital projects, bond principal payments and inter-fund transfers are not included.





FINANCIAL ANALYSIS OF GOVERNMENT 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. As of June 30, 2019, the City's governmental funds (General, Capital Projects, Debt Service, Special Revenue, and Permanent) reported combined fund balance of $18,017,486. This represents an increase of $1,319,167 from last year's ending balances. The primary reason for the increase was slightly higher-than-expected revenues coupled with slightly lower-than-budgeted expenses.

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds, either by state or local ordinance or by a desire to maintain a matching of revenues and expenses, are accounted for in this fund. Taxes continue to be the largest source of revenue in the General Fund. The largest element of taxes is sales and use tax as it has been for the last several years. Sales taxes represent approximately 60 percent of total tax revenues which is essentially unchanged compared to last year's percentage. Growth in sales tax revenue is a reflection of retail growth in Springville and continued improvement, both locally and at the state level, of the economy.

As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements; however, the difference is that the fund statements provide much more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund budget was amended from an original budget expenditure total (including transfers) of $25,482,909 to a final budget of $25,995,909. The budget increase represented adjustments of unanticipated expenditures primarily related to grants received from various sources as well as an increase in the budget to transfer general fund dollars to the capital improvement fund for previously un-funded projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Springville City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to $176,855,450 (net of accumulated depreciation and associated debt). This investment in capital assets includes land, water shares, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, bridges, etc.), and machinery and equipment. The City's investment in capital assets (minus depreciation and outstanding debt) for the current year increased by $7,509,288. Governmental activities' capital assets increased by $4,794,961 while the business-type activities' capital assets increased by $2,714,327.

Major capital asset events during the current fiscal year included the following:

- Road Improvements and Reconstruction (including impact fee projects) - $3,627,363
- Vehicle Acquisition and Replacement - $795,722
- 400 South Well (Water Dept.) - $1,127,665
- Clyde Recreation Center Construction - $519,761

SPRINGVILLE CITY'S CAPITAL ASSETS (In Thousands of Dollars)

	Governmental Activities		Business-type Activities	
	2018-2019	2017-2018	2018-2019	2017-2018
Land	$ 25,011	$ 24,054	$ 1,718	$ 1,718
Water Shares	-	-	1,375	1,375
Buildings	58,208	36,697	5,653	5,592
System Improvements	80,660	77,923	159,721	155,575
Machinery & Equipment	12,895	11,574	2,349	2,834
Construction in Progress	2,200	22,428	3,418	1,705
Less Accumulated Depreciation	(67,858)	(64,761)	(78,075)	(74,388)
Total	$ 111,116	$ 107,915	$ 96,159	$ 94,411

Additional information on the City's capital assets can be found in the footnotes to this financial report and also the supplemental section.

Long-term debt - At June 30, 2019, the City had total long-term bonded debt balances of $30,452,998. Of the total, $8,535,000 is debt secured by specific revenue sources (i.e. revenue bonds within the Water and Sewer Utilities). The remainder is in a Municipal Building Authority Lease Revenue Bond of $4,270,000, a sales tax revenue bond of $1,000,000 and general obligation bonds of $16,060,000. The City also has unamortized premiums on bonds of $587,998; accrued compensated absences of $1,295,494 and net pension liabilities of $7,484,603 outstanding at June 30, 2019.

SPRINGVILLE CITY'S OUTSTANDING DEBT (In Thousands of Dollars)

	Governmental Activities		Business-type Activities	
	2018-2019	2017-2018	2018-2019	2017-2018
General Obligation Bonds	$ 16,060	$ 16,880	$ -	$ -
Revenue Bonds	-	-	8,535	9,470
MBA Bonds	4,270	4,540	-	-
Special Assessment Bonds	-	-	-	-
Sales Tax Revenue Bonds	1,000	1,485	-	-
Notes Payable	-	-	-	31
Unamortized Bond Premium	588	623	-	-
Net Pension Liability	4,820	2,842	2,665	1,550
Compensated Absences	758	734	537	483
Total	$ 27,496	$ 27,104	$ 11,737	$ 11,534

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is $118,045,110. The City currently has $16,060,000 outstanding in general obligation debt. State statute allows for an additional 8% to be

used for water, sewer, storm water, or electrical projects. The current limitation for these water, sewer, storm water, and electrical projects is thus $236,090,220. The City has issued significantly fewer bonds than this debt limit.

Additional information on the outstanding debt obligations of the City can be found in the footnotes to this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

• The June, 2019 unemployment rate for the Provo/Orem Metropolitan Area (of which Springville City is a part) was 3.1 percent compared to a state unemployment rate of 2.8 percent and a national rate of 3.7 percent. (Source: U.S. Bureau of Labor Statistics)

• Expenditures in the General Fund were approximately 11 percent higher than the previous year and approximately one percent higher in the Enterprise Funds. These increases reflect modest growth, inflationary factors, increased hiring of previously vacant personnel positions, higher health insurance costs and minor service level increases. Actual expenditures for FY 2018-2019 were approximately 15 percent less than budgeted General Fund expenditures because of personnel savings from unfilled positions and other line-item savings.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Springville City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Finance Director, Springville City, 110 S Main St, Springville, UT 84663.

Basic Financial Statements

SPRINGVILLE CITY CORPORATION
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 16,516,364	$ 28,307,408	$ 44,823,772
Receivables:			
Accounts, net	462,781	2,441,269	2,904,050
Property taxes	4,213,057	-	4,213,057
Other taxes	2,919,474	-	2,919,474
Prepaids	4,733	-	4,733
Inventory	18,332	1,268,346	1,286,678
Internal balances	(3,565,319)	3,565,319	-
Restricted cash and cash equivalents	6,129,487	1,005,795	7,135,282
Equity investment in joint venture	-	2,146,574	2,146,574
Capital assets			
Non depreciable	27,211,236	6,511,419	33,722,655
Depreciable assets, net of depreciation	83,905,112	89,648,056	173,553,168
Total assets	**137,815,257**	**134,894,186**	**272,709,443**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	32,625	-	32,625
Deferred outflows related to pensions	2,377,106	1,297,429	3,674,535
Total deferred outflows of resources	**2,409,731**	**1,297,429**	**3,707,160**
LIABILITIES			
Accounts payable	914,196	2,536,888	3,451,084
Accrued liabilities	345,502	108,342	453,844
Accrued interest payable	133,028	99,575	232,603
Developer and customer deposits	1,021,928	544,344	1,566,272
Unearned revenue	125,000	65,272	190,272
Noncurrent liabilities:			
Due within one year	2,004,158	1,113,590	3,117,748
Due in more than one year	20,672,156	7,958,588	28,630,744
Net pension liability	4,908,254	2,576,349	7,484,603
Total liabilities	**30,124,222**	**15,002,948**	**45,127,170**
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue-property taxes	4,036,049	-	4,036,049
Deferred inflows related to pensions	221,253	208,850	430,103
Total deferred inflows of resources	**4,257,302**	**208,850**	**4,466,152**
NET POSITION			
Net investment in capital assets	89,230,975	87,624,475	176,855,450
Restricted for:			
Debt service	166,074	461,451	627,525
Impact fees	2,202,140	-	2,202,140
Capital projects	1,488,023	-	1,488,023
Unrestricted	12,756,252	32,893,891	45,650,143
Total net position	**$ 105,843,464**	**$ 120,979,817**	**$ 226,823,281**

The accompanying notes are an integral part of this financial statement.

SPRINGVILLE CITY CORPORATION
Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities							
General government	$ 4,883,351	$ 957,773	$ -	$ -	$ (3,925,578)		$ (3,925,578)
Public safety	6,020,161	712,242	502,186	61,845	(4,743,888)		(4,743,888)
Community development	752,526	777,321	135,002	-	159,797		159,797
Highways and public improvements	2,559,573	180,330	1,362,105	937,616	(79,522)		(79,522)
Parks and recreation	6,628,649	2,313,492	411,928	2,335,018	(1,568,211)		(1,568,211)
Interest on long-term debt	807,369	-	-	-	(807,369)		(807,369)
Total governmental activities	21,651,629	4,941,158	2,411,221	3,334,479	(10,964,771)		(10,964,771)
Business-type activities							
Water	3,640,407	4,712,119	-	679,756		$ 1,751,468	1,751,468
Sewer	3,158,399	4,279,080	-	448,189		1,568,870	1,568,870
Electric	24,689,208	28,935,955	-	882,588		5,129,335	5,129,335
Storm Water	916,923	1,163,427	-	429,110		675,614	675,614
Solid Waste	1,347,488	1,762,744	-	-		415,256	415,256
Golf	815,034	900,979	-	-		85,945	85,945
Total business-type activities	34,567,459	41,754,304	-	2,439,643		9,626,488	9,626,488
Total primary government	$ 56,219,088	$46,695,462	$ 2,411,221	$ 5,774,122	(10,964,771)	9,626,488	(1,338,283)
	General Revenues:						
	Taxes						
	Property				4,543,809	-	4,543,809
	Sales				7,972,682	-	7,972,682
	Other taxes				806,569	-	806,569
	Investment earnings				667,025	623,261	1,290,286
	Miscellaneous				833,664	-	833,664
	Equity investment income				-	138,771	138,771
	Transfers - net				2,517,932	(2,517,932)	-
	Total general revenue				17,341,681	(1,755,900)	15,585,781
	Change in net position				6,376,910	7,870,588	14,247,498
	Net position - beginning				99,466,554	113,109,229	212,575,783
	Net position - ending				$105,843,464	$ 120,979,817	$ 226,823,281

The accompanying notes are an integral part of this financial statement.

SPRINGVILLE CITY CORPORATION
Balance Sheet – Governmental Funds
June 30, 2019

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,820,892	$ 5,446,587	$ 2,409,225	$ 10,676,704
Receivables:				
Property taxes	4,003,057	-	210,000	4,213,057
Other taxes and grants	1,726,874	1,192,600	-	2,919,474
Special assessment	-	-	10,241	10,241
Other, net	452,540	-	-	452,540
Due from other funds	802,290	-	-	802,290
Inventory	18,332	-	-	18,332
Prepaids	4,733	-	-	4,733
Restricted cash and cash equivalents	2,509,951	-	3,619,536	6,129,487
Total assets	$ 12,338,669	$ 6,639,187	$ 6,249,002	$ 25,226,858
LIABILITIES				
Accounts payable	$ 464,614	$ 405,113	$ 17,812	$ 887,539
Accrued liabilities	336,566	-	-	336,566
Due to other funds	-	-	802,290	802,290
Developer and customer deposits	1,021,928	-	-	1,021,928
Unearned revenue	-	125,000	-	125,000
Total liabilities	1,823,108	530,113	820,102	3,173,323
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	3,826,049	-	210,000	4,036,049
Total deferred inflows of resources	3,826,049	-	210,000	4,036,049
FUND BALANCES				
Nonspendable	23,065	-	1,310,897	1,333,962
Restricted:				
Debt service	-	-	166,074	166,074
Museum donations	8,819	-	-	8,819
B & C roads	1,488,023	-	-	1,488,023
Impact fees	-	-	2,202,140	2,202,140
Assigned:				
Capital projects	-	6,109,074	-	6,109,074
Community improvements	-	-	1,539,789	1,539,789
Unassigned	5,169,605	-	-	5,169,605
Total fund balances	6,689,512	6,109,074	5,218,900	18,017,486
Total liabilities, deferred inflows of resources and fund balances	$ 12,338,669	$ 6,639,187	$ 6,249,002	$ 25,226,858

The accompanying notes are an integral part of this financial statement.

SPRINGVILLE CITY CORPORATION
Reconciliation of the Balance Sheet of Governmental Funds
To The Statement of Net Position
June 30, 2019

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

Total fund balances for governmental funds (page 17)	$ 18,017,486
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	111,116,348
Other long-term assets are not available for current period expenditures and, therefore, are not reported in the funds balance sheet.	2,409,730
The proprietary funds cumulative allocation of the internal service funds net income based on use of service are included in the entitywide statements.	(3,565,318)
Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not recorded in the funds.	(133,028)
Long-term liabilities, including bonds, compensated absences, and notes are not due and payable in the current period and, therefore, are not reported in the funds.	(22,676,314)
Other long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds balance sheet.	(5,129,507)
The internal service fund is used by management to charge the cost of vehicles and related maintenance to other funds. The assets and liabilities of the internal services fund are included in the governmental activities in the Statement of Net Position.	5,804,067
Net position of governmental activities (page 15)	$ 105,843,464

The accompanying notes are an integral part of this financial statement.

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$13,298,162	$ -	$ 24,898	$ 13,323,060
Licenses and permits	983,311	-	-	983,311
Intergovernmental	1,869,372	1,192,600	324,896	3,386,868
Charges for services	3,836,644	-	76,957	3,913,601
Impact fees	-	-	773,731	773,731
Fines and forfeitures	382,861	-	-	382,861
Interest	204,107	187,015	134,813	525,935
Donations and reimbursements	68,232	502,000	3,000	573,232
Miscellaneous	423,911	347,039	62,712	833,662
Total revenues	21,066,600	2,228,654	1,401,007	24,696,261
EXPENDITURES				
Current:				
General government	4,486,756	-	-	4,486,756
Public safety	5,935,956	-	-	5,935,956
Community development	745,193	-	-	745,193
Highways and public improvements	1,397,453	-	226,707	1,624,160
Park, recreation, and public property	5,851,037	-	-	5,851,037
RDA expenditures	-	-	27,232	27,232
Capital outlay	-	3,367,810	1,321,819	4,689,629
Debt service:				
Principal	-	-	1,575,000	1,575,000
Interest and fiscal expenses	-	-	834,234	834,234
Total expenditures	18,416,395	3,367,810	3,984,992	25,769,197
Excess (deficiency) of revenues over (under) expenditures	2,650,205	(1,139,156)	(2,583,985)	(1,072,936)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,517,932	2,232,280	2,467,646	7,217,858
Transfers out	(4,186,453)	(125,829)	(513,473)	(4,825,755)
Total other financing sources (uses)	(1,668,521)	2,106,451	1,954,173	2,392,103
Net change in fund balances	981,684	967,295	(629,812)	1,319,167
Fund balances, beginning	5,707,828	5,141,779	5,848,712	16,698,319
Fund balances, ending	$ 6,689,512	$6,109,074	$ 5,218,900	$ 18,017,486

The accompanying notes are an integral part of this financial statement.

SPRINGVILLE CITY CORPORATION
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2019

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

Net change in fund balances for governmental funds (page 19)	$ 1,319,167
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of $5,000 or more are capitalized and the cost is allocated over the assets estimated useful lives and reported as depreciation expense.	
Capital outlay	4,925,831
Depreciation expense	(2,622,167)
Contributed assets are not recorded in governmental funds because current resources are not expended for acquisition. The Statement of Activities records these contributed assets at their estimated fair value on the date of contribution.	673,254
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither type of transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. These amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.	
Reduction of long-term liability	1,575,000
Amortization of bond premiums and deferred loss on refunding	18,274
Accrued pension costs are not reported as an expenditure in the current period for governmental funds but are recorded as an expense in the statement of activities.	(165,826)
Governmental assets deleted during the year with the respective gain (loss) on disposal are not shown in governmental funds.	(2,777)
Expenses are recognized in the governmental funds when paid or due; however, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenses are paid or due.	
Accrued interest	8,591
Compensated absences	7,111
The proprietary funds allocation of the internal service fund net gain is based on use of service included in the entity-wide statements.	(628,179)
Internal service fund is used by management to charge the cost of centralized services to individual funds. The net income of the internal service fund is reported with governmental activities.	1,268,631
Change in net position of governmental activities (page 16)	$ 6,376,910

The accompanying notes are an integral part of this financial statement.

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Taxes	$ 13,424,768	$ 13,424,768	$ 13,298,162	$ (126,606)
Licenses and permits	1,016,250	1,016,250	983,311	(32,939)
Intergovernmental	1,808,296	1,808,296	1,869,372	61,076
Charges for services	3,739,098	3,758,098	3,836,644	78,546
Fines and forfeitures	419,000	419,000	382,861	(36,139)
Interest	202,000	202,000	204,107	2,107
Donations	77,600	77,600	68,232	(9,368)
Miscellaneous	45,000	45,000	423,911	378,911
Total revenues	20,732,012	20,751,012	21,066,600	315,588
EXPENDITURES				
Current:				
General government:				
City administrator	992,358	992,358	535,150	457,208
Information systems	374,227	374,227	259,579	114,648
Engineering	919,627	919,627	180,170	739,457
Cemetery	267,473	267,473	247,330	20,143
Mayor and city council	151,801	151,801	68,482	83,319
Finance and treasury	1,017,200	1,017,200	370,499	646,701
Nondepartmental	2,491,729	2,491,729	2,491,729	-
Legal services	585,422	585,422	333,817	251,605
Total general government	6,799,837	6,799,837	4,486,756	2,313,081
Public safety:				
Police	4,627,077	4,627,077	4,376,288	250,789
Fire	1,348,295	1,348,295	1,251,762	96,533
Court	325,048	325,048	307,906	17,142
Total public safety	6,300,420	6,300,420	5,935,956	364,464
Highways and public improvements:				
Public works	311,820	311,820	110,112	201,708
Streets	1,309,794	1,309,794	1,287,341	22,453
Total highways and public improvements	1,621,614	1,621,614	1,397,453	224,161

(Continued)

The accompanying notes are an integral part of this financial statement.

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund (Continued)
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Parks and recreation:				
Parks	1,496,616	1,496,616	1,267,952	228,664
Recreation	979,418	973,418	881,191	92,227
Art museum	980,368	980,368	896,425	83,943
Swimming pool	1,608,726	1,627,726	1,616,114	11,612
Library	1,053,143	1,053,143	1,069,001	(15,858)
Senior citizens	106,311	106,311	99,121	7,190
Arts commission	28,700	28,700	21,233	7,467
Total parks and recreation	6,253,282	6,266,282	5,851,037	415,245
Community development:				
Building inspection	371,154	371,154	294,771	76,383
Planning and zoning	444,080	444,080	450,422	(6,342)
Total community development	815,234	815,234	745,193	70,041
Total expenditures	21,790,387	21,803,387	18,416,395	3,386,992
Excess (deficiency) of revenues over (under) expenditures	(1,058,375)	(1,052,375)	2,650,205	3,702,580
OTHER FINANCING SOURCES (USES)				
Transfers in	4,750,893	4,750,893	2,517,932	(2,232,961)
Transfers out	(3,692,522)	(4,192,522)	(4,186,453)	6,069
Net other financing sources (uses)	1,058,371	558,371	(1,668,521)	(2,226,892)
Net change in fund balance	$ (4)	$ (494,004)	981,684	$ 1,475,688
Fund balance, beginning of year			5,707,828	
Fund balance, end of year			$ 6,689,512	

The accompanying notes are an integral part of this financial statement.

SPRINGVILLE CITY CORPORATION
Statement of Net Position – Proprietary Funds
June 30, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Nonmajor Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	$ 4,796,197	$ 5,171,479	$ 15,085,186	$ 3,254,546	$ 28,307,408	$ 5,839,660
Accounts receivable, net	376,089	399,131	1,293,253	372,796	2,441,269	-
Inventory	384,512	-	883,834	-	1,268,346	-
Total current assets	5,556,798	5,570,610	17,262,273	3,627,342	32,017,023	5,839,660
Noncurrent assets:						
Restricted cash and cash equivalents	155,462	332,489	517,844	-	1,005,795	-
Capital assets:						
Land	201,267	40,860	273,498	1,202,282	1,717,907	-
Water shares	1,374,919	-	-	-	1,374,919	-
Construction in progress	1,807,166	233,479	774,858	603,090	3,418,593	-
Buildings	399,906	-	2,626,812	2,626,396	5,653,114	-
Improvements other than buildings	45,531,902	37,917,656	71,243,640	5,027,611	159,720,809	-
Machinery and equipment	221,546	603,195	624,668	900,091	2,349,500	7,872,449
Accumulated depreciation	(14,755,421)	(16,566,339)	(43,292,297)	(3,461,310)	(78,075,367)	(5,300,111)
Net capital assets	34,781,285	22,228,851	32,251,179	6,898,160	96,159,475	2,572,338
Other assets:						
Equity investment in joint venture	-	-	-	2,146,574	2,146,574	-
Total other assets	-	-	-	2,146,574	2,146,574	-
Total noncurrent assets	34,936,747	22,561,340	32,769,023	9,044,734	99,311,844	2,572,338
Total assets	40,493,545	28,131,950	50,031,296	12,672,076	131,328,867	8,411,998
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	204,871	166,884	732,587	193,087	1,297,429	21,349
Total deferred outflows of resources	204,871	166,884	732,587	193,087	1,297,429	21,349

The accompanying notes are an integral part of this financial statement.

SPRINGVILLE CITY CORPORATION
Statement of Net Position – Proprietary Funds (Continued)
June 30, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Nonmajor Enterprise Funds	Total	
LIABILITIES						
Current liabilities:						
Accounts payable	$ 310,412	$ 96,989	$ 1,983,715	$ 145,772	$ 2,536,888	$ 26,657
Accrued liabilities	17,608	13,440	56,414	20,880	108,342	8,936
Deposits	26,500	-	517,844	-	544,344	-
Accrued interest payable	19,915	79,660	-	-	99,575	-
Unearned revenue	-	-	65,272	-	65,272	-
Compensated absences	31,693	44,776	163,403	28,718	268,590	15,853
Bonds payable	169,000	676,000	-	-	845,000	-
Total current liabilities	575,128	910,865	2,786,648	195,370	4,468,011	51,446
Noncurrent liabilities:						
Compensated absences	31,693	44,776	163,403	28,716	268,588	15,853
Bonds payable	1,538,000	6,152,000	-	-	7,690,000	-
Net pension liability	419,253	337,501	1,457,556	362,039	2,576,349	88,741
Total noncurrent liabilities	1,988,946	6,534,277	1,620,959	390,755	10,534,937	104,594
Total liabilities	2,564,074	7,445,142	4,407,607	586,125	15,002,948	156,040
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	21,584	21,928	121,375	43,963	208,850	-
Total deferred inflows of resources	21,584	21,928	121,375	43,963	208,850	-
NET POSITION						
Net investment in capital assets	33,074,285	15,400,851	32,251,179	6,898,160	87,624,475	2,593,687
Restricted for debt service	128,962	332,489	-	-	461,451	-
Unrestricted	4,909,511	5,098,424	13,983,722	5,336,915	29,328,572	5,683,620
Total net position	$ 38,112,758	$ 20,831,764	$ 46,234,901	$ 12,235,075	117,414,498	$ 8,277,307

Amounts reported for business activities in the statement of net position are different because:

Internal service funds are used by management to charge the costs of vehicles and fleet services to other funds. The net adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time.	3,565,319
Net position (proprietary funds/entity-wide)	$ 120,979,817

The accompanying notes are an integral part of this financial statement.

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2019

	Water	Sewer	Electric	Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES						
Sales and charges for services	$ 4,603,609	$ 4,274,594	$ 28,785,417	$ 3,802,361	$ 41,465,981	$ 2,907,939
Connection fees	73,650	-	117,785	-	191,435	-
Miscellaneous income	34,860	4,486	32,753	24,789	96,888	-
Total operating revenues	4,712,119	4,279,080	28,935,955	3,827,150	41,754,304	2,907,939
OPERATING EXPENSES						
Salaries and benefits	1,040,575	867,829	3,303,299	1,042,528	6,254,231	588,027
Administrative	1,531,647	1,243,999	19,515,822	2,185,104	24,476,572	732,406
Depreciation	1,093,457	908,986	2,054,646	148,753	4,205,842	615,809
Total operating expenses	3,665,679	3,020,814	24,873,767	3,376,385	34,936,645	1,936,242
Operating income	1,046,440	1,258,266	4,062,188	450,765	6,817,659	971,697
NONOPERATING REVENUES (EXPENSES)						
Equity income of joint venture	-	-	-	138,771	138,771	-
Impact fees	406,706	234,847	882,588	197,514	1,721,655	-
Grants	-	-	-	60,240	60,240	-
Interest income	102,834	103,308	331,108	86,011	623,261	141,090
Interest and fiscal expenses	(50,386)	(208,607)	-	-	(258,993)	-
Gain on disposal of assets	-	-	-	-	-	30,015
Total nonoperating revenues (expenses)	459,154	129,548	1,213,696	482,536	2,284,934	171,105
Income before contributions and transfers	1,505,594	1,387,814	5,275,884	933,301	9,102,593	1,142,802
Capital contributions	273,050	213,342	-	171,356	657,748	-
Transfers in	-	60,000	-	-	60,000	125,829
Transfers out	(302,435)	(276,205)	(1,784,994)	(214,298)	(2,577,932)	-
Change in net position	1,476,209	1,384,951	3,490,890	890,359	7,242,409	1,268,631
Total net position, beginning	36,636,549	19,446,813	42,744,011	11,344,716	110,172,089	7,008,676
Total net position, ending	$ 38,112,758	$ 20,831,764	$ 46,234,901	$ 12,235,075	$ 117,414,498	$ 8,277,307

Change in net position (proprietary funds)	$ 7,242,409
Amounts reported for business activities in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of vehicles and fleet services to other funds. The net current year activity associated with the internal service fund was allocated based on use of service to the individual funds in the statement of activities.	628,179
Change in net position (proprietary funds/entity-wide)	$ 7,870,588

The accompanying notes are an integral part of this financial statement.

SPRINGVILLE CITY CORPORATION
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Funds					Governmental Activities
	Water	Sewer	Electric	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities						
Receipts from customers and users	$4,834,392	$4,293,078	$29,291,242	$3,733,308	$42,152,020	$ 2,907,939
Payments to suppliers	(1,664,148)	(1,204,973)	(20,635,147)	(2,156,457)	(25,660,725)	(838,169)
Payments to employees	(1,011,968)	(842,970)	(3,225,619)	(1,007,979)	(6,088,536)	(543,808)
Net cash provided by operating activities	2,158,276	2,245,135	5,430,476	568,872	10,402,759	1,525,962
Cash flows from noncapital financing activities						
Transfers from other funds	-	60,000	-	-	60,000	125,829
Transfers to other funds	(302,435)	(276,205)	(1,784,994)	(214,298)	(2,577,932)	-
Net cash provided (used) by noncapital financing activities	(302,435)	(216,205)	(1,784,994)	(214,298)	(2,517,932)	125,829
Cash flows from capital and related financing activities						
Aquisition of capital assets	(1,892,749)	(455,356)	(2,018,614)	(929,452)	(5,296,171)	(845,513)
Capital grants	-	-	-	60,240	60,240	-
Proceeds from sale of assets	-	-	-	-	-	32,174
Impact fees received	406,706	234,847	882,588	197,514	1,721,655	-
Principal paid on capital debt	(165,000)	(770,000)	-	(31,250)	(966,250)	-
Interest paid on capital debt	(52,311)	(218,370)	-	(23,332)	(294,013)	-
Net cash used by capital and related financing activities	(1,703,354)	(1,208,879)	(1,136,026)	(726,280)	(4,774,539)	(813,339)
Cash flows from investing activities						
Interest received	102,834	103,308	331,108	86,011	623,261	141,090
Net cash provided by investing activities	102,834	103,308	331,108	86,011	623,261	141,090
Net increase (decrease) in cash and cash equivalents	255,321	923,359	2,840,564	(285,695)	3,733,549	979,542
Cash and cash equivalents, beginning of year	4,696,338	4,580,609	12,762,466	3,540,241	25,579,654	4,860,118
Cash and cash equivalents, end of year	$4,951,659	$5,503,968	$15,603,030	$3,254,546	$29,313,203	$ 5,839,660
Unrestricted cash	$4,796,197	$5,171,479	$15,085,186	$3,254,546	$28,307,408	$ 5,839,660
Restricted cash	155,462	332,489	517,844	-	1,005,795	-
Total cash and cash equivalents	$4,951,659	$5,503,968	$15,603,030	$3,254,546	$29,313,203	$ 5,839,660

(Continued)

SPRINGVILLE CITY CORPORATION
Statement of Cash Flows – Proprietary Fund (Continued)
For the Year Ended June 30, 2019

	Enterprise Funds					Governmental Activities
	Water	Sewer	Electric	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities						
Operating income	$ 1,046,440	$ 1,258,266	$ 4,062,188	$ 450,765	$ 6,817,659	$ 971,697
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	1,093,457	908,986	2,054,646	148,753	4,205,842	615,809
Changes in assets and liabilities:						
Accounts receivable	116,443	13,998	365,915	(93,842)	402,514	-
Prepaids	(277,532)	-	(94,022)	-	(371,554)	-
Accounts payable	145,031	39,026	(1,025,303)	28,647	(812,599)	(105,763)
Accrued liabilities	2,769	3,150	11,632	5,071	22,622	1,702
Deposits	5,830	-	(10,628)	-	(4,798)	-
Compensated absences	10,687	10,310	17,776	15,862	54,635	31,706
Net pension liability	15,151	11,399	48,272	13,616	88,438	10,811
Net cash provided by operating activities	$ 2,158,276	$ 2,245,135	$ 5,430,476	$ 568,872	$ 10,402,759	$ 1,525,962
Noncash investing, capital and financing activities						
Capital contributions - developers	$ 273,050	$ 213,342	$ -	$ 171,356	$ 657,748	$ -
Equity investment adjustment for net income and ownership changes	$ -	$ -	$ -	$ 138,771	$ -	$ -

The accompanying notes are an integral part of this financial statement.

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SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Springville (the City) was incorporated in 1903 under the laws of the State of Utah. The City operates under a Mayor-Council form of government. The City is a municipal corporation governed by an elected five-member Council and Mayor. The City provides the following services as authorized by its charter: general administrative services, public safety (police and fire), highway and streets, electric, water, solid waste, water reclamation, storm water, recreation and parks, public improvements, and planning and zoning.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the primary government's operations. Thus, blended component units are appropriately presented as funds of the primary government.

The Redevelopment Agency of the City of Springville (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Municipal Building Authority of the City of Springville (MBA) was established to finance and construct municipal buildings that are then leased to the City. The governing board of the MBA is comprised of the Mayor and members of City Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. The MBA is included in these financial statements as the Municipal Building Authority Debt Service Fund. Separate financial statements are not issued for the MBA.

The joint venture with South Utah Valley Solid Waste District is included in the City's reporting entity because of the significance of its operational and financial relationships with the City. Complete financial statements of the joint venture, which issued separate financial statements, can be obtained from their administrative offices.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government–wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government–wide and fund financial statements categorize primary activities as either governmental or business–type. The City's general administrative services, police and fire protection (public safety), parks and recreation, and highways and public improvements are classified as governmental activities. The City's water, sewer, electric, storm water, solid waste services, and golf course are classified as business–type activities.

The government–wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services, 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 which 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 properly excluded from program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, use taxes, franchise taxes, licenses, interest, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City 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 for those required to be accounted for in another fund.

- The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of the major capital facilities of the City (other than those financed by proprietary funds).

The City reports the following major proprietary funds:

- The Water Fund accounts for the activities of the City's water production, treatment and distribution operations.

- The Sewer Fund accounts for the activities of the City's sewer treatment operations.

- The Electric Fund accounts for the activities of the City's electric generation and distribution operations.

Internal Service Fund – The internal service fund accounts for the costs of procurement and maintenance of vehicles and equipment owned by the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes imposed by the City.

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

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position

Cash, Cash Equivalents, and Investments The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents and includes deposits with financial institutions, money market accounts, bond reserve accounts, and accounts at the Utah Public Treasurer's Investment Trust (the State Treasurer's Pool). For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts. Investments consist of debt securities and term deposits with financial institutions. Investments of the City are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available financial resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position (Continued)

Receivables and Payables (Continued)

Management has estimated the allowance for uncollectibles to be $366,650 for governmental funds and $83,500 for proprietary funds, which is estimated based on historical trends related to collections.

Other receivables at June 30, 2019, consist of property taxes, franchise taxes, sales tax, grants and accounts (billings for user charged services, including unbilled utility services) and are shown net of an allowance for uncollectibles. The utility billings for charged services are billed to customers monthly.

Restricted Assets Assets whose use is restricted for construction, debt service or by other independent third parties, enabling legislation, or other laws and statutes. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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 City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. 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 the date of donation. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government–wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position (Continued)

Capital Assets (Continued)

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

Assets	Years
Buildings and structures	20 - 40
Improvements and infrastructure	7 - 40
Machinery, equipment, and vehicles	5 - 15

Unearned Revenue Unearned revenue arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the revenue is recognized.

Compensated Absences The City has two benefit programs for compensated absences. Under the first program, accumulated unpaid vacation is accrued as incurred based on years of service for each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. At retirement, death, or termination, all unpaid accrued vacation is paid to the beneficiary at designated maximum amounts per City policy. Accumulated sick leave is earned at a rate of one day per month and employees have an option to sell back to the City 25% of current year accrual each November. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate unlimited sick leave. Employees who retire are paid 25% of accumulated sick leave at retirement. Under the second program, employees accrue paid time off based on years of service. At retirement, death, or termination, all unpaid paid time off is paid to the beneficiary at designated maximum amounts per City policy. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid or at termination. The current portion is determined by the City to be the portion of vacation pay due employees who terminated prior to year-end.

The total compensated absences liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absences liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when it is due for payment in the current fiscal year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position (Continued)

Deferred Inflows and Outflows of Resources In addition to liabilities, the statement of financial 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 governmental funds report unavailable revenues from property taxes (property taxes which will be levied and collected more than 60 days after year end) in this category. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available. The City also has deferred inflows relating to pensions as of June 30,2019.

Deferred outflows of resources represent a consumption of net position that applies to a future period and is therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The City also has deferred outflows relating to pensions as of June 30, 2019.

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.

Long-Term Obligations In the government–wide financial statements and proprietary funds, long–term debt and other long–term obligations are reported as liabilities in the applicable governmental activities, business–type activities, or proprietary funds' Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the applicable debt.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position (Continued)

Fund Balance and Net Position Net position is classified in the government-wide financial statements in three components:

(1) *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.

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

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

GASB Statement No. 54 provided new reporting categories for fund balance in governmental funds. The categories and descriptions are as follows:

(1) *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.

(2) *Restricted fund balance* classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditor, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position (Continued)

Fund Balance and Net Position (Continued)

(5) *Unassigned fund balance* classification is the residual classification for the General Fund or funds with deficit fund balances. 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 funds report net position in the same manner as the government-wide statements.

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

Estimates The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year. 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 several different funds, including the General Fund, Special Revenue Funds and Enterprise Funds. The Cemetery Fund (Permanent Fund) does not adopt an annual budget. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the City Administrator and City Council for operating within the budget for their departments. All annual budgets lapse at fiscal year–end.

Utah State law prohibits the appropriation of the sum of unassigned, assigned, and committed General Fund balance until it exceeds 5% of the General Fund revenues. Until the sum of the stated fund balance categories is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Utah State law also prohibits the accumulation of the stated fund balance categories in the General Fund in any amounts greater than 25% of the current year's total actual revenues.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Data (Continued)

The Mayor, in conjunction with the appropriate department head, has the authority to transfer budget appropriations within and between any divisions of any budgetary fund. The City Council has the authority to transfer budget appropriations between individual budgetary funds by resolution. A public hearing must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets or proprietary fund types may be increased by resolution without an additional hearing.

Annual budgets for the general fund, special revenue funds, debt service fund, and capital projects funds were legally adopted by the City and are prepared on the modified-accrual method of accounting. Annual budgets for the proprietary funds are legally adopted by the City and prepared on the accrual method of accounting.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of comparisons of actual results to budgets for the general fund and any major special revenue funds.

Tax Revenues

Property taxes are collected by the County Treasurer and remitted to the City in two to three installments in November, December and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes beyond that which was received within 60 days after the fiscal year end has not been made, as the amounts are not deemed to be material.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has made for fees due and payable to the City at June 30th.

3. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as term deposits. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "restricted cash and cash equivalents," which includes cash accounts that are separately held by several of the City's funds. 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 (UMMA) that relate to the deposit and investment of public funds.

The City's follows the requirements of UMMA (*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, which is defined as a 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. UMMA defines 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 repurchase 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 UMMA; 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 UMMA. 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.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value of Investments

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

- Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.
- Level 2: Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instruments. The prices are determined using significant unobservable inputs or valuation techniques. Quoted prices for identical investments in active markets.

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

		Fair Value Measurements Using		
	06/30/19	Level 1	Level 2	Level 3
Debt Securities				
PTIF	$51,163,970	$ -	$51,163,970	$ -
Total debt securities	$51,163,970	$ -	$51,163,970	$ -

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2019, $714,995 of the City's $964,995 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. UMMA does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. UMMA requires that the City keep deposits in a qualified depository, which the City has done.

Custodial credit risk – investments 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 that are in the possession of an outside party. Of the City's investment in the Utah Public Treasurer's Investment Fund (PTIF) of $51,163,970, the government has no custodial credit risk exposure as the PTIF is an external investment pool managed by the Utah State Treasurer and is not categorized as to custodial credit risk.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risks of investments is to comply with UMMA.

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City has no formal policy relating to specific investment-related interest rate risk. The City manages its exposure by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity 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.

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

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less Than 1	1-5	Quality Ratings
PTIF	$ 51,163,970	$51,163,970	$ -	Unrated
	$ 51,163,970	$51,163,970	$ -	

Concentration of credit risk is the risk of loss attributed to the magnitude of a City'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 in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. The City's investment in the PTIF has no concentration of credit risk as the PTIF is an external investment pool managed by the Utah State Treasurer.

The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasures' Office.

For the year ended June 30, 2019, the City had investments of $51,163,970 with the PTIF. The fair value of these investments was $51,375,166 using a fair value factor of 1.00412782.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Following are the City's cash and investments at June 30, 2019:

	Carrying Value
Cash on hand and on deposit:	
Cash on hand	$ 5,483
Cash on deposit	789,601
PTIF accounts	51,163,970
Total cash on hand and deposit	$ 51,959,054

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The purpose of the transfers was to provide cash flows, pay operating expenses, and to fund capital projects. Transfers among the funds during the current year were:

	Transfers In	Transfers Out
General Fund	$ 2,517,932	$ 4,186,453
Capital Projects Fund	2,232,280	125,829
Nonmajor Governmental Funds	2,467,646	513,473
Water Fund	-	302,435
Sewer Fund	60,000	276,205
Electric Fund	-	1,784,994
Nonmajor Proprietary Funds	-	214,298
Internal Service Fund	125,829	-
	$ 7,403,687	$ 7,403,687

5. CAPITAL ASSETS

Capital asset activity of the governmental activities, including the internal service fund, for the year ended June 30, 2019 was as follows:

	6/30/2018	Increases	Decreases	06/30/19
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 24,054,378	$ 956,273	$ -	$ 25,010,651
Construction in progress	22,428,433	1,707,529	(21,935,377)	2,200,585
Total capital assets, not being depreciated	46,482,811	2,663,802	(21,935,377)	27,211,236
Capital assets, being depreciated:				
Buildings and structures	36,697,204	21,510,862	-	58,208,066
Improvements	77,922,367	2,737,497	-	80,659,864
Machinery, equipment, and vehicles	11,573,518	1,462,878	(141,726)	12,894,670
Total capital assets, being depreciated	126,193,089	25,711,237	(141,726)	151,762,600
Less accumulated depreciation	(64,761,239)	(3,237,975)	141,726	(67,857,488)
Total capital assets being depreciated, net	61,431,850	22,473,262	-	83,905,112
Governmental capital assets, net	$ 107,914,661	$ 25,137,064	$ (21,935,377)	$ 111,116,348

Capital asset activity of the business-type activities for the year ended June 30, 2019 was as follows:

	6/30/2018	Increases	Decreases	06/30/19
Business-type activtities				
Capital assets, not being depreciated:				
Land	$ 1,717,907	$ -	$ -	$ 1,717,907
Construction in progress	1,704,695	2,414,330	(700,432)	3,418,593
Water shares	1,374,919	-	-	1,374,919
Total capital assets, not being depreciated	4,797,521	2,414,330	(700,432)	6,511,419
Capital assets, being depreciated:				
Buildings and structures	5,592,299	60,815	-	5,653,114
System improvements	155,575,594	4,145,215	-	159,720,809
Machinery, equipment, and vehicle	2,834,165	33,992	(518,657)	2,349,500
Total capital assets, depreciated	164,002,058	4,240,022	(518,657)	167,723,423
Less accumulated depreciation	(74,388,182)	(4,205,842)	518,657	(78,075,367)
Total capital assets being depreciated, net	89,613,876	34,180	-	89,648,056
Business-type capital assets, net	$ 94,411,397	$ 2,448,510	$ (700,432)	$ 96,159,475

5. CAPITAL ASSETS (CONTINUED)

In the government-wide financial statements, depreciation was charged as follows by program or activity:

Governmental activities:	
General government	$ 387,509
Public safety	196,633
Community development	5,268
Highways and public improvements	1,229,266
Parks and recreation	803,490
Internal service funds	615,809
Total depreciation expense - governmental activities	$ 3,237,975
Business-type activities:	
Water Fund	$ 1,093,457
Sewer Fund	908,986
Electric Fund	2,054,646
Storm Water Fund	94,217
Solid Waste Fund	18,910
Golf Course Fund	35,626
Total depreciation expense - business-type activities	$ 4,205,842

6. INVESTMENT IN JOINT VENTURES

South Utah Valley Solid Waste District

The City is party to a joint venture with five other municipalities in the South Utah Valley Solid Waste District (the District). The District was created for the purpose of building a landfill and transfer station and operating the same for the benefit of member municipalities. The majority of the District's solid waste revenue comes from these governmental entities. The District is owned by Springville City (15.00%), Provo City (69.75%), Spanish Fork City (11.75%), Mapleton City (2.00%) and Salem City (1.50%).

The District is governed by a board of directors, which is comprised of six members. The mayor and city council of each member city appoints one director. All decisions by the board are by majority vote, except in the case of a tie. In a tie, the votes would be taken by tonnage. For Provo City to prevail in a tie vote, they would need one additional city to vote with them. The District's board of directors governs the operations of the District through management employed by the board. The District is subject to the same laws as the creating entities, therefore, it must follow Utah State laws for cities in the areas of fiscal management, budgeting, and financing.

Annually, the City recognizes its pro-rata share of the District's operating income or loss. For fiscal year 2019, the District reported an increase in net position of $925,137. The City recognized its 15% of the District's income as equity income of a joint venture of $138,771 in the Solid Waste Fund. The complete financial statements for Utah Valley Solid Waste District are available at the District's offices, 2450 West 400 South, Springville, Utah.

7. LONG-TERM DEBT

The following is a summary of changes in long-term debt for governmental activities of the City at June 30, 2019:

	6/30/2018	Increases	Decreases	06/30/19	Due in One Year
Governmental activities					
Bonds payable:					
General obligation bonds	$ 16,880,000	$ -	$ (820,000)	$ 16,060,000	$ 845,000
Sales tax revenue bonds	1,485,000	-	(485,000)	1,000,000	500,000
Municipal Building Authority lease revenue bonds	4,540,000	-	(270,000)	4,270,000	280,000
Plus: unamortized premiums	622,586	-	(34,588)	587,998	-
Total bonds payable	23,527,586	-	(1,609,588)	21,917,998	1,625,000
Compensated absences	733,721	391,456	(366,861)	758,316	379,158
Governmental activities, long-term liabilities	$ 24,261,307	$ 391,456	$ (1,976,449)	$ 22,676,314	$ 2,004,158

Long-term debt and obligations for governmental activities payable at June 30, 2019 were as follows:

Governmental Activities	**Interest Rate**	**Maturity Dates**	**Current Portion**	**Long-Term Balance**
Municipal Building Authority Lease Revenue Bonds, Series 2008 (original amount - $6,435,000)	2.55%	2031	$ 280,000	$ 3,990,000
Sales Tax Revenue Refunding Bonds, Date December 31, 2014 (original amount - $2,885,000)	1.85%	2021	500,000	500,000
Taxable General Obligation Build America Bonds, Series 2010 (original amount - $9,800,000)	1.00% to 5.30%	2031	435,000	5,910,000
General Obligation Bonds, Series 2016 (original amount - $10,785,000)	2.00% to 5.00%	2036	410,000	9,305,000
Unamortized Premium on Bond				587,998
Total Governmental Activities Long-term Debt			$ 1,625,000	$ 20,292,998

7. LONG-TERM DEBT (CONTINUED)

The 2008 Municipal Building Authority lease revenue bonds were issued for the construction of the new civic center. A property note was used to purchase land at 1300 east to be used for the east fire substation. The City pledges general revenues of the City to repay this note through the maturity date listed above. On December 11, 2014, the City transacted a current refund on their 2008 lease revenue bonds with interest rates ranging between 4.10% and 5.25%. The new interest rate resulting from the current refunding is 2.55%.

The 2010 General Obligation Build America Bonds were used for the construction of the library. The bonds have no specific pledged revenue stream, but debt service requirements will be met principally by the general fund.

The 2016 general obligation bonds were used for the construction of an aquatics center. Debt service requirements will be met principally by the general fund.

The following is a summary of changes in long-term debt for business-type activities of the City at June 30, 2019:

	6/30/2018	Increases	Decreases	06/30/19	Due in One Year
Business-type activities					
Water and sewer revenue bonds	$ 9,470,000	$ -	$ (935,000)	8,535,000	$ 845,000
Notes payable	31,250	-	(31,250)	-	-
Compensated absences	482,543	295,906	(241,271)	537,178	268,590
Business-type activities, long-term liabilities	$ 9,983,793	$295,906	$(1,207,521)	$ 9,072,178	$1,113,590

Long-term debt and obligations for business-type activities payable at June 30, 2019 were as follows:

Business-type Activities	**Interest Rate**	**Maturity Dates**	**Current Portion**	**Long-Term Balance**
Water and Sewer Revenue Refunding Bonds, Dated April 22, 2008 (original amount - $15,135,000)	2.80%	2028	$ 845,000	$ 7,690,000
Total Business-type Activities Long-term Debt			$ 845,000	$ 7,690,000

7. LONG-TERM DEBT (CONTINUED)

The proceeds of the 2008 water and sewer revenue bonds were used to upgrade the sewer treatment plant, install the water main along 400 South and sewer lines along 1500 West. The City pledges the revenues of the water and sewer funds to repay these bonds through the maturity dates listed above. Annual principal and interest payments are expected to require less than forty percent of the total sewer revenues.

Principal and interest requirements to retire the City's long-term obligations are as follows:

Year Ending	Governmental Activities		Business-type Activities		Government-Wide	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 1,625,000	$ 785,601	$ 845,000	$ 238,980	$ 2,470,000	$ 1,024,581
2021	1,680,000	729,005	870,000	215,320	2,550,000	944,325
2022	1,225,000	659,955	895,000	190,960	2,120,000	850,915
2023	1,275,000	606,568	920,000	165,900	2,195,000	772,468
2024	1,330,000	550,530	945,000	140,140	2,275,000	690,670
2025-2029	7,440,000	1,921,864	4,060,000	287,980	11,500,000	2,209,844
2030-2034	5,330,000	630,884	-	-	5,330,000	630,884
2035-2036	1,425,000	64,500	-	-	1,425,000	64,500
	$ 21,330,000	$ 5,948,906	$ 8,535,000	$ 1,239,280	$29,865,000	$ 7,188,186

All outstanding revenue bonds are secured by a first lien on net revenues earned by the City. Net revenues are defined in the revenue bond agreements. The City is required to establish rates (including connection fees) sufficient to pay the operation and maintenance expenses and to provide net revenues in an amount not less than 130% of the aggregated annual debt service requirement for the forthcoming fiscal year.

The following summarizes the debt service coverage calculations for the various revenue bonds:

	Revenue Bonds	**Revenue Bonds**
Net revenues		
Operating revenues	$4,712,119	$ 4,279,080
Operating expenses (excluding depreciation and amortization)	(2,572,222)	(2,111,828)
Impact fees	406,706	234,847
Interest income	102,834	103,308
Net revenues	$2,649,437	$ 2,505,407
Maximum Aggregate Debt Service	$ 211,000	$ 844,000
Ratio of Net Revenues to Aggregate Debt Service	1256%	297%
Minimum Ratio	130%	130%

8. RETIREMENT PLANS

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:

- Public Employees Noncontributory Retirement System (Noncontributory System)
- Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent, 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 work on or after July 1, 2011, who has 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 Systems' 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 System, 560 E 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

8. RETIREMENT PLANS (CONTINUED)

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
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%
Firefighters 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 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.50%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.50%

*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.

Contributions 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 Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019 are as follows:

8. RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

Utah Retirement Systems	**Employee Paid**	**Employer Contribution Rates**	**Employer Rate for 401(k) Plan**
Contributory System			
11 - Local Government Division Tier 1	6.00%	14.46%	N/A
111 - Local Governmental Division Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.47%	N/A
Public Safety Retirement System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety Contributory	N/A	23.09%	0.74%
Noncontributory			
43 - Other Division A Noncontributory with 2.5% COLA	N/A	34.04%	N/A
Firefighters Retirement System			
31 Other Division A	15.05%	4.61%	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	11.34%	0.74%
Tier 2 DC Only			
211- Local Government	N/A	6.69%	10.00%
222-Public Safety	N/A	11.83%	12.00%
232-Firefighters	N/A	0.08%	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:

System	**Contributions**	**Contributions**
Noncontributory System	$ 1,169,703	N/A
Public Safety System	264,272	-
Firefighters System	7,138	23,302
Tier 2 Public Employees System	366,027	-
Tier 2 Public Safety and Firefighter System	154,074	-
Tier 2 DC Only System	8,320	N/A
Tier 2 DC Public Safety and Firefighter System	5,161	N/A
Total Contributions	$ 1,974,695	$ 23,302

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.

8. RETIREMENT PLANS (CONTINUED)

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City reported a net pension asset of $0 and a net pension liability of $7,484,601.

	Measurement Date: December 31, 2018				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2017	Change (Decrease)
Noncontributory System	$ -	$5,607,638	0.7615219%	0.7552263%	0.0062956%
Public Safety System	-	1,718,522	0.6680134%	0.6793483%	-0.0113349%
Firefighters System	-	63,937	0.4924004%	0.5260681%	-0.0336677%
Tier 2 Public Employees System	-	82,804	0.1933419%	0.2009037%	-0.0075618%
Tier 2 Public Safety and Firefighter	-	11,702	0.4670312%	0.5000307%	-0.0329995%
Total Net Pension Asset / Liability	$ -	$7,484,603			

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 the 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, the City recognized pension expense of $2,239,879.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 91,593	$ 215,032
Changes in assumptions	1,014,639	9,339
Net difference between projected and actual earnings on pension plan investments	1,531,974	-
Changes in proportion and differences between contributions and proportionate share of contributions	52,138	205,732
Contributions subsequent to the measurement date	984,191	-
Total	$ 3,674,535	$ 430,103

8. RETIREMENT PLANS (CONTINUED)

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$984,191 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the 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,	Net Deferred Outflows (Inflows) of Resources
2019	$ 953,096
2020	319,908
2021	207,056
2022	736,180
2023	8,386
Thereafter	35,617

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the City recognized pension expense of $1,474,169.

At June 30, 2019, the City 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	$ 72,122	$ 104,588
Changes in assumptions	751,207	-
Net difference between projected and actual earnings on pension plan investments	1,166,886	-
Changes in proportion and differences between contributions and proportionate share of contributions	13,144	141,785
Contributions subsequent to the measurement date	578,314	-
Total	$ 2,581,673	$ 246,373

8. RETIREMENT PLANS (CONTINUED)

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

$578,314 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the 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 or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2019	$ 761,856
2020	289,496
2021	152,763
2022	552,872

Public Safety System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the City recognized pension expense of $459,013.

At June 30, 2019, the City 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	$ -	$ 81,785
Changes in assumptions	197,538	-
Net difference between projected and actual earnings on pension plan investments	296,558	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	62,551
Contributions subsequent to the measurement date	124,657	-
Total	$ 618,753	$ 144,336

$124,657 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2018.

8. RETIREMENT PLANS (CONTINUED)

Public Safety System Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2019	$ 161,306
2020	13,420
2021	34,263
2022	140,772

Firefighters System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the City recognized pension expense of $24,108.

At June 30, 2019, the City 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	$ 13,513	$ 11,529
Changes in assumptions	34,007	7,422
Net difference between projected and actual earnings on pension plan investments	33,317	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,754	1,397
Contributions subsequent to the measurement date	3,573	-
Total	$ 86,164	$ 20,348

$3,573 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the 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 or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

8. RETIREMENT PLANS (CONTINUED)

Firefighters System Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2019	$ 16,786
2020	7,032
2021	9,233
2022	24,363
2023	4,168
Thereafter	662

Tier 2 Public Employees System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the City recognized pension expense of $214,036.

At June 30, 2019, the City 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	$ 581	$ 17,114
Changes in assumptions	20,754	1,488
Net difference between projected and actual earnings on pension plan investments	26,965	-
Changes in proportion and differences between contributions and proportionate share of contributions	25,931	-
Contributions subsequent to the measurement date	191,380	-
Total	$ 265,611	$ 18,602

$191,380 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the 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 or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

8. RETIREMENT PLANS (CONTINUED)

Tier 2 Public Employees System Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2019	$ 9,395
2020	6,849
2021	7,500
2022	13,211
2023	2,498
Thereafter	16,178

Tier 2 Public Safety and Firefighter Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the City recognized pension expense of $68,554.

At June 30, 2019, the City 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	$ 5,377	$ 15
Changes in assumptions	11,133	429
Net difference between projected and actual earnings on pension plan investments	8,248	-
Changes in proportion and differences between contributions and proportionate share of contributions	11,309	-
Contributions subsequent to the measurement date	86,267	-
Total	$ 122,334	$ 444

$86,267 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the 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 or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

8. RETIREMENT PLANS (CONTINUED)

Tier 2 Public Safety and Firefighter Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2019	$ 3,754
2020	3,112
2021	3,299
2022	4,962
2023	1,720
Thereafter	18,776

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

8. RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

	Expected Return Arithmetic Basis		
Asset Class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term Expected Portfolio Real Rate of Return**
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed 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 percent. 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 remained unchanged at 6.95 percent.

Sensitivity to 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 percent, 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 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

8. RETIREMENT PLANS (CONTINUED)

Sensitivity to the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate (Continued)

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	$11,492,629	$ 5,607,638	$ 706,993
Public Safety System	3,368,605	1,718,522	379,016
Firefighters System	238,590	63,937	(77,485)
Tier 2 Public Employees System	331,730	82,804	(109,304)
Tier 2 Public Safety and Firefighter System	88,262	11,702	(46,886)
Total	$15,519,816	$ 7,484,603	$ 852,334

Pension Plan Fiduciary Net Position

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

9. DEFINED CONTRIBUTION SAVINGS PLAN

The City sponsors a defined contribution deferred compensation plan administered by The Benefit Source under the Internal Revenue Code Section 401(k) for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to all permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City participates at rates between 0% and 2%, depending on the employees' contributions. The rate of City participation can be changed by the City Council.

Employee and employer contributions to the Benefit Source Defined Contribution Savings Plan for the fiscal year June 30, were as follows:

401(k) Plan	**2019**	**2018**	**2017**
Employer contributions	$ 205,895	$ 194,262	$ 192,567
Employee contributions	266,649	407,792	262,451

9. DEFINED CONTRIBUTION SAVINGS PLAN (CONTINUTED)

The City sponsors a defined contribution deferred compensation plan administered by The Benefit Source under the Internal Revenue Code Section 457 for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to certain permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 457 deferred compensation monies are not available to the City or its general creditors.

457 Plan	2019	2018	2017
Employee contributions	$ 35,253	$ 41,339	$ 35,820

The City participates in a Defined Contribution Saving Plan, which is administered by the Utah Retirement Systems Board and is a supplemental plan 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) of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

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

401(k) Plan	2019	2018	2017
Employer contributions	$ 75,561	$ 81,270	$ 62,225
Employee contributions	21,600	23,400	15,300

10. REDEVELOPMENT AGENCY OF SPRINGVILLE CITY

In accordance with Utah State law, the City makes the following disclosures relative to the Redevelopment Agency of Springville City (RDA): The RDA collected $159,900 of tax increment monies for its project areas of which $27,232 was paid for development incentives. During 2019, the RDA expended $0 for administrative costs.

11. TAX ABATEMENTS

As of June 30, 2019, the City provides tax abatements under one program: the Redevelopment Agency of Springville City (the Agency). Pursuant to the provisions of the Utah Community Development and Renewal Agencies Act, Utah State Code Title 17C, the City established the Redevelopment Agency. The City authorizes the rebate of sales and property tax increment through the budget process. The annual budget is adopted by City ordinance. The amount of the tax rebate (abatement) is based on the provisions as stated in the written agreement between the Agency and the outside entity. The abatement recipient remits their full property or sales tax obligation to the taxing authority. Once the taxes have been paid and it has been verified that the provisions of the agreement have been met, then the agreed amount is rebated to the recipient entity. The qualifying provisions of the agreements generally focus on affordable housing and transit-oriented housing or business relocation, business development, job creation, and sales and property tax generation.

The Agency has entered into tax abatement agreements with two entities. These entities are in the category of sales and property tax generation. The following table provides details:

Tax Abatement Program	Taxes Abated in 2019	Taxes Abated in Prior Years	Total Maximum Tax Abatement	Primary Purpose of Abatement	Abatement Expires
Redevelopment Agency of Springville City					
Frontage Road Neighborhood HWP Properties, LLC	$ 9,420	$ 3,502	Property tax: 100% through 2020, then reducing 10% per year.	Sales and Property Tax generations	2025
HWP Properties, LLC	$ 17,812	$31,113	Sales tax: $200,000	Sales and Property Tax generations	2022

12. COMMITMENTS AND CONTINGENCIES

Utah Associates Municipal Power System (UAMPS)

The City is a member of Utah Associated Municipal Power System (UAMPS), a political subdivision of the State of Utah created to secure electric power for the members of UAMPS. As a member, the City has entered into power supply agreements and contracts with respect to various projects in which UAMPS participates. The total cost of the power the City will be required to purchase in future years is not determinable. During the year ended June 30, 2019, the City purchased power totaling approximately $16.7 million.

The City is obligated through power sales contracts with UAMPS for the consequences of "take or pay" contracts with UAMPS projects. The City is also obligated through power sales contracts to pay its proportionate share of bonded indebtedness. UAMPS monthly service charges to the City include the City's proportionate obligation for the following items:

UAMPS Payson Nebo Generation Plant

In June 2002, the City entered into a power service contract with UAMPS which expires on the later of (1) the date the principal, premium, if any, and interest on all of the UAMPS Payson Nebo Generation Plant revenue bonds have been paid or (2) the final shutdown date of the Payson Nebo Generation Plant. The contract entitles the City to approximately 19.12 percent of the output of the Payson Nebo Generation Plant. The City is obligated for 19.12 percent of the total project debt service of approximately $42,085,000 (City portion - $8,044,506) in revenue bonds outstanding at June 30, 2019, issued to finance construction of the plant.

UAMPS - Horse Butte Wind Project

In August of 2010 the City entered into Power Sales Contract with UAMPS to take delivery of energy from a 57.6 MW nameplate capacity wind farm located 16 miles east of the City of Idaho Falls in Bonneville County, Idaho. The PSC entitles the City to approximately 5.21% of the daily output associated with the 32 Vestas V-100 1.8 MW wind turbines installed on the project site. Construction of the Facility was completed in August of 2012 and commenced commercial operation. The City is obligated for 5.21% of the total project debt service of approximately $84,900,000 (City portion - $4,418,973) outstanding at June 30, 2019, issued to finance a prepayment for a specified supply of electricity to be delivered over a 20-year term.

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Future Commitments and Contingencies

San Juan – An equity purchase of 4 megawatts of energy from the San Juan coal-fired plant started in July 2005. The four megawatts represents approximately 11.43% of the UAMPS entitlement to the plant's capacity and Springville City is obligated for 14.87% of the 2011 (1998 refunding) bonded debt and 16.39% of the 2008 bonded debt. The total outstanding 2011 (1998 refunding) and 2008 bond principal amounts as of June 30, 2019 were $8,025,000 and $625,000 respectively, with the City's portions being $1,193,309 and $102,459. This power is a base load project, meaning that power is delivered 24 hours per day whenever the plant is operating. The average cost of a delivered kilowatt hour of power from the San Juan project was $0.08361 for FY2019. Springville City expects to receive approximately 25-30.0 million kilowatt hours of energy over the course of an average year.

South Utah Valley Municipal Water Association Land Purchase

The City is a member of the South Utah Valley Municipal Water Association (SUVMWA). The group works together to address water and sewer issues that impact cities in southern Utah County. In anticipation of ultimately have a central sewer treatment plant that could service all cities from Springville to Payson, SUVMWA purchased approximately 240 acres southwest of Springville near Utah Lake. $5,000,000 in taxable lease revenue bonds was issued in 2008 to fund the land purchase. Springville is obligated for 21.43 percent of the bond debt service over the ten-year life of the bonds.

13. RELATED PARTY TRANSACTIONS

In all cases where a conflict-of-interest could result from a related party transaction the person involved recuses themselves from votes awarding bids. Businesses owned by members of the City Council are disclosed formally in writing.

The City's Mayor is the President of Child Enterprises, Inc., a local contracting company. Child Enterprises, Inc. is periodically awarded bids to act as a City contractor and/or subcontractor to the City's contractor. The total that Springville City paid to Child Enterprises, Inc. in the 2019 fiscal year was $5,950.

14. RISK MANAGEMENT

The City has joined the Utah Local Governments Trust (Trust). Founded in 1974, the Utah Local Governments Trust is licensed in Utah as a public agency insurance mutual. Trust policies are designed specifically for government agencies, including cities, towns, counties, special service districts, and school districts. The Trust provides low-cost liability and property coverage for local governments, claims adjustment services, loss prevention and safety training to its members. Utah Local Governments Trust is reinsured through Munich America RE & Clarendon, two national insurance companies with members from municipal leagues across the US.

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Required Supplementary Information

SPRINGVILLE CITY CORPORATION
Schedule of the Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	As of December 31,	Proportion of Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of its Covered-Employee Payroll
Noncontributory System	2014	0.8173763%	$ 3,549,240	$ 7,022,000	50.50%	90.20%
	2015	0.8157080%	4,615,673	6,986,652	66.06%	87.80%
	2016	0.7984120%	5,126,782	6,917,208	74.12%	87.30%
	2017	0.7552263%	3,308,873	6,311,269	52.43%	91.90%
	2018	0.7615219%	5,607,637	6,391,261	87.74%	87.00%
Contributory System	2014	0.2162152%	$ 62,366	$ 115,606	53.90%	94.00%
	2015	0.1624709%	114,193	69,227	164.96%	85.70%
	2016	0.2191155%	71,894	52,575	136.75%	92.90%
Public Safety System	2014	0.8436610%	$ 1,060,974	$ 1,277,517	83.00%	90.50%
	2015	0.7830661%	1,402,668	1,190,697	117.80%	87.10%
	2016	0.7358229%	1,493,188	1,122,930	132.97%	86.50%
	2017	0.6793483%	1,065,665	1,009,058	105.61%	90.20%
	2018	0.6680134%	1,718,521	960,909	178.84%	84.70%
Firefighters System	2014	0.0048448%	$ (27,646)	$ 127,036	-21.80%	103.50%
	2015	0.5238695%	(9,488)	140,853	-6.74%	101.00%
	2016	0.4948301%	(3,901)	139,102	-2.80%	100.40%
	2017	0.5260681%	(32,856)	153,906	-21.35%	103.00%
	2018	0.4924004%	63,937	152,669	41.88%	94.30%
Tier 2 Public Employees System	2014	0.1155009%	$ (3,500)	$ 566,929	-0.60%	103.50%
	2015	0.1220505%	(266)	788,707	-0.03%	100.20%
	2016	0.1565131%	17,459	1,283,531	1.36%	95.10%
	2017	0.2009037%	17,713	1,966,429	0.90%	97.40%
	2018	0.1933419%	82,804	2,259,183	3.67%	90.80%
Tier 2 Public Safety and Firefighter System	2014	0.7602135%	$ (11,246)	$ 314,072	-3.60%	120.50%
	2015	0.6507001%	(9,507)	387,183	-2.46%	110.70%
	2016	0.5275480%	(4,579)	435,875	-1.05%	103.60%
	2017	0.5000307%	(5,786)	527,821	-1.10%	103.00%
	2018	0.4670312%	11,702	625,103	1.87%	95.60%

Note:

* This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

SPRINGVILLE CITY CORPORATION
Schedule of Pension Contributions
Last Ten Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System	2014	$ 1,239,038	$ 1,239,038	$ -	$7,232,984	17.13%
	2015	1,275,631	1,275,631	-	6,925,081	18.42%
	2016	1,290,326	1,290,326	-	700,657	18.43%
	2017	1,215,101	1,215,101	-	6,606,911	18.39%
	2018	1,169,372	1,169,372	-	6,368,944	18.36%
	2109	1,169,703	1,169,703	-	6,365,799	18.37%
Contributory System	2014	$ 15,157	$ 15,157	$ -	$ 114,135	13.28%
	2015	14,530	14,530	-	100,484	14.46%
	2016	7,822	7,822	-	54,094	14.46%
	2017	3,728	3,728	-	25,785	14.46%
	2018	-	-	-	-	0.00%
	2019	-	-	-	-	0.00%
Public Safety System	2014	$ 375,860	$ 375,860	$ -	$1,279,356	29.38%
	2015	390,158	390,158	-	1,260,158	30.96%
	2016	345,081	345,081	-	1,122,174	30.75%
	2017	327,949	327,949	-	1,079,312	30.38%
	2018	294,671	294,671	-	985,351	29.91%
	2019	264,272	264,272	-	896,951	29.46%
Firefighters System	2014	$ 3,675	$ 3,675	$ -	$ 124,142	2.96%
	2015	5,119	5,119	-	133,992	3.82%
	2016	5,439	5,439	-	132,324	4.11%
	2017	5,864	5,864	-	150,738	3.89%
	2018	6,018	6,018	-	153,129	3.93%
	2019	7,138	7,138	-	154,832	4.61%
Tier 2 Public Employees System*	2014	$ 59,033	$ 59,033	$ -	$ 421,962	13.99%
	2015	94,905	94,905	-	635,651	14.93%
	2016	157,435	157,435	-	1,055,839	14.91%
	2017	243,094	243,094	-	1,626,048	14.95%
	2018	324,744	324,744	-	2,151,431	15.09%
	2019	366,027	366,027	-	2,357,624	15.53%
Tier 2 Public Safety and Firefighter System*	2014	$ 57,093	$ 57,093	$ -	$ 291,898	19.56%
	2015	70,386	70,386	-	345,953	20.35%
	2016	79,980	79,980	-	396,966	20.15%
	2017	100,909	100,909	-	495,223	20.38%
	2018	125,570	125,570	-	579,013	21.69%
	2019	154,074	154,074	-	710,560	21.68%
Tier 2 Public Employees DC Only System*	2014	$ -	$ -	$ -	$ -	0.00%
	2015	2,041	2,041	-	30,377	6.72%
	2016	2,142	2,142	-	32,016	6.69%
	2017	4,289	4,289	-	64,118	6.69%
	2018	2,708	2,708	-	40,476	6.69%
	2019	8,320	8,320	-	124,369	6.69%
Tier 2 DC Public Safety and Firefighter DC Only System*	2014	$ -	$ -	$ -	$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	741	741	-	6,262	11.83%
	2018	5,020	5,020	-	75,634	6.64%
	2019	5,161	5,161	-	43,628	11.83%

Note:

This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

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

* 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.

SPRINGVILLE CITY CORPORATION
Notes to the Required Supplementary Information
June 30, 2019

1. CHANGES IN ASSUMPTIONS

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

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Supplementary Information

SPRINGVILLE CITY CORPORATION
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue		Capital Projects		Debt Service			
	Special Improvement District	Redevelopment Agency	Community Theater	Special Services	Debt Service	Municipal Building Authority	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents	$ -	$ 864,048	$ 15,475	$ -	$ 159,401	$ 3,244	$ 1,367,057	$ 2,409,225
Receivables:								
Special assessment	10,241	-	-	-	-	-	-	10,241
Property taxes	-	210,000	-	-	-	-	-	210,000
Restricted cash and cash equivalents	-	-	-	3,001,561	3,429	-	614,546	3,619,536
Total assets	$ 10,241	$ 1,074,048	$ 15,475	$3,001,561	$ 162,830	$ 3,244	$ 1,981,603	$ 6,249,002
LIABILITIES								
Accounts payable	$ -	$ 17,812	$ -	$ -	$ -	$ -	$ -	$ 17,812
Due to other funds	2,869	-	-	799,421	-	-	-	802,290
Total liabilities	2,869	17,812	-	799,421	-	-	-	820,102
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	-	210,000	-	-	-	-	-	210,000
Total deferred inflows of resources	-	210,000	-	-	-	-	-	210,000
FUND BALANCES								
Nonspendable endowments	-	-	-	-	-	-	1,310,897	1,310,897
Restricted:								
Impact fees	-	-	-	2,202,140	-	-	-	2,202,140
Debt Service	-	-	-	-	162,830	3,244	-	166,074
Assigned	7,372	846,236	15,475	-	-	-	670,706	1,539,789
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	7,372	846,236	15,475	2,202,140	162,830	3,244	1,981,603	5,218,900
Total liabilities and fund balances	$ 10,241	$ 1,074,048	$ 15,475	$3,001,561	$ 162,830	$ 3,244	$ 1,981,603	$ 6,249,002

SPRINGVILLE CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue		Capital Projects		Debt Service			
	Special Improvement District	Redevelopment Agency	Community Theater	Special Services	Debt Service	Municipal Building Authority	Permanent Fund	Total Nonmajor Governmental Funds
REVENUES								
Property tax	$ -	$ 24,898	$ -	$ -	$ -	$ -	$ -	$ 24,898
Charges for services	-	-	-	-	-	-	76,957	76,957
Intergovernmental	-	135,002	-	189,894	-	-	-	324,896
Impact fees	-	-	-	773,731	-	-	-	773,731
Interest	-	16,507	-	82,085	1,983	-	34,238	134,813
Donations	-	-	-	-	-	-	3,000	3,000
Miscellaneous	-	-	333	62,379	-	-	-	62,712
Total revenues	-	176,407	333	1,108,089	1,983	-	114,195	1,401,007
EXPENDITURES								
Current:								
Highways and public improvements	-	-	-	226,707	-	-	-	226,707
Debt service:								
Principal	-	-	-	-	1,305,000	270,000	-	1,575,000
Interest and fiscal expenses	-	-	-	-	720,768	113,466	-	834,234
Capital outlay	-	27,232	-	1,321,819	-	-	-	1,349,051
Total expenditures	-	27,232	-	1,548,526	2,025,768	383,466	-	3,984,992
Excess of revenues over (under) expenditures	-	149,175	333	(440,437)	(2,023,785)	(383,466)	114,195	(2,583,985)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	60,000	-	-	2,024,180	383,466	-	2,467,646
Transfers out	-	-	-	(513,473)	-	-	-	(513,473)
Total other financing sources (uses)	-	60,000	-	(513,473)	2,024,180	383,466	-	1,954,173
Net change in fund balance	-	209,175	333	(953,910)	395	-	114,195	(629,812)
Fund balance, beginning of year	7,372	637,061	15,142	3,156,050	162,435	3,244	1,867,408	5,848,712
Fund balance, end of year	$ 7,372	$ 846,236	$ 15,475	$2,202,140	$ 162,830	$ 3,244	$ 1,981,603	$ 5,218,900

SPRINGVILLE CITY CORPORATION
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2019

	Business-type Activities - Enterprise Funds			
	Storm Water	**Solid Waste**	**Golf Course**	**Total Nonmajor Enterprise Funds**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 2,470,479	$ 652,529	$ 131,538	$ 3,254,546
Accounts receivable, net	174,098	173,968	24,730	372,796
Total current assets	2,644,577	826,497	156,268	3,627,342
Noncurrent assets:				
Capital assets:				
Land	373,329	487,433	341,520	1,202,282
Construction in progress	413,770	-	189,320	603,090
Buildings	-	850,266	1,776,130	2,626,396
Improvements other than buildings	5,027,611	-	-	5,027,611
Machinery and equipment	205,596	303,651	390,844	900,091
Accumulated depreciation	(958,898)	(624,681)	(1,877,731)	(3,461,310)
Net capital assets	5,061,408	1,016,669	820,083	6,898,160
Other assets:				
Equity investment in joint venture	-	2,146,574	-	2,146,574
Total other assets	-	2,146,574	-	2,146,574
Total noncurrent assets	5,061,408	3,163,243	820,083	9,044,734
Total assets	7,705,985	3,989,740	976,351	12,672,076
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	38,007	69,943	85,137	193,087
Total deferred outflows of resources	38,007	69,943	85,137	193,087

SPRINGVILLE CITY CORPORATION
Combining Statement of Net Position (Continued)
Nonmajor Enterprise Funds
June 30, 2019

	Business-type Activities - Enterprise Funds			
	Storm Water	Solid Waste	Golf Course	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 43,039	$ 84,683	$ 18,050	$ 145,772
Accrued liabilities	3,284	5,793	11,803	20,880
Compensated absences	2,099	9,237	17,382	28,718
Total current liabilities	48,422	99,713	47,235	195,370
Noncurrent liabilities:				
Compensated absences	2,099	9,236	17,381	28,716
Net pension liability	72,468	131,743	157,828	362,039
Total noncurrent liabilities	74,567	140,979	175,209	390,755
Total liabilities	122,989	240,692	222,444	586,125
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	7,088	14,729	22,146	43,963
Total deferred inflows of resources	7,088	14,729	22,146	43,963
NET POSITION				
Net investment in capital assets	5,061,408	1,016,669	820,083	6,898,160
Unrestricted	2,552,507	2,787,593	(3,185)	5,336,915
Total net position	$ 7,613,915	$ 3,804,262	$ 816,898	$ 12,235,075

SPRINGVILLE CITY CORPORATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds			
	Storm Water	Solid Waste	Golf Course	Total
OPERATING REVENUES				
Sales and charges for services	$ 1,144,288	$ 1,762,744	$ 895,329	$ 3,802,361
Miscellaneous income	19,139	-	5,650	24,789
Total operating revenues	1,163,427	1,762,744	900,979	3,827,150
OPERATING EXPENSES				
Salaries and benefits	205,109	374,921	462,498	1,042,528
Administrative	656,817	1,170,797	357,490	2,185,104
Depreciation	94,217	18,910	35,626	148,753
Total operating expenses	956,143	1,564,628	855,614	3,376,385
Operating income	207,284	198,116	45,365	450,765
NONOPERATING REVENUES (EXPENSES)				
Equity income of joint venture	-	138,771	-	138,771
Impact fees	197,514	-	-	197,514
Grants	60,240	-	-	60,240
Interest income	66,569	16,024	3,418	86,011
Total nonoperating revenues (expenses)	324,323	154,795	3,418	482,536
Income before contributions and transfers	531,607	352,911	48,783	933,301
Capital contributions	171,356	-	-	171,356
Transfers out	(77,023)	(137,275)	-	(214,298)
Change in net position	625,940	215,636	48,783	890,359
Total net position, beginning	6,987,975	3,588,626	768,115	11,344,716
Total net position, ending	$ 7,613,915	$ 3,804,262	$ 816,898	$ 12,235,075

SPRINGVILLE CITY CORPORATION
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2019

	Storm Water	Solid Waste	Golf Course	Total Nonmajor Enterprise Funds
Cash flows from operating activities				
Receipts from customers and users	$ 1,099,921	$ 1,755,985	$ 877,402	$ 3,733,308
Payments to suppliers	(631,037)	(1,157,085)	(368,335)	(2,156,457)
Payments to employees	(197,478)	(370,492)	(440,009)	(1,007,979)
Net cash provided by operating activities	271,406	228,408	69,058	568,872
Cash flows from noncapital financing activities				
Transfers to other funds	(77,023)	(137,275)	-	(214,298)
Net cashused by noncapital financing activities	(77,023)	(137,275)	-	(214,298)
Cash flows from capital and related financing activities				
Aquisition of capital assets	(868,637)	-	(60,815)	(929,452)
Capital grants	60,240	-	-	60,240
Impact fees received	197,514	-	-	197,514
Principal paid on capital debt	-	-	(31,250)	(31,250)
Interest paid on capital debt	-	-	(23,332)	(23,332)
Net cash used by capital and related financing activities	(610,883)	-	(115,397)	(726,280)
Cash flows from investing activities				
Interest received	66,569	16,024	3,418	86,011
Net cash provided by investing activities	66,569	16,024	3,418	86,011
Net increase (decrease) in cash and cash equivalents	(349,931)	107,157	(42,921)	(285,695)
Cash and cash equivalents, beginning of year	2,820,410	545,372	174,459	3,540,241
Cash and cash equivalents, end of year	$ 2,470,479	$ 652,529	$ 131,538	$ 3,254,546
Total cash and cash equivalents	$ 2,470,479	$ 652,529	$ 131,538	$ 3,254,546

SPRINGVILLE CITY CORPORATION
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2019

	Storm Water	Solid Waste	Golf Course	Total Nonmajor Enterprise Funds
Reconciliation of operating income to net cash provided by operating activities				
Operating income	$ 207,284	$ 198,116	$ 45,365	$ 450,765
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	94,217	18,910	35,626	148,753
Changes in assets and liabilities:				
Accounts receivable	(63,506)	(6,759)	(23,577)	(93,842)
Accounts payable	25,780	13,712	(10,845)	28,647
Accrued liabilities	735	840	3,496	5,071
Compensated absences	4,198	(1,858)	13,522	15,862
Net pension liability	2,698	5,447	5,471	13,616
Net cash provided by operating activities	$ 271,406	$ 228,408	$ 69,058	$ 568,872
Noncash investing, capital and financing activities				
Capital contributions - developers	$ 171,356	$ -	$ -	$ 171,356
Equity investment adjustment for net income and ownership changes	$ -	$ 138,771	$ -	$ 138,771

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental	$ -	$ 4,631,504	$ 1,192,600	$ (3,438,904)
Interest	-	-	187,015	187,015
Donations	524,462	524,462	502,000	(22,462)
Miscellaneous	-	137,588	347,039	209,451
Total revenues	524,462	5,293,554	2,228,654	(3,064,900)
EXPENDITURES				
Capital outlay	2,636,870	9,422,667	3,367,810	6,054,857
Total expenditures	2,636,870	9,422,667	3,367,810	6,054,857
Excess (deficiency) of revenues over (under) expenditures	(2,112,408)	(4,129,113)	(1,139,156)	2,989,957
OTHER FINANCING SOURCES (USES)				
Transfers in	1,732,280	2,232,280	2,232,280	-
Transfers out	-	(125,829)	(125,829)	-
Net other financing sources (uses)	1,732,280	2,106,451	2,106,451	-
Net change in fund balance	$ (380,128)	$(2,022,662)	967,295	$ 2,989,957
Fund balance, beginning of year			5,141,779	
Fund balance, end of year			$ 6,109,074	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Special Improvement District Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Charges for services	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt service:				
Interest and fiscal expenses	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	$ -	$ -	-	$ -
Fund balance, beginning of year			7,372	
Fund balance, end of year			$ 7,372	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Community Theater Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Property tax	$ 125,000	$ 125,000	$ 24,898	$ (100,102)
Intergovernmental	-	-	135,002	135,002
Interest	-	-	16,507	16,507
Total revenues	125,000	125,000	176,407	51,407
EXPENDITURES				
Current:				
RDA expenditures	76,000	76,000	27,232	48,768
Total expenditures	76,000	76,000	27,232	48,768
Excess of revenues under expenditures	49,000	49,000	149,175	100,175
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	60,000	60,000	-
Net other financing sources (uses)	60,000	60,000	60,000	-
Net change in fund balance	$ 109,000	$ 109,000	209,175	$ 100,175
Fund balance, beginning of year			637,061	
Fund balance, end of year			$ 846,236	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Community Theater Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Miscellaneous	$ -	$ -	$ 333	$ 333
Total revenues	-	-	333	333
Net change in fund balance	$ -	$ -	333	$ 333
Fund balance, beginning of year			15,142	
Fund balance, end of year			$ 15,475	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Special Services Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Impact fees	$ 932,700	$ 932,700	$ 773,731	$ (158,969)
Intergovernmental	-	190,000	189,894	(106)
Interest	36,000	36,000	82,085	46,085
Miscellaneous	-	-	62,379	62,379
Total revenues	968,700	1,158,700	1,108,089	(50,611)
EXPENDITURES				
Highways and public improvements	-	236,000	226,707	9,293
Capital outlay	-	1,520,611	1,321,819	198,792
Total expenditures	-	1,756,611	1,548,526	208,085
Excess of revenues over expenditures	968,700	(597,911)	(440,437)	157,474
OTHER FINANCING SOURCES (USES)				
Transfers out	(513,473)	(513,473)	(513,473)	-
Net other financing sources (uses)	(513,473)	(513,473)	(513,473)	-
Net change in fund balance	$ 455,227	$(1,111,384)	(953,910)	$ 157,474
Fund balance, beginning of year			3,156,050	
Fund balance, end of year			$ 2,202,140	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Debt Service Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Interest	$ -	$ -	$ 1,983	$ 1,983
Total revenues	-	-	1,983	1,983
EXPENDITURES				
Debt service:				
Principal	1,305,000	1,305,000	1,305,000	-
Interest and fiscal expenses	724,737	724,737	720,768	3,969
Total debt service	2,029,737	2,029,737	2,025,768	3,969
Total expenditures	2,029,737	2,029,737	2,025,768	3,969
Excess of revenues over expenditures	(2,029,737)	(2,029,737)	(2,023,785)	5,952
OTHER FINANCING SOURCES (USES)				
Transfers in	2,029,737	2,029,737	2,024,180	(5,557)
Net other financing sources (uses)	2,029,737	2,029,737	2,024,180	(5,557)
Net change in fund balance	$ -	$ -	$ 395	$ 395
Fund balance, beginning of year			162,435	
Fund balance, end of year			$ 162,830	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Municipal Building Authority Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Total revenues	$ -	$ -	$ -	$ -
EXPENDITURES				
Debt service:				
Principal	270,000	270,000	270,000	-
Interest and fiscal expenses	113,978	113,978	113,466	512
Total expenditures	383,978	383,978	383,466	512
Excess of revenues over expenditures	(383,978)	(383,978)	(383,466)	512
OTHER FINANCING SOURCES (USES)				
Transfers in	383,978	383,978	383,466	(512)
Net other financing sources (uses)	383,978	383,978	383,466	(512)
Net change in fund balance	$ -	$ -	-	$ -
Fund balance, beginning of year			3,244	
Fund balance, end of year			$ 3,244	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Permanent Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Charges for services	$ 87,000	$ 87,000	$ 76,957	$ (10,043)
Interest	1,075	1,075	34,238	33,163
Donations	-	-	3,000	3,000
Total revenues	88,075	88,075	114,195	26,120
Net change in fund balance	$ 88,075	$ 88,075	114,195	$ 26,120
Fund balance, beginning of year			1,867,408	
Fund balance, end of year			$ 1,981,603	

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Compliance Section

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CERTIFIED PUBLIC ACCOUNTANTS

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INDPENDENDT AUDITORS' 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 Members of the City Council
Springville City, Utah

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springville City Corporation, Utah ("the 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 basic financial statements, and have issued our report thereon dated November 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 City'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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

HBME, LLC

November 22, 2019

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLAINCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE*

Honorable Major and Members of the City Council
Springville City, Utah

Report On Compliance

We have audited Springville City Corporation, Utah's (the City) compliance with 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	Restricted Taxes and Related Revenues
Fund Balance	Open and Public Meetings Act
Justice Courts	Cash Management
Utah Retirement Systems	Impact Fees
Treasurer's Bond	

Management's Responsibility

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

Auditors' 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.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirements referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

In our opinion, Springville City Corporation 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 no instances of noncompliance or other matters, which are required to be reported in accordance with the *State Compliance Audit Guide*.

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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or 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 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, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of Report

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.

HBMC, LLC

November 22, 2019