



HARRISVILLE CITY

363 West Independence • Harrisville, Utah 84404 • (801) 782-4100

MAYOR:

Michelle Tait

COUNCIL MEMBERS:

Richard S. Hendrix
Grover Wilhelmsen
Clark Beecher
Steve Weiss
Blair Christensen

CITY COUNCIL AGENDA 363 West Independence Blvd January 14, 2020

"In accordance with the Americans with Disabilities Act, the City of Harrisville will make reasonable accommodations for participation in the meeting. Request for assistance can be made by contacting the City Recorder at 801-782-4100, providing at least three working days advance notice of the meeting."

7:00 P.M. CITY COUNCIL MEETING

Presiding: Mayor Michelle Tait

Mayor Pro Tem: Grover Wilhelmsen

1. OATHS OF OFFICE ADMINSTERED [Jennie Knight]
2. CALL TO ORDER
3. PLEDGE OF ALLEGIANCE & OPENING CEREMONY [Council Member Hendrix]
4. CONSENT ITEMS
 - a. Approve the minutes of December 10, 2019 as presented.
 - b. Discussion/possible action on advice and consent to Mayor's Appointment for:
 - i. Mayor Pro Tem
 - ii. Planning Commissioner
5. BUSINESS ITEMS
 - a. Presentation of the FY2019-20 audit report. [Christensen, Palmer, & Ambrose]
 - b. Discussion/possible action to adopt Harrisville Ordinance 503: Mixed-Use and Infill Development. [Bill Morris]
 - c. Discussion/possible action to adopt the 2020 Meeting Schedule. [Bill Morris]
 - d. Discussion/possible action to address Playground Equipment. [Bryan Fife]
 - e. 2020 Goals [Bill Morris]
6. PUBLIC COMMENTS - (3 minute maximum)
7. MAYOR/COUNCIL FOLLOW-UP:
8. CLOSED EXECUTIVE SESSION: Utah State Code §52-4-205(1)(a): The Council may consider a motion to enter into Closed Executive Session for the purpose of discussion of character, professional competence, or physical or mental health of individual(s).
9. ADJOURN

DATE POSTED: January 9, 2020

BY: Jennie Knight, City Recorder

I, Jennie Knight, certify that I am the City Recorder of Harrisville City, Utah, and that the foregoing City Council agenda was posted and can be viewed at City Hall, on the City's website www.cityofharrisville.com, and at the Utah Public Notice Website at <http://pmn.utah.gov>. Notice of this meeting has also been duly provided as required by law.

**MINUTES OF HARRISVILLE CITY
CITY COUNCIL MEETING
December 10, 2019 – 7:00 p.m.
363 West Independence Blvd
Harrisville, UT 84404**

Present: Mayor Michelle Tait, Council Member Grover Wilhelmsen, Council Member Gary Robinson, Council Member Ruth Pearce, Council Member Clark Beecher, Council Member Steve Weiss.

Staff: Bill Morris, City Administrator, Jennie Knight, City Recorder, Rick Hill, Bailiff.

Visitors: Nathan Averill, Richard Hendrix, Trent Nelson, William Smith, Chad Holbrook, John Barker, Jessica Preswich, Sky Hazelhurst, Doug Palermo.

7:00 P.M. CITY COUNCIL MEETING

1. Call to Order.

Mayor Tait called the meeting to order and welcomed all visitors.

2. Opening Ceremony.

Mayor Tait led the pledge of allegiance and conducted the opening ceremony.

3. Consent Items.

- a. Approve the minutes of November 12, 2019 and November 19, 2019 as presented.

MOTION: Council Member Pearce motioned to approve the minutes of November 12, 2019 and November 19, 2019 as presented. Council Member Wilhelmsen seconded the motion. All Council Members voted aye. Motion passed.

- b. Discussion/possible action on advice and consent to Mayor's Appointments for:
 - i. Harrisville Justice Court Judge
 - ii. Planning Commissioner

Mayor Tait explained Judge Renstrom was appointed to the District Court which left a vacancy in our Justice Court. She introduced her appointment, Judge Trent Nelson, as the new Harrisville Justice Court Judge. Judge Nelson gave a brief background about himself.

Council Member Robinson asked about the selection process. Judge Nelson explained the application process and Mayor Tait said she reviewed hours of information for four applicants during the selection process before she made her decision, which was overwhelming. She attended court this last week and feels good about her decision. Council Member Robinson asked how long Judge Nelson has been an attorney. Judge Nelson responded over 21 years.

MOTION: Council member Weiss motioned to approve the appointment of Judge Trent Nelson as Harrisville Justice Court Judge. Council Member Pearce seconded the motion. All Council Members voted aye. Motion passed.

Mayor Tait introduced Bill Smith to Council as her appointment to Planning Commission. Bill Smith explained he previously served on Planning Commission before he and his wife left to serve an LDS service mission. He has lived in Harrisville all of his life.

MOTION: Council Member Beecher motioned to ratify Mayor Tait's appointment of Bill Smith as Harrisville Planning Commissioner. Council Member Weiss seconded the motion. All Council Members voted aye. Motion passed.

4. Public Comments - (3 minute maximum)

Rick Hendrix expressed his appreciation for Planning Commission and their efforts working on Ordinance 503. There was concern with having 4 story buildings and he hopes they do not consider buildings of that size.

Sky Hazelhurst said he is a commercial real estate broker and advisor and works with developers like the golf course. He commented on the section of the mixed-use ordinance requiring the first level be commercial and a fourth level requirement if there is residential. He does not feel there is a market for this to get the results Council is wanting. Every development will want to change this. There is so much commercial area already with vacancy. He said although roof top amenities sound good and modern, there is nothing with amenities on the fourth floor with residential on the same floor. In his opinion, this is a stumbling block.

Jessica Prestwich said she is with Sierra Homes and has an issue with the ordinance requiring the first level of all buildings must be commercial. In her opinion, this is not going to work with development. She thinks this needs more clarifications. She understands putting commercial on the ground floor, but to make the frontage commercial, this may sit empty for a long time. She would like Council to clarify how much commercial needs to be on the property and not required the fourth floor. She does not think Harrisville wants the fourth story.

Doug Palermo said he is the managing partner for the golf course development. They do not have plans to build any four-story buildings at all.

5. Business Items.

a. Presentation by Waste Management

Mayor Tait explained due to a personal emergency Blake Lionelli was unable to attend the meeting and give his presentation. He will present at the January 14, 2020 meeting.

b. Discussion/possible action to adopt Harrisville Ordinance 503; Mixed-Use and In-Fill Development.

Bill Morris explained Chad Holbrook and Nathan Averill from planning commission are here to explain the process of where the direction comes from on this ordinance. Chad Holbrook, Planning Commission Chair, explained this process has been rather extensive. The initial rendering of the ordinance was ten pages long and unwieldy. They, in turn, decided to use a different strategy. By using development agreements, we can specify and clarify what happens in certain areas. The second draft of the mixed-use ordinance will fit Harrisville more specifically and give more input throughout the process as the terms are negotiated. This has been his concern, that the city will not have enough input in what is being developed. This plan gives greater input in what is being developed. One of the challenges with the previous draft, it was so detailed and as they reviewed, they found more and more they could add. It felt like the city was telling them everything to do. Then have little to say after the approval. He likes the new draft and feel this will have more impact on development.

Nathan Averill said reading through the new version, in comparison to the previous version, there are less specifics. The mandates for commercial in the mixed-use were difficult. The current version allows for infill development and the option for redevelopment. This can be either/or, not just mixed-use.

Council Member Robinson asked how they are dealing with the question of four-story buildings and how are they going to solve the fire issue; other cities do not have fire equipment to service that. Nathan Averill responded the fire department will address the issue of protecting the buildings. Council Member Robinson said we have to protect future citizens and be proactive in this protection. Nathan Averill pointed out there are three- and four-story buildings already.

Council Member Robinson said in his opinion we should not be telling people they have to build things. He feels Farmington putting in all these buildings is a disservice.

Nathan Averill explained they did not want to restrict people with only allowing two story buildings. Chad Holbrook pointed out when developers come in with plans, they will require approval on every level. Those involved in the approval process will meet the needs of the development. Council Member Robinson said he feels this will require a higher tax. Chad Holbrook said we should not be unwilling to have building that high. This type of commercial would only be allowed on Highway 89 or Washington Blvd. Nathan Averill confirmed this would not be on every development. This can be a mix and the new proposal includes the variety.

Council Member Wilhelmsen asked how much of our business district is currently unoccupied. Sky Hazelhurst said he does retail leasing. From his opinion, Harrisville has 20-25% vacancy. Chad Holbrook pointed out there is not a lot of retail to attract people to Harrisville. Through this commercial development, we are not suggesting all commercial be retail either. Other commercial can include professional office space as well. Nathan Averill said allowing for redevelopment will better suit the needs of each property.

Council Member Wilhelmsen asked who decides the guidelines for development. Mayor Tait explained first Project Management staff, then Planning Commission, and finally Council. There are plenty of opportunities to give feedback. Chad Holbrook said this is a great opportunity with the development of the golf course. The city has one chance to make this work. Council Member Wilhelmsen said some residents are concerned about modern development and how are we going to address these issues. Residents are

looking for specific guidelines to be in place. He is not opposed to this; he is concerned with the future. Chad Holbrook said the development agreement process will allow for a lot of filtering options. Nathan Averill pointed out in order to do a mixed-use development, a zoning change must take place first, that will trigger a process of input. Council Member Wilhelmsen said we are trying to make adjustment to each so this is not looked at as a rubber stamp government process. He feels these options might slow down the process and he said Harrisville has been known to exhaust developers in the past. He is concerned with them losing interest in working with Harrisville. He appreciates all of the suggestions and is concerned with making the right choice at the right time.

Mayor Tait asked if this comes from Planning Commission with a unanimous recommendation. Chad Holbrook confirmed this was unanimous.

Council Member Pearce asked how much research has taken place to affect this ordinance. Bill Morris pointed out the entire general plan process was researched with the adoption of the new plan. Council Member Pearce expressed concern with the lack of guidelines. She would like more specifications included. Bill Morris explained any plans can be turned down during the legislative process. Council Member Pearce asked how many times developers will have to come back. Bill Morris said that is part of the negotiation process. If the site plan comes in that the city likes, the city can stream line the approval process. If they meet the standards of an ordinance, the city must approve it. Council Member Pearce said she feels the fourth level should be optional, not mandatory. Bill Morris said planning commission felt this was important. Council Member Pearce said adequate landscaping needs to be outlined as well.

Council Member Weiss pointed out the city does not know what we are looking for yet. We are trying to bring in things that will benefit the city. These developers are going to sit down with planning commission to outline the guidelines. Once they have this, which is the job of the planning commission, all of these questions can be negotiated and come together and make a development agreement. He feels the previous development could not be negotiated under the current ordinance. He would like the developers to do their job and negotiate the guidelines. Council Member Robinson said he feels the fourth floor will hurt the citizens of Harrisville. With the tax issue coming in January, this is an issue. Council Member Weiss pointed out the tax issue is with the state, not our city. Council Member Robinson said he is adamant this will impact property taxes. Council Member Wilhelmsen asked how long the planning commission studies this format. Chad Holbrook said they have been working on this for a few months. Council Member Wilhelmsen admitted he has not been involved until this was recommended at the last meeting and this is the first time he has read over this. He is having to digest this from their work and wants to feel good about begin educated on making a proper decision. He said negotiations will be important in making these decisions. Bill Morris pointed out the mixed-use ordinance has been discussed the past year; with the golf course being the largest development the city will face. He pointed out planning commission tried to set guidelines and standards; then rolled everything back to allow this to be zoning based. Chad Holbrook made clear the reference for this model has used similar processes down south that have been successful.

Council Member Beecher asked how this process is affecting developers. Doug Palermo explained they are dealing with other issues they need to work through during this process. He reiterated they have no interest in building four story buildings.

Jessica Prestwich asked how Council will deal with proposed developments or is this ordinance at a standstill. Mayor Tait confirmed developments will be on hold. Jessica Prestwich said other cities include more specifications and also work through development agreements.

Sky Hazelhurst said he has done some development agreements recently in South Ogden, this template may be floating around other municipalities. Developments agreements are common to make things right, but with the four-story requirement, they will be limited trying to build three stories.

Mayor and Council agreed to table the ordinance until the January 14, 2020 meeting.

MOTION: Council Member Weiss motioned to table Harrisville Ordinance 503; Mixed-Use and In-Fill Development. Council Member Pearce seconded the motion. All Council Members voted aye. Motion passed.

c. Discussion/possible action to adopt Harrisville Ordinance 505; Animal Boarding Establishments.

Bill Morris explained this amendment removes animal shelters from the code and includes animal boarding instead, which was the intent of the ordinance from the beginning. Council Member Pearce asked why the ordinance prohibits roosters in R5-6 zones. Bill Morris pointed out the R5-6 zones in the city the currently exist. Council agreed to modify the ordinance to only allow rooster in R-1-20 and A-1 zones.

MOTION: Council Member Weiss motioned to adopt Harrisville Ordinance 505; Animal Boarding Establishments as amended. Council Member Wilhelmsen seconded the motion. A Roll Call Vote was taken.

| | |
|---------------------------|-----|
| Council Member Weiss | Yes |
| Council Member Beecher | Yes |
| Council Member Pearce | Yes |
| Council Member Robinson | Yes |
| Council Member Wilhelmsen | Yes |

Motion passed 5-0.

- 6. CLOSED EXECUTIVE SESSION:** Utah State Code §52-4-205(1)(d): The Council may consider a motion to enter into Closed Executive Session for the purpose of discussion of the purchase, exchange, or lease of real property, including any form of a water right or water shares.

MOTION: Council Member Wilhelmsen motioned to close the public meeting and enter a Closed Executive Session. Council Member Beecher seconded the motion. A Roll Call vote was taken.

| | |
|----------------------------------|------------|
| Council Member Weiss | Yes |
| Council Member Beecher | Yes |
| Council Member Pearce | Yes |
| Council Member Robinson | Yes |
| Council Member Wilhelmsen | Yes |

Motion passed 5-0.

Mayor and Council convened into a Closed Executive Session.

MOTION: Council Member Beecher motioned to close the Closed Executive Session and reopen the public meeting. Council Member Weiss seconded the motion. A Roll Call vote was taken.

| | |
|----------------------------------|------------|
| Council Member Weiss | Yes |
| Council Member Beecher | Yes |
| Council Member Pearce | Yes |
| Council Member Robinson | Yes |
| Council Member Wilhelmsen | Yes |

Motion passed 5-0.

7. Business Items Cont.

d. Discussion/possible action to authorize staff to enter into an agreement to purchase, exchange, or lease real property.

Mayor and Council discussed the option of purchasing property for the fair market value listed in the appraisal to expand the Harrisville Main Park, staff will address the excess dirt on the property.

MOTION: Council Member Weiss motioned to authorize staff to enter into an agreement to purchase property to expand the Harrisville Main Park for the amount set forth in the appraisal and have staff address the excess dirt on the property. Council Member Wilhelmsen seconded the motion. A Roll Call vote was taken.

| | |
|----------------------------------|------------|
| Council Member Weiss | Yes |
| Council Member Beecher | Yes |
| Council Member Pearce | Yes |
| Council Member Robinson | Yes |
| Council Member Wilhelmsen | Yes |

Motion passed 5-0.

8. Mayor/Council Follow-Up:

a. Status of upgrade to audio system in Council Room

Jennie Knight explained she has received a bid for upgrading the audio system in the Council Room. The provider suggested upgrading all of the equipment because previous upgrades have only included single elements creating a miscellaneous grouping of equipment. Council requested two more bids be submitted.

Mayor Tait thanked Council Member Gary Robinson and Council Member Ruth Pearce for their service on the Council the last four years. We have new Council Members coming on next year.

9. Adjourn.

Mayor Tait declared the meeting adjourned at 8:14pm.

ATTEST:

MICHELLE TAIT
Mayor

JENNIE KNIGHT
City Recorder
Approved this 14th day of January, 2020

CITY OF HARRISVILLE

Financial Statements - June 30, 2019

(With Auditor's Report Thereon)

CITY OF HARRISVILLE

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Independent Auditor's Report

To the Mayor and City Council
City of Harrisville, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harrisville (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

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and supplementary information on pages 3-10 and 35-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 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, 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 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.

Christensen, Palmer & Ambrose P.C.

Harrisville City, Utah

Management's Discussion and Analysis

for fiscal year ending June 30, 2019

INTRODUCTION

The following is a discussion and analysis of Harrisville City's financial performance and activities for the fiscal year ending June 30, 2019. Beginning in fiscal year 2004, the City implemented new financial reporting standards established by GASB (the Governmental Accounting Standards Board). These new standards significantly changed the content and structure of the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City's Basic Financial Statements. The Basic Financial Statements includes three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains other supplementary information.

The government-wide financial statements are comprised of: 1) the Statement of Net Position, and 2) the Statement of Activities. These two statements provide a broad overview of the City's finances. The Statement of Net Position shows the overall net position of the City. Over time, increases and decreases in net position are one indicator of the City's overall financial condition. The Statement of Activities helps to identify functions of the City that are principally supported by taxes and other general revenues (governmental activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities).

Harrisville City's business type activities include sewer, storm water, streets/hydrants and garbage operations.

The fund financial statements provide detailed information about individual major funds and not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds are divided into two types, each of which uses a different accounting approach. The two types are 1) Governmental Funds and 2) Proprietary Funds.

Governmental Funds – Most of the City's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements.

Proprietary Funds – Harrisville City uses two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Harrisville City has three enterprise funds – sewer, garbage, and storm water. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City maintains one internal service fund to account for its fleet activities. Because these services predominantly benefit government rather than business-type activities, they are included with *governmental activities* in the government-wide statements.

Differences between Government-Wide and Fund Statements

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements

The notes found within these financial statements provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The largest component of the City's net position, 59.5 percent, reflects investments in capital assets (land, buildings, equipment, roads, and other infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net position comprises 32.6 percent of total net position and is subject to external restrictions on how they may be used. The remaining 7.9 percent of net position is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

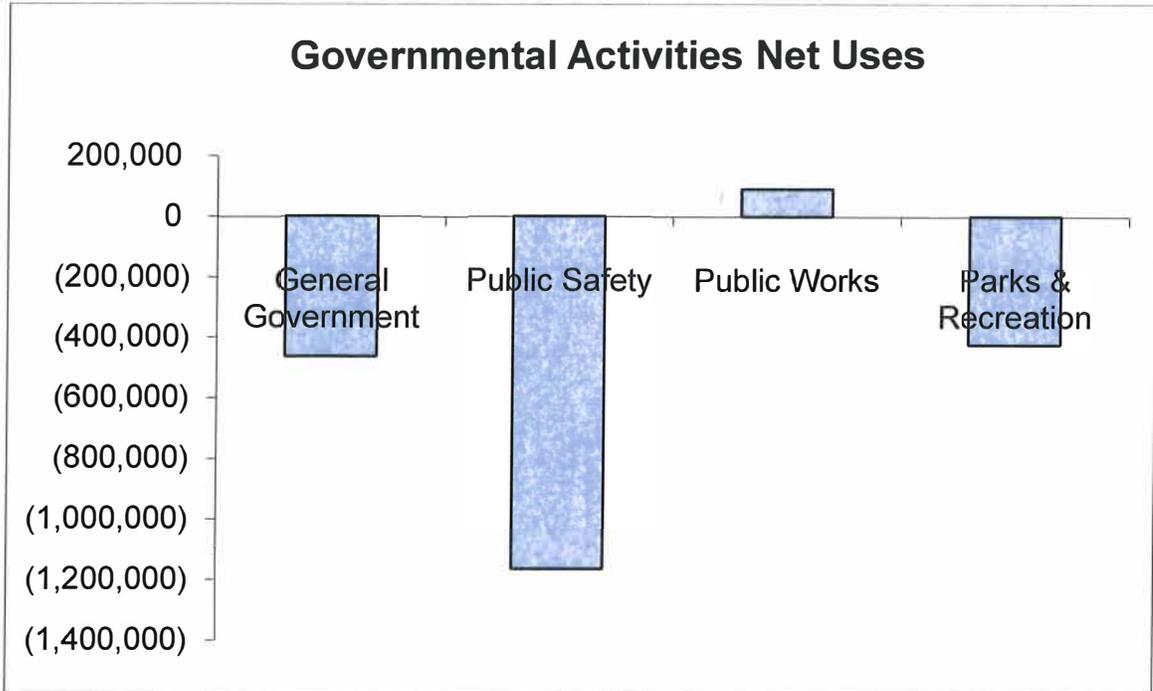
Harrisville City

Statement of Net Position Comparative

| | Governmental Activities | Governmental Activities | Business-type Activities | Business-type Activities |
|---------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Current and Other Assets | 4,359,534 | 4,584,011 | 2,272,186 | 2,169,529 |
| Capital Assets (Net) | 5,298,219 | 4,668,257 | 2,409,749 | 2,476,256 |
| Total Assets | 9,657,753 | 9,252,268 | 4,681,935 | 4,645,785 |
| Deferred Outflows | 449,799 | 423,458 | 18,908 | 18,012 |
| Current Liabilities | 1,159,023 | 911,784 | 56,455 | 121,261 |
| Noncurrent Liabilities | 0 | 0 | 0 | 0 |
| Total Liabilities | 1,159,023 | 911,784 | 56,455 | 121,261 |
| Deferred Inflows | 40,736 | 337,373 | 1,093 | 15,657 |
| Net Position | | | | |
| Net Investment in | | | | |
| Capital Assets | 5,298,219 | 4,668,257 | 2,409,749 | 2,476,256 |
| Restricted | 2,907,263 | 2,832,318 | 938,247 | 864,136 |
| Unrestricted | 702,311 | 934,088 | 1,295,299 | 1,186,187 |
| Total Net Position | 8,907,793 | 8,434,663 | 4,643,295 | 4,526,579 |

Governmental Activities

The activities in the governmental funds resulted in an increase in net position of \$473,130 for the year. The following chart shows the relative net uses (expenses minus any revenue directly attributed to that particular function) for governmental activities for each of the functions shown on the Statement of Activities.



The table below shows to what extent the City’s governmental activities relied on taxes and other general revenue to cover all of their costs. These programs generated revenues of \$1,165,864 or 37.3 percent of their total expenses through charges for services and grants. Taxes and other general revenues covered the remaining 62.7 percent of expenses.

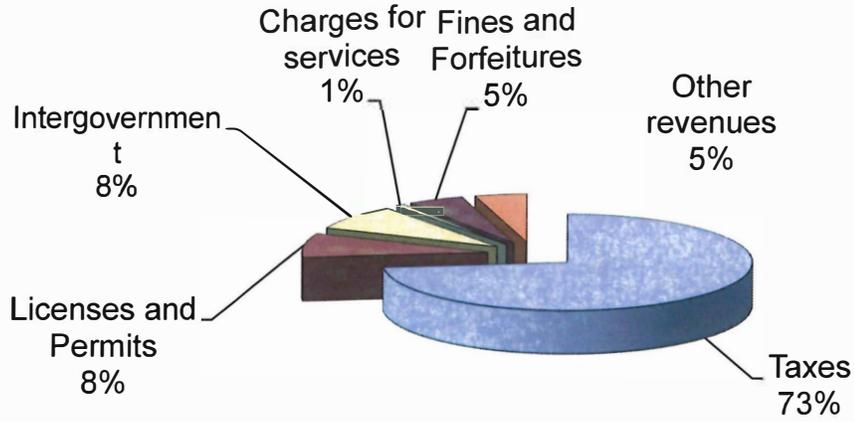
| <i>Activities</i> | <i>Total Program Expenses</i> | <i>Less Program Revenues</i> | <i>Net Program Costs</i> | <i>Program Revenues as a Percentage of Total Expense</i> |
|--------------------|-------------------------------|------------------------------|--------------------------|--|
| General Government | \$679,180 | \$217,161 | (\$462,019) | 32.0% |
| Public Safety | \$1,295,039 | \$132,585 | (\$1,162,454) | 10.2% |
| Public Works | \$643,136 | \$733,496 | \$90,360 | 114.1% |
| Parks & Recreation | \$506,400 | \$82,622 | (\$423,778) | 16.3% |
| <i>Totals</i> | \$3,123,755 | \$1,165,864 | (\$1,957,891) | 37.3% |

Harrisville City

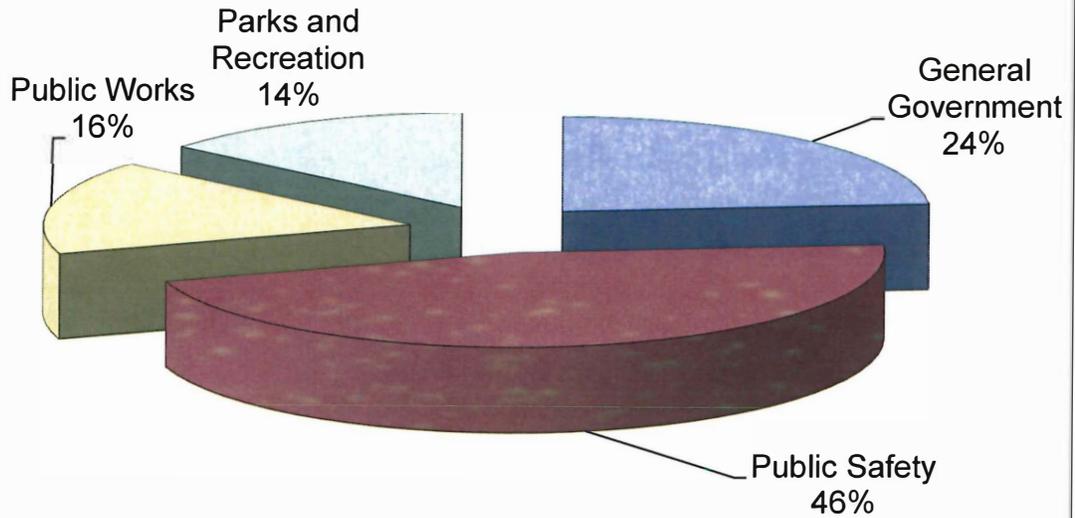
Statement of Activities Comparative

| | Governmental Activities | Governmental Activities | Business- type Activities | Business- type Activities |
|--|----------------------------|----------------------------|---------------------------------|---------------------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Program Revenues | | | | |
| Charges for Services | 422,410 | 600,260 | 1,151,866 | 1,109,656 |
| Operating Grants & Contributions | 743,454 | 273,628 | | |
| Capital and Transportation Projects | 0 | 0 | 0 | 0 |
| General Revenues | | | | |
| Property Taxes | 377,945 | 358,132 | | |
| Sales Tax | 1,534,942 | 1,492,204 | | |
| Franchise Tax | 349,580 | 372,567 | | |
| Other Revenues | 168,554 | 122,770 | 58,633 | 35,597 |
| Total Revenues | 3,596,885 | 3,219,561 | 1,210,499 | 1,145,253 |
| Expenses | | | | |
| General Government | 679,180 | 700,547 | | |
| Public Safety | 1,295,039 | 1,133,858 | | |
| Public Works | 643,136 | 881,913 | | |
| Parks & Recreation | 506,400 | 439,027 | | |
| Public Utilities | | | 1,093,783 | 984,743 |
| Total Expenses | 3,123,755 | 3,155,345 | 1,093,783 | 984,743 |
| Increase in Net Assets before Transfers | | | | |
| | 473,130 | 64,216 | 116,716 | 160,510 |
| Change in Net Position | | | | |
| Net Position Beginning of Year | 8,434,663 | 8,370,447 | 4,526,579 | 4,366,069 |
| Net Position End of Year | 8,907,793 | 8,434,663 | 4,643,295 | 4,526,579 |

General Fund Revenue Sources



General Fund Expenditures



Business-Type Activities

The business-type activities (sewer, storm-water, streets/hydrants and garbage) are generating sufficient revenues to cover operating costs.

CAPITAL ASSETS AND LONG-TERM DEBT**Capital Assets**

Harrisville City added a net difference of \$629,968 in capital assets in governmental activities during the fiscal year. The City also subtracted a net difference of \$66,507 in capital assets in business-type activities during the fiscal year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS**Fund Balances**

At June 30, 2019, Harrisville City's governmental funds reported combined fund balances of \$3,531,888. Of this amount, \$2,098,575 or 59.4% is restricted for specific purposes. \$808,688 or 22.9% is assigned for Capital Projects. The remaining \$624,625 or 17.7% is unassigned.

General Fund

During FY2019, the fund balance in the general fund increased by \$320,907. Restricted funds increased by a total of \$481,281, with a decrease in the unrestricted funds of \$160,374. Taxes increased \$39,564, a 1.8% increase from the previous year. Total general fund revenue was down \$98,378 or 3.1%. Total general fund expenditures (excluding transfers and financing sources) were down \$47,037 or 1.7%.

General Fund Budgetary Highlights

Harrisville City prepares its budget according to state statutes. The most significant budget is the General Fund. The City amended the General Fund budget one time during the year to meet the needs of the departments as issues arose. The budget was increased by \$14,500 excluding transfers. This increase was necessary to cover increases in various departments.

Actual General Fund revenues were \$52,217 or 1.7% below the original budget and \$66,717 or 2.1% below the final budget. Actual expenditures were \$1,703,675 or 38.1% below the original budget and \$1,718,175 or 38.3% below the final budget. The City did have to draw upon existing fund balance in the General Fund this year to cover its expenditures. Even though the financials show an increase in fund balance of \$320,907 in the General Fund, this number includes restricted funds (impact fees, class C road funds, etc.). If you remove the impact of the restricted funds, there was a decrease in the unrestricted fund balance of \$160,374.

Capital Projects Fund

During the fiscal year, the fund balance in the Capital Projects Fund decreased \$406,336. The General Fund did not make any transfers to the Capital Projects Fund during the year. The Capital Projects Fund had expenditures of \$918,498 during this fiscal year for various projects, primarily the Larsen Lane and 1100 N street projects. The Capital Project budget was amended once during the year. It was increased by \$1,037,997.

Enterprise Funds

The combined change in net position of the enterprise funds shows an increase of \$46,010 or 2.9% from the previous years balance.

OTHER MATTERS

Current and Future Projects

The City budgeted \$20,000 for the "Flex Portal" as well as \$19,376 for an electric gate at the Public Works Building and some new carpeting for the City Offices in next year's Capital Projects budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Harrisville City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the City's finances should be addressed to:

Lynn Fortie, Treasurer
363 W. Independence Blvd.
Harrisville, UT 84404

CITY OF HARRISVILLE

Statement of Net Position

June 30, 2019

| | Primary Government | | Total |
|--|-------------------------|--------------------------|-------------|
| | Governmental Activities | Business-Type Activities | |
| Assets: | | | |
| Current Assets: | | | |
| Cash and investments | \$ 4,117,588 | 2,156,130 | 6,273,718 |
| Accounts receivable | 189,447 | 116,056 | 305,503 |
| Prepays | 52,499 | - | 52,499 |
| Pension Assets | - | - | - |
| Capital Assets: | | | |
| Land and related non-depreciable assets | 565,800 | - | 565,800 |
| Depreciable infrastructure | 3,616,841 | - | 3,616,841 |
| Buildings, equipment, and other depreciable assets | 5,007,059 | 3,398,964 | 8,406,023 |
| Less accumulated depreciation | (3,891,481) | (989,215) | (4,880,696) |
| Total capital assets | 5,298,219 | 2,409,749 | 7,707,968 |
| Total assets | 9,657,753 | 4,681,935 | 14,339,688 |
| Deferred Outflows of Resources | 449,799 | 18,908 | 468,707 |
| Liabilities: | | | |
| Accounts payable | 179,144 | 18,664 | 197,808 |
| Accrued liabilities | 21,727 | - | 21,727 |
| Compensated absences | 66,239 | - | 66,239 |
| Pension liabilities | 891,913 | 37,791 | 929,704 |
| Total liabilities | 1,159,023 | 56,455 | 1,215,478 |
| Deferred Inflows of Resources | 40,736 | 1,093 | 41,829 |
| Net position: | | | |
| Net investment in capital assets | 5,298,219 | 2,409,749 | 7,707,968 |
| Restricted for: | | | |
| Storm Water | - | 938,247 | 938,247 |
| Class C Roads | 992,733 | - | 992,733 |
| Park development | 577,324 | - | 577,324 |
| Transportation | 158,420 | - | 158,420 |
| Public Safety | 89,876 | - | 89,876 |
| Transportation tax | 280,222 | - | 280,222 |
| Capital projects | 808,688 | - | 808,688 |
| Unrestricted | 702,311 | 1,295,299 | 1,997,610 |
| Total net position | \$ 8,907,793 | 4,643,295 | 13,551,088 |

HARRISVILLE CITY

Statement of Activities

June 30, 2019

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|---------------------|----------------------|------------------------------------|-------------------------------------|---|--------------------------|--------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital and Transportation Projects | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary Government: | | | | | | | |
| Governmental: | | | | | | | |
| General government | \$ 679,180 | 197,059 | 20,102 | - | (462,019) | - | (462,019) |
| Public safety | 1,295,039 | 121,111 | 11,474 | - | (1,162,454) | - | (1,162,454) |
| Public works | 643,136 | 21,618 | 711,878 | - | 90,360 | - | 90,360 |
| Parks and recreation | 506,400 | 82,622 | - | - | (423,778) | - | (423,778) |
| Total governmental activities | <u>3,123,755</u> | <u>422,410</u> | <u>743,454</u> | <u>-</u> | <u>(1,957,891)</u> | <u>-</u> | <u>(1,957,891)</u> |
| Business-type: | | | | | | | |
| Public utilities | 1,093,783 | 1,151,866 | - | - | - | 58,083 | 58,083 |
| Total business-type activities | <u>\$ 1,093,783</u> | <u>1,151,866</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>58,083</u> | <u>58,083</u> |
| Total primary government | <u>4,217,538</u> | <u>1,574,276</u> | <u>743,454</u> | <u>-</u> | <u>(1,957,891)</u> | <u>58,083</u> | <u>(1,899,808)</u> |
| General revenues: | | | | | | | |
| Property tax | | | | | 377,945 | - | 377,945 |
| Sales tax | | | | | 1,534,942 | - | 1,534,942 |
| Franchise tax | | | | | 349,580 | - | 349,580 |
| Total taxes | | | | | <u>2,262,467</u> | <u>-</u> | <u>2,262,467</u> |
| Other general revenues: | | | | | | | |
| Miscellaneous | | | | | 168,554 | 58,633 | 227,187 |
| Transfers - internal activities | | | | | - | - | - |
| Total other general revenues | | | | | <u>168,554</u> | <u>58,633</u> | <u>227,187</u> |
| Total general revenues, special items and transfers | | | | | <u>2,431,021</u> | <u>58,633</u> | <u>2,489,654</u> |
| Change in net position | | | | | 473,130 | 116,716 | 589,846 |
| Net position - beginning of year | | | | | <u>8,434,663</u> | <u>4,526,579</u> | <u>12,961,242</u> |
| Net position - end of year | | | | | <u>\$ 8,907,793</u> | <u>4,643,295</u> | <u>13,551,088</u> |

HARRISVILLE CITY

Balance Sheet
Governmental Funds

June 30, 2019

| | General Fund | Capital Projects Fund | Total Governments Fund |
|---------------------------------------|---------------------|--------------------------|------------------------------|
| Assets: | | | |
| Cash (note 2) | \$ 2,691,094 | 799,719 | 3,490,813 |
| Accounts receivable | 189,447 | - | 189,447 |
| Prepaid items | 43,530 | 8,969 | 52,499 |
| | <u>\$ 2,924,071</u> | <u>808,688</u> | <u>3,732,759</u> |
| Liabilities and Fund Balances: | | | |
| Accounts payable | \$ 179,144 | - | 179,144 |
| Accrued liabilities | 21,727 | - | 21,727 |
| Total liabilities | <u>200,871</u> | <u>-</u> | <u>200,871</u> |
| Fund balances: | | | |
| Restricted for: (note 1) | | | |
| Class C roads | 992,733 | - | 992,733 |
| Park development | 577,324 | - | 577,324 |
| Transportation Fees | 158,420 | - | 158,420 |
| Public Safety | 89,876 | - | 89,876 |
| Transportation Tax | 280,222 | - | 280,222 |
| Assigned to: | | | |
| Capital projects | - | 808,688 | 808,688 |
| Unassigned: | 624,625 | - | 624,625 |
| Total fund balance | <u>2,723,200</u> | <u>808,688</u> | <u>3,531,888</u> |
| | <u>\$ 2,924,071</u> | <u>808,688</u> | <u>3,732,759</u> |

CITY OF HARRISVILLE

Reconciliation of the Balance Sheet-
Governmental Funds to the Statement of Net Position

June 30, 2019

Total Fund Balance - governmental funds \$ 3,531,888

Amount reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not
reported as assets in governmental funds.

These assets consist of:

| | |
|--|--------------------|
| Land and related non- depreciable assets | \$ 565,800 |
| Depreciable infrastructure | 3,616,841 |
| Buildings, equipment, and other depreciable assets | 3,332,100 |
| Accumulated depreciation | <u>(3,198,375)</u> |

Total capital assets

4,316,366

Internal service funds are used by management to charge the
costs of certain activities to individual funds. The assets and
liabilities of those internal service funds that primarily benefit
governmental entities are included with governmental
activities in the statement of net position

1,608,628

Some general liabilities are not due and payable in the
current period and therefore are not reported in the funds.

Those funds consist of:

| | |
|-----------------------|-----------------|
| Net pension liability | (891,913) |
| Compensated absences | <u>(66,239)</u> |

Total long-term debt

(958,152)

Deferred inflows for pension credits (40,736) and deferred
outflows for pension charges (449,799) are not reflected in the
fund statements but are reported as part of the entity-wide
statement of activities.

409,063

Total net position-governmental activities

\$ 8,907,793

CITY OF HARRISVILLE

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2019

| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|---|---------------------|-----------------------------|---|
| Revenues: | | | |
| Taxes | \$ 2,262,467 | - | 2,262,467 |
| License and permits | 248,222 | - | 248,222 |
| Intergovernmental | 260,281 | 483,173 | 743,454 |
| Charges for services | 23,491 | - | 23,491 |
| Fines and forfeitures | 150,697 | - | 150,697 |
| Other revenues | <u>139,565</u> | <u>28,989</u> | <u>168,554</u> |
| Total revenues | <u>3,084,723</u> | <u>512,162</u> | <u>3,596,885</u> |
| Expenditures: | | | |
| Current: | | | |
| General governmental | 657,681 | - | 657,681 |
| Public safety | 1,281,444 | - | 1,281,444 |
| Public works | 441,609 | - | 441,609 |
| Parks and recreation | 383,082 | - | 383,082 |
| Capital outlay | <u>-</u> | <u>918,498</u> | <u>918,498</u> |
| Total expenditures | <u>2,763,816</u> | <u>918,498</u> | <u>3,682,314</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>320,907</u> | <u>(406,336)</u> | <u>(85,429)</u> |
| Other financing sources (uses): | | | |
| Operating transfers in (out) | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | 320,907 | (406,336) | (85,429) |
| Fund balance - beginning of year | <u>2,402,293</u> | <u>1,215,024</u> | <u>3,617,317</u> |
| Fund balance - end of year | <u>\$ 2,723,200</u> | <u>808,688</u> | <u>3,531,888</u> |

CITY OF HARRISVILLE

Reconciliation of the Statement of Revenues, Expenditures, and Changes in the Fund Balances -
Governmental Funds to the Statement of Activities

Year Ended June 30, 2019

| | |
|---|-------------------|
| Net change in fund balance - total governmental funds | \$ (85,429) |
| Amount reported for governmental activities in the statement of activities are different because: | |
| Government funds report capital outlays as expenditures of (\$903,687). However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense of (\$323,219). Capital outlays exceed depreciation for the period. | 580,468 |
| Government funds do not recognize capital assets contributed to the entity but these contributions are recognized in the entity-wide governmental activities. | - |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. | 46,010 |
| The liability for compensated absences is not recorded in the governmental funds but reported in the statement of net position. This is the current year change in compensated absences reported as adjustment to expense in the statement of activity | 8,802 |
| GASB Statement 68 entries resulted in a net increase of pension expenses at the entity-wide level. | <u>(76,721)</u> |
| Changes in net position of governmental activities | <u>\$ 473,130</u> |

CITY OF HARRISVILLE

Statement of Net Position
Proprietary Funds

June 30, 2018

| | Business-Type Activities - Enterprise Funds | | | | | Governmental |
|--|---|------------------|---------------------|---------------|------------------------|------------------------------------|
| | Sewer Fund | Storm Water Fund | Street Hydrant Fund | Garbage Fund | Total Enterprise Funds | Activities- Internal Service Funds |
| Assets: | | | | | | |
| Cash | \$ 925,961 | 1,222,747 | 3,368 | 4,054 | 2,156,130 | 626,775 |
| Accounts receivable | 53,617 | 11,260 | 3,521 | 47,658 | 116,056 | - |
| Improvements | 1,513,600 | 1,885,364 | - | - | 3,398,964 | - |
| Automotive equipment | - | - | - | - | - | 1,674,959 |
| Accumulated depreciation | (622,874) | (366,341) | - | - | (989,215) | (693,106) |
| Pension Asset | - | - | - | - | - | - |
| Total assets | <u>1,870,304</u> | <u>2,753,030</u> | <u>6,889</u> | <u>51,712</u> | <u>4,681,935</u> | <u>1,608,628</u> |
| Deferred outflows of resources: | | | | | | |
| Deferred pension charge | - | 18,908 | - | - | 18,908 | - |
| Liabilities: | | | | | | |
| Accounts Payable | 18,664 | 37,791 | - | - | 56,455 | - |
| Total Liabilities | <u>18,664</u> | <u>37,791</u> | <u>-</u> | <u>-</u> | <u>56,455</u> | <u>-</u> |
| Deferred inflow of Resources: | | | | | | |
| Deferred pension credit | - | 1,093 | - | - | 1,093 | - |
| Net position | | | | | | |
| Net investment in capital assets | 890,726 | 1,519,023 | - | - | 2,409,749 | 981,853 |
| Restricted | - | 938,247 | - | - | 938,247 | - |
| Unrestricted | 960,914 | 275,784 | 6,889 | 51,712 | 1,295,299 | 630,259 |
| Total net position | <u>\$ 1,851,640</u> | <u>2,733,054</u> | <u>6,889</u> | <u>51,712</u> | <u>4,643,295</u> | <u>1,612,112</u> |

CITY OF HARRISVILLE

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds

For the Year Ended June 30, 2019

Business-Type Activities - Enterprise Funds

| | Sewer Fund | Storm Water Fund | Street Hydrant Fund | Garbage Fund | Total Enterprise Funds | Governmental Activities- Internal Service Funds |
|---|---------------------|------------------|---------------------|----------------|------------------------|---|
| Operating revenues: | | | | | | |
| Charges for services | \$ 549,719 | 124,278 | 6,877 | 422,027 | 1,102,901 | 174,684 |
| Impact fees | - | 48,965 | - | - | 48,965 | - |
| Miscellaneous | - | - | - | - | - | 15,894 |
| Total operating revenue | <u>549,719</u> | <u>173,243</u> | <u>6,877</u> | <u>422,027</u> | <u>1,151,866</u> | <u>190,578</u> |
| Operating expenses: | | | | | | |
| Personnel services | - | 107,366 | - | - | 107,366 | - |
| Contractual services | 392,532 | 12,622 | - | 421,356 | 826,510 | - |
| Materials and supplies | 41,227 | 52,173 | - | - | 93,400 | - |
| Depreciation | 30,272 | 36,235 | - | - | 66,507 | 160,204 |
| Total operating expenditures | <u>464,031</u> | <u>208,396</u> | <u>-</u> | <u>421,356</u> | <u>1,093,783</u> | <u>160,204</u> |
| Operating income (loss) | <u>85,688</u> | <u>(35,153)</u> | <u>6,877</u> | <u>671</u> | <u>58,083</u> | <u>30,374</u> |
| Non-operating revenues (expenses): | | | | | | |
| Interest revenue | <u>24,077</u> | <u>33,639</u> | <u>12</u> | <u>905</u> | <u>58,633</u> | <u>15,636</u> |
| Total non-operating revenues (expenses) | <u>109,765</u> | <u>(1,514)</u> | <u>6,889</u> | <u>1,576</u> | <u>116,716</u> | <u>45,010</u> |
| Income (loss) before contributions and transfers: | | | | | | |
| Operating transfers in | - | - | - | - | - | - |
| Total contributions and transfers | - | - | - | - | - | - |
| Change in net position | 109,765 | (1,514) | 6,889 | 116,716 | 46,010 | 46,010 |
| Net position - beginning of year | <u>1,741,875</u> | <u>2,734,568</u> | <u>-</u> | <u>50,136</u> | <u>4,526,579</u> | <u>1,562,618</u> |
| Net position - end of year | <u>\$ 1,851,640</u> | <u>2,733,054</u> | <u>6,889</u> | <u>51,712</u> | <u>4,643,295</u> | <u>1,608,628</u> |

CITY OF HARRISVILLE

Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2019

Business-Type Activities - Enterprise Funds

| | <u>Sewer Fund</u> | <u>Storm Water Fund</u> | <u>Street Hydrant Fund</u> | <u>Garbage Fund</u> | <u>Total Enterprise Funds</u> | <u>Governmental Activities- Internal Service Funds</u> |
|--|-------------------|-----------------------------|--------------------------------|---------------------|-----------------------------------|--|
| Cash flows from operating activities: | | | | | | |
| Cash received from customers | \$ 561,248 | 124,343 | 3,356 | 411,814 | 1,100,761 | 190,578 |
| Cash received from other activities | - | 48,965 | - | - | 48,965 | - |
| Cash payments to suppliers | (517,747) | (64,795) | - | (421,356) | (1,003,898) | - |
| Cash payments to employees | - | (107,366) | - | - | (107,366) | - |
| Net cash provided (used) by operating activities | <u>43,501</u> | <u>1,147</u> | <u>3,356</u> | <u>(9,542)</u> | <u>38,462</u> | <u>190,578</u> |
| Cash flows from investing activities: | | | | | | |
| Interest earned on cash deposits | 24,077 | 33,639 | 12 | 905 | 58,633 | 15,636 |
| | <u>24,077</u> | <u>33,639</u> | <u>12</u> | <u>905</u> | <u>58,633</u> | <u>15,636</u> |
| Cash flows from noncapital financing activities: | | | | | | |
| Operating transfers in | - | - | - | - | - | - |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash flows from capital and related financing activities: | | | | | | |
| Contributions from developers | - | - | - | - | - | - |
| Acquisition of capital assets - net | - | - | - | - | - | (209,698) |
| Pension related items | - | 3,751 | - | - | 3,751 | - |
| Net cash used for capital and related financing activities | <u>-</u> | <u>3,751</u> | <u>-</u> | <u>-</u> | <u>3,751</u> | <u>(209,698)</u> |
| Net increase (decrease) in cash and cash equivalents | 67,578 | 38,537 | 3,368 | (8,637) | 100,846 | (3,484) |
| Cash and cash equivalents - beginning of year | 858,383 | 1,184,210 | - | 12,691 | 2,055,284 | 630,259 |
| Cash and cash equivalents - end of year | <u>\$ 925,961</u> | <u>1,222,747</u> | <u>3,368</u> | <u>4,054</u> | <u>2,156,130</u> | <u>626,775</u> |

CITY OF HARRISVILLE

Statement of Cash Flows - Continued
Proprietary Funds

For the Year Ended June 30, 2019

| | <u>Business-Type Activities - Enterprise Funds</u> | | | | Total Enterprise Funds | Governmental Activities- Internal Service Funds |
|--|--|-----------------------------|--------------------------------|---------------------|------------------------------|--|
| | <u>Sewer Fund</u> | <u>Storm Water Fund</u> | <u>Street Hydrant Fund</u> | <u>Garbage Fund</u> | | |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | | |
| Operating income (loss) | \$ 85,688 | (35,153) | 6,877 | 671 | 58,083 | 30,374 |
| Adjustments to reconcile operating income to net cash provided by operations activities: | | | | | | |
| Depreciation | 30,272 | 36,235 | - | - | 66,507 | 160,204 |
| (Increase) decrease in accounts receivable | 11,529 | 65 | (3,521) | (10,213) | (2,140) | - |
| Increase (decrease) in accounts payable | <u>(83,988)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(83,988)</u> | <u>-</u> |
| Net cash provided (used) by operating activities | <u>\$ 43,501</u> | <u>1,147</u> | <u>3,356</u> | <u>(9,542)</u> | <u>38,462</u> | <u>190,578</u> |

CITY OF HARRISVILLE

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies

The City of Harrisville was incorporated April 19, 1962 as a township and became a city on January 30, 1964. The City operates under a traditional council/mayor form of government and provides the following services as authorized by its charter: public safety, public utilities, highways and streets, sanitation, social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The financial statements of the City of Harrisville have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the City of Harrisville (the primary government). The City has no component units.

B. Government-Wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-Wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

The Statement of Net Position presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. Net position are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. 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; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and statutory mandate. The various funds are grouped, in the financial statements in this report, into fund types and categories as follows:

Governmental Fund Types:

The City reports the following major governmental funds:

General fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in other funds. It also includes the financial activities related to most federal and state funds.

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2019

(1) Summary of Significant Accounting Policies - Continued

Capital projects fund - These funds are used to account for financial resources to be used for the acquisition or construction of general major capital facilities.

Proprietary Fund Types:

Enterprise funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City operates its sewer, storm drainage, street hydrant, and garbage funds as enterprise funds. Each is considered a major proprietary fund.

Internal service fund - The internal service fund is used to account for the financing of goods and services provided by the motor pool to other departments or agencies of the City, or to other governments, on a cost-reimbursements basis.

C. Measurement Focus and Basis of Accounting

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.

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

All governmental funds are accounted for using the modified accrual basis of accounting. That is, revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued in the individual funds because the current portion of these items cannot be reasonably estimated and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2019

(1) Summary of Significant Accounting Policies - Continued

D. Budgets

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act of Utah Cities" by the City of Harrisville Municipal Council on or before June 22nd for the following fiscal year which begins on July 1. Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are prepared in line-item detail; however, budget amendments by resolution are generally required only if the fund desires to exceed its total budget appropriation. The City follows Uniform Fiscal Procedures for Cities as adopted by the State Legislature for policies concerning its budgetary accounting. Annual budgets are adopted for all governmental fund types. All annual appropriations lapse at fiscal year-end.

During the year, one supplemental amendment was made to the City's general fund budget in the amount of \$14,500 and an amendment was made to the capital projects fund budget in the amount of \$1,037,977.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | |
|-------------------------|-------------|
| Buildings | 40 years |
| Sewer collection system | 50 years |
| Equipment and machinery | 5-15 years |
| Other improvements | 10-30 years |

F. Governmental Fund Balances

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

Nonspendable Fund Balance - classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Harrisville has no nonspendable fund balance.

Restricted Fund Balance - classified as restricted by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Harrisville reports it Class C fund balance, Park Development fund balance, and Transportation fund balance, and Public Safety Impact Fee fund balance as restricted.

Committed Fund Balance - classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Harrisville has no committed fund balances.

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2019

(1) Summary of Significant Accounting Policies - Continued

Assigned Fund Balance - classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Harrisville reports its Capital Project fund balances as assigned.

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

When an expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available; the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

H. Pensions

For the 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.

I. Deferred outflows/inflows of resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Subsequent Events

Management has evaluated subsequent events through December 9, 2019, the date the financial statements were available to be issued.

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2019

(2) Deposits and Investments

Deposits and investments for the City of Harrisville are governed by the Utah Money Management Act and by rules of the Utah Money Management Council. Following are discussions of the City’s exposure to various risks related to its cash management activities.

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be recovered. The City’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council.

The City’s deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City’s deposits at June 30, 2019 were \$294,830, of which \$250,000 was fully insured.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City’s policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated “A” or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

The City is also authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants’ average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the City’s investments at June 30, 2019:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Quality Maturity</u> | <u>Ratings</u> |
|------------------------|---------------------|-------------------------|----------------|
| PTIF Investments | \$ <u>6,037,833</u> | 48 days* | not rated |

*Weighted-average maturity

C: Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing solely in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City’s investments are noted in the previous table.

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2019

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

(3) Accounts Receivable

Accounts receivable in the governmental activities consist of amounts due from other governments in the amount of \$189,447, and accounts receivable in the business-type activities consist of amounts due from utility customers in the amount of \$116,056.

The City considers its accounts receivable to be substantially collectable and has therefore not recorded an allowance for doubtful accounts.

(4) Capital Assets

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

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|-----------|-----------|-------------------|
| Capital assets being depreciated: | | | | |
| Land and land improvements | \$ 565,800 | - | - | 565,800 |
| Total | 565,800 | - | - | 565,800 |
| Capital assets being depreciated: | | | | |
| Buildings | 1,018,041 | 6,080 | - | 1,024,121 |
| Other improvements | 2,062,284 | 31,793 | - | 2,094,077 |
| Equipment | 1,712,800 | 267,988 | (91,927) | 1,888,861 |
| Infrastructure | 2,768,638 | 848,203 | - | 3,616,841 |
| Total | 7,561,763 | 1,154,064 | (91,927) | 8,623,900 |
| Less accumulated depreciation for: | | | | |
| Buildings | (392,714) | (28,810) | - | (421,524) |
| Other improvements | (1,057,492) | (145,869) | - | (1,203,361) |
| Equipment | (749,348) | (170,311) | 51,250 | (868,409) |
| Infrastructure | (1,259,752) | (138,435) | - | (1,398,187) |
| Total | (3,459,306) | (483,425) | 51,250 | (3,891,481) |
| Capital assets being depreciated, net | 4,102,457 | 670,639 | (40,677) | 4,732,419 |
| Governmental activity capital assets, net | 4,668,257 | 670,639 | (40,677) | 5,298,219 |

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2019

(4) Capital Assets – continued

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|-----------|-----------|-------------------|
| Business-type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Improvements | \$ 3,394,349 | - | - | 3,398,964 |
| Total | 3,394,349 | - | - | 3,398,964 |
| Less accumulated depreciation for: | | | | - |
| Improvements | (922,708) | (66,507) | - | (989,215) |
| Total | 922,708 | 66,507 | - | (989,215) |
| Capital assets being depreciated, net | 2,476,256 | (66,507) | - | 2,409,749 |
| | | | | - |
| Business-type activities capital assets, net | \$ 2,476,256 | (66,507) | - | 2,409,749 |

Capital assets of the governmental activities includes the equipment and other depreciable assets, net of accumulated depreciation, of the internal service funds of \$981,853.

Depreciation expense of governmental activities was charged to functions as follows:

| | |
|--|------------|
| General Government | \$ 31,797 |
| Public Safety | 1,622 |
| Public Works | 143,933 |
| Parks and Recreation | 145,867 |
| Depreciation on capital assets of the City's internal service funds is charged to the various functions based on their usage of assets | 160,204 |
| Total | \$ 483,423 |

(5) Compensated Absences, Accumulated Unpaid Vacation, Personal Leave Pay, Compensatory Time

It is the government's policy to permit employees to accumulate earned but unused vacation and personal leave pay benefits. Vacation and compensatory leave are recorded as expenditure when used in governmental funds and as an expense when earned in proprietary funds and in the governmental-wide statements. A liability for unused vacation and compensatory leave is recorded in the governmental-wide statement of net position.

| | Beginning Balance | Additions | Retirements | Ending Balance | Due Within One Year |
|----------------------|----------------------|-----------|-------------|-------------------|------------------------|
| Compensated absences | \$ 75,041 | - | 8,802 | 66,239 | - |

(6) 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:

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2019

(6) Retirement Plans continued

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System); Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employees, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employees, retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1053, 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 Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the [website:www.urs.org](http://www.urs.org).

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

Summary of Benefits by System

| <u>System</u> | <u>Final Average Salary</u> | <u>Years of Service Required and/or Age Eligible for Benefit</u> | <u>Benefit Percent Per year Service</u> | <u>COLA **</u> |
|--|-----------------------------|--|--|---|
| Noncontributory System | Highest 3 years | 30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65* | 2.0% per year all years | Up to 4% |
| Public Safety System | Highest 3 years | 20 years any age 10 years age 60* 4 years age 65* | 2.5% per year up to 20 years; 2.0% per year over 20 years | Up to 2.5 to 4% depending on the Employer |
| Tier 2 Public Employees System | Highest 5 years | 35 years any age 20 years age 60* 10 years age 62* 4 years age 65* | 1.5% per year all years | Up to 2.5% |
| Tier 2 Public Safety and Firefighters System | Highest 5 years | 25 years any age 20 years age 60* 10 years age 62* 4 years age 65* | 1.5% per year al years | Up to 2.5% |

*With actuarial reductions.

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

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2019

(6) Retirement Plans - continued

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

Utah Retirement Systems

| | Employee Paid | Paid by Employer for Employee | Employer Contribution Rates |
|--|---------------|-------------------------------|-----------------------------|
| Contributory System | | | |
| 111 - Local Governmental Division Tier 2 | N/A | N/A | 16.69% |
| Noncontributory System | | | |
| 15 - Local Governmental Division Tier 1 | N/A | N/A | 18.47% |
| Public Safety Retirement System | | | |
| 122 - Tier 2 DC Hybrid Public Safety | N/A | N/A | 23.83% |
| 43 - Other Division A Noncontributory Tier 1 | N/A | N/A | 34.04% |
| Tier 2 DC Only | | | |
| 211 - Local Government | N/A | N/A | 16.69% |
| 222 - Public Safety | N/A | N/A | 23.83% |

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

| | Employer Contributions | Employee Contributions |
|---|------------------------|------------------------|
| Noncontributory System | \$ 93,864 | N/A |
| Public Safety System | 76,838 | - |
| Tier 2 Public Employees System | 24,207 | - |
| Tier 2 Public Safety and Firefighters System | 34,364 | - |
| Tier 2 DC Only System | 2,363 | N/A |
| Tier DC Public Safety and Firefighters System | 5,459 | N/A |
| | <u>\$ 237,095</u> | <u>\$ -</u> |

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

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

At June 30, 2019, we reported a net pension asset of \$-0- and a net pension liability of \$929,704.

| | Proportionate Share | Net Pension Asset | Net Pension Liability |
|--|---------------------|-------------------|-----------------------|
| Noncontributory System | 0.0606721% | \$ - | \$ 446,773 |
| Public Safety System | 0.1851420% | - | 476,294 |
| Tier 2 Public Employees System | 0.0148680% | - | 4,491 |
| Tier 2 Public Safety and Firefighters System | 0.0856616% | - | 2,146 |
| Total Net Pension Asset / Liability | | <u>\$ -</u> | <u>\$ 929,704</u> |

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.

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2019

(6) Retirement Plans - continued

For the year ended June 30, 2019, we recognized pension expense of \$318,050. At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 6,764 | 31,931 |
| Changes in assumptions | 117,766 | 160 |
| Net difference between projected and actual earnings on pension plan investments | 178,133 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 48,096 | 9,738 |
| Contributions subsequent to the measurement date | <u>117,948</u> | <u>-</u> |
| | <u>\$ 468,707</u> | <u>41,829</u> |

\$ 117,948 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended December 31,</u> | <u>Deferred Outflows (Inflows) of Resources</u> |
|------------------------------------|---|
| 2019 | 146,859 |
| 2020 | 48,142 |
| 2021 | 24,845 |
| 2022 | 84,662 |
| 2023 | 426 |
| Thereafter | 3,996 |

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

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

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

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

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

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2019

(6) Retirement Plans – continued

| <u>Asset Class</u> | <u>Expected Return Arithmetic Basis</u> | | Long Term |
|------------------------------------|---|-------------------------------------|---|
| | <u>Target Asset Allocation</u> | <u>Real Return Arithmetic Basis</u> | <u>Expected Portfolio Real Rate of Return</u> |
| Equity securities | 40% | 6.15% | 2.46% |
| Debt securities | 20% | 0.40% | 0.08% |
| Real assets | 15% | 5.75% | 86.00% |
| Private equity | 9% | 9.95% | 0.89% |
| Absolute return | 16% | 2.85% | 0.45% |
| Cash and cash equivalents | <u>0%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Totals | <u>100%</u> | | <u>4.75%</u> |
| Inflation | | | <u>2.50%</u> |
| Expected arithmetic nominal return | | | <u>7.25%</u> |

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%. 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 was reduced to 6.95% from 7.20% from the prior measurement period.

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

| | <u>1% Decrease (5.95%)</u> | <u>Discount Rate (6.95%)</u> | <u>1% Increase (7.95%)</u> |
|--|----------------------------|------------------------------|----------------------------|
| System | | | |
| Noncontributory System | \$ 915,643 | 446,773 | 56,328 |
| Public Safety System | 933,619 | 476,294 | 105,045 |
| Tier 2 Public Employees System | 17,993 | 4,491 | (5,929) |
| Tier 2 Public Safety and Firefighters System | <u>16,189</u> | <u>2,146</u> | <u>(8,600)</u> |
| | <u>\$ 1,883,444</u> | <u>929,704</u> | <u>146,844</u> |

Defined Contribution Savings Plan

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

CITY OF HARRISVILLE

Notes to Financial Statements – Continued

June 30, 2019

(6) Retirement Plans – continued

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

- * 401(k) Plan
- * 457(b) Plan
- * Roth IRA Plan
- * Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contributions Savings Plans for fiscal year ended

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|-----------------------------|--------|--------|--------|--------|--------|--------|
| 401(k) Plan | | | | | | |
| Employer Contributions | 51,269 | 46,260 | 40,905 | 39,913 | 39,622 | 37,303 |
| Employee Contributions | 32,245 | 25,896 | 28,463 | 30,912 | 25,142 | 20,222 |
| 457 Plan | | | | | | |
| Employer Contributions | - | - | - | - | - | - |
| Employee Contributions | 18,500 | 18,796 | 11,144 | 5,613 | 2,865 | 2,337 |
| Roth IRA Plan | | | | | | |
| Employer Contributions | N/A | N/A | N/A | N/A | N/A | N/A |
| Employee Contributions | 10,800 | 7,735 | 7,171 | 2,600 | 1,410 | 860 |
| Traditional IRA Plan | | | | | | |
| Employer Contributions | N/A | N/A | N/A | N/A | N/A | N/A |
| Employee Contributions | 2,750 | 2,570 | 4,131 | 1,300 | 1,060 | 860 |

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

(7) Budgetary Accounting and Tax Calendar

The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. Budgets are required by the State of Utah for the general, special revenue, debt service and capital improvement funds. The legal level of control required by the State of Utah is at the department level. The City's budget is a financial plan of all estimated revenues and all appropriations for expenditures. Revenues and expenditures must balance.

The budget is prepared sometime between the 1st of March and the 1st of May. A tentative budget is presented by the City Administrator to the City Council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the Council no later than the first meeting in May. The tentative budget is public record and is available for inspection at the City Business Administration Department and the City Recorder’s Office for at least ten days prior to adoption of the final budget. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing. The public hearing on the tentatively adopted budget is held prior to final adoption. Final adjustments are made to the tentative budget by the Council after the public hearing. The final budget is adopted by ordinance before June 22nd and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.

In connection with budget adoption an annual tax ordinance establishing the tax rate is adopted before June 22nd and the City is to certify the tax rate to the County Auditor before June 22nd.

CITY OF HARRISVILLE

Notes to Financial Statements – Continued

June 30, 2019

(7) Budgetary Accounting and Tax Calendar

Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The above procedures are authorized by Utah Code Sections 10-6-109 through 10-6-135.

| <u>Duties to be Completed</u> | <u>Property Tax Calendar</u> | <u>Authorizing Statute</u> | <u>Statute Date</u> |
|--|------------------------------|----------------------------|--|
| Lien date | | 59-2-103 59-2-1302 | 1/1 |
| Taxing districts with June year end notify county commission of date, time and place of public hearing | | 59-2-919 | 3/1 |
| County treasurer to settle taxes charged and collected for previous year | | 59-2-1365 | 3/31 |
| Budget officer shall prepare and file with council a tentative budget | | 10-6-111 | 1 st scheduled council meeting in May |
| County assessor delivers roll to county auditor | | 59-2-924 | 6/1 |
| Tax commission reports value of Centrally Assessed Property to counties | | 59-2-802 | 6/1 |
| County assessor delivers to county auditor statement showing aggregate valuation of all taxable property | | 59-2-924 | 6/1 |
| County auditor sends valuation, certified tax rate and levy work sheets to each taxing district | | 59-2-924 | 6/1 |
| Taxing district must adopt a proposed tax rate, certify the rate and levy, and submit to county auditor | | 59-2-912 | before 6/22 |

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2019

(7) Budgetary Accounting and Tax Calendar - Continued

| <u>Duties to be Completed</u> | <u>Authorizing Statute</u> | <u>Statute Date</u> |
|---|----------------------------|---------------------|
| County to set proposed tax rates | 59-2-909 | 6/22 |
| Taxing districts adopt tentative budgets and notify county of intent to exceed certified tax rate | 59-2-924(3) | 6/22 |
| County auditor to submit levy worksheets and supporting documentation to tax commission | 59-2-913 | 6/22 |
| Copy of final budget to state auditor within 30 days of adoption | 10-6-118 | 9/17 |
| County treasurer to mail tax notice | 59-2-1317 | 11/1 |
| County auditor delivers assessment roll with affidavit to tax commission | 59-2-326 | 11/1 |
| Payment and delinquency date | 59-2-1331 | 11/30 |
| Delinquency list published | 59-2-1332.5 | 12/31 |

(8) Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

(9) Risk Management

The City of Harrisville is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

(10) Departments over budget

The City had two departments that overspent their budgets. City Administration was \$9,708 over budget, and the Police Department was \$25,313 over budget.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HARRISVILLE

Notes to Required Supplementary Information

June 30, 2019

Budgeting and Budgetary Control

As more fully explained in Note 1 of the Notes to Financial Statements, annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1 in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and any major special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpected balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Pension Plans

As explained in Note 6 to the Financial Statements, the City implemented GASB Statement 68 which requires the City to provide a 10 - year history for certain pension related amounts. The schedule of Proportionate Share of the Net Pension liability. The Schedule of Contributions shows the City's contractually required contributions, actual amounts contributed, and the contributions as a percentage of covered payroll. Both schedules show information only for the years for which information is available.

Changes in Assumptions

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund

Year Ended June 30, 2019

| | <u>Budgeted Amount</u> | | | Variance from Final Budget |
|----------------------------------|------------------------|------------------|------------------|----------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Sales tax | \$1,410,000 | 1,410,000 | 1,432,028 | 22,028 |
| Current year property tax | 326,940 | 326,940 | 338,905 | 11,965 |
| Franchise tax | 320,000 | 320,000 | 349,580 | 29,580 |
| Delinquent prior years taxes | 7,500 | 7,500 | 8,716 | 1,216 |
| Fee in lieu | 30,000 | 30,000 | 30,324 | 324 |
| Transportation tax | <u>100,000</u> | <u>100,000</u> | <u>102,914</u> | <u>2,914</u> |
| Total taxes | <u>2,194,440</u> | <u>2,194,440</u> | <u>2,262,467</u> | <u>68,027</u> |
| Licenses and permits: | | | | |
| Park impact | 100,000 | 100,000 | 59,131 | (40,869) |
| Business licenses | 48,000 | 48,000 | 46,362 | (1,638) |
| Building permits | 110,000 | 110,000 | 73,312 | (36,688) |
| Plan check fee | 50,000 | 50,000 | 30,749 | (19,251) |
| Building plan / development fees | 2,000 | 2,000 | 5,467 | 3,467 |
| Public safety impact fees | 25,000 | 25,000 | 11,583 | (13,417) |
| Transportational impact fees | <u>45,000</u> | <u>45,000</u> | <u>21,618</u> | <u>(23,382)</u> |
| Total licenses and permits | <u>380,000</u> | <u>380,000</u> | <u>248,222</u> | <u>(131,778)</u> |
| Intergovernmental: | | | | |
| Class C roads | 280,000 | 280,000 | 228,705 | (51,295) |
| State Liquor allotment | 16,000 | 16,000 | 11,474 | (4,526) |
| Other Grants | <u>11,000</u> | <u>19,000</u> | <u>20,102</u> | <u>1,102</u> |
| Total intergovernmental | <u>307,000</u> | <u>315,000</u> | <u>260,281</u> | <u>(54,719)</u> |
| Charges for services: | | | | |
| Recreation and user fees | 17,300 | 17,300 | 12,593 | (4,707) |
| Park / Cabin reservations | <u>16,000</u> | <u>16,000</u> | <u>10,898</u> | <u>(5,102)</u> |
| Total charges for services | <u>33,300</u> | <u>33,300</u> | <u>23,491</u> | <u>(9,809)</u> |
| Fines and forfeitures | <u>137,000</u> | <u>143,500</u> | <u>150,697</u> | <u>7,197</u> |
| Other revenue: | | | | |
| Heritage Days celebration | 2,000 | 2,000 | 2,385 | 385 |
| Interest earned | 33,200 | 33,200 | 72,151 | 38,951 |
| Miscellaneous | <u>50,000</u> | <u>50,000</u> | <u>65,029</u> | <u>15,029</u> |
| Total other revenue | <u>85,200</u> | <u>85,200</u> | <u>139,565</u> | <u>54,365</u> |
| Total revenue | <u>\$3,136,940</u> | <u>3,151,440</u> | <u>3,084,723</u> | <u>(66,717)</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Legislative: | | | | |
| Salaries and benefits | \$ 18,791 | 18,791 | 17,745 | 1,046 |
| Materials, supplies and services | <u>10,000</u> | <u>10,000</u> | <u>7,941</u> | <u>2,059</u> |
| | <u>28,791</u> | <u>28,791</u> | <u>25,686</u> | <u>3,105</u> |

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2019

| | Budgeted Amounts | | | Variance from Final Budget |
|--|---------------------|--------------------|------------------|----------------------------------|
| | Original | Final | Actual | |
| Expenditures - Continued: | | | | |
| Judicial: | | | | |
| Salaries and benefits | \$ 91,073 | 91,073 | 88,379 | 2,694 |
| Materials, supplies and services | 16,750 | 16,750 | 10,166 | 6,584 |
| | <u>107,823</u> | <u>107,823</u> | <u>98,545</u> | <u>9,278</u> |
| City Administration: | | | | |
| Salaries and benefits | 275,287 | 275,287 | 274,677 | 610 |
| Materials, supplies and services | 48,016 | 52,516 | 62,834 | (10,318) |
| | <u>323,303</u> | <u>327,803</u> | <u>337,511</u> | <u>(9,708)</u> |
| General Government: | | | | |
| Non-departmental | | | | |
| Materials, supplies, and services | 764,410 | 764,410 | 195,939 | 568,471 |
| Total general government | <u>1,224,327</u> | <u>1,228,827</u> | <u>657,681</u> | <u>571,146</u> |
| Public Safety: | | | | |
| Police service: | | | | |
| Salaries and benefits | 976,406 | 976,406 | 1,013,956 | (37,550) |
| Materials, supplies and services | 215,129 | 225,129 | 212,892 | 12,237 |
| | <u>1,191,535</u> | <u>1,201,535</u> | <u>1,226,848</u> | <u>(25,313)</u> |
| Building inspections: | | | | |
| Salaries and benefits | 52,981 | 52,981 | 51,380 | 1,601 |
| Materials, supplies, and services | 14,450 | 14,450 | 3,216 | 11,234 |
| | <u>67,431</u> | <u>67,431</u> | <u>54,596</u> | <u>12,835</u> |
| Total public safety | <u>1,258,966</u> | <u>1,268,966</u> | <u>1,281,444</u> | <u>(12,478)</u> |
| Public Works: | | | | |
| Public works / maintenance: | | | | |
| Salaries and benefits | 300,595 | 300,595 | 285,841 | 14,754 |
| Materials, supplies, and services | 1,262,754 | 1,262,754 | 155,768 | 1,106,986 |
| Total public works | <u>1,563,349</u> | <u>1,563,349</u> | <u>441,609</u> | <u>1,121,740</u> |
| Parks and Recreation: | | | | |
| Salaries and benefits | 305,837 | 305,837 | 272,059 | 33,778 |
| Materials, supplies, and services | 115,012 | 115,012 | 111,023 | 3,989 |
| Total parks and recreation | <u>420,849</u> | <u>420,849</u> | <u>383,082</u> | <u>37,767</u> |
| Total expenditures | <u>4,467,491</u> | <u>4,481,991</u> | <u>2,763,816</u> | <u>1,718,175</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,330,551)</u> | <u>(1,330,551)</u> | <u>320,907</u> | <u>1,651,458</u> |
| Other financing sources (uses): | | | | |
| Operating transfers (out) | (175,200) | (175,200) | - | 175,200 |
| Use of fund balance | 1,505,751 | 1,505,751 | - | (1,505,751) |
| Total other financing sources (uses) | <u>1,330,551</u> | <u>1,330,551</u> | <u>-</u> | <u>(1,330,551)</u> |
| Excess of deficiency of revenues and other financing sources over (under) expenditures and other uses. | - | - | 320,907 | 320,907 |
| Fund balance - beginning of year | <u>2,402,293</u> | <u>2,402,293</u> | <u>2,402,293</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 2,199,722</u> | <u>2,402,293</u> | <u>2,723,200</u> | <u>320,907</u> |

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CITY OF HARRISVILLE
Utah Retirement Systems
As of December 31, 2018
Last 10 Fiscal Years

| | | Noncontributory System | Public Safety System | Tier 2 Public Employees System | Tier 2 Public Safety and Firefighter System |
|---|------|---------------------------|----------------------|-----------------------------------|--|
| Proportion of the net pension liability (asset) | 2018 | 0.0606721% | 0.1851420% | 0.0104868% | 0.0856616% |
| | 2017 | 0.0587011% | 0.1669461% | 0.0086000% | 0.0810498% |
| | 2016 | 0.0591657% | 0.1780486% | 0.0053676% | 0.0479146% |
| | 2015 | 0.0526020% | 0.1507968% | 0.0067037% | 0.1064489% |
| | 2014 | 0.0505886% | 0.1596158% | 0.0059151% | 0.1320064% |
| Proportionate share of the net pension liability (asset) | 2018 | \$446,773 | \$476,294 | \$4,491 | \$2,146 |
| | 2017 | \$257,181 | \$261,881 | \$758 | \$938 |
| | 2016 | \$379,916 | \$361,310 | \$599 | \$416 |
| | 2015 | \$297,648 | \$269,578 | \$15 | \$1,555 |
| | 2014 | \$219,668 | \$200,730 | \$179 | \$1,953 |
| Covered payroll | 2018 | \$519,422 | \$313,699 | \$122,100 | \$114,231 |
| | 2017 | \$504,297 | \$291,267 | \$84,084 | \$85,467 |
| | 2016 | \$520,603 | \$324,312 | \$44,018 | \$39,588 |
| | 2015 | \$445,904 | \$305,690 | \$43,332 | \$63,296 |
| | 2014 | \$430,807 | \$330,671 | \$29,006 | \$54,694 |
| Proportionate share of the net pension liability(asset) as a percentage of its covered-employee payroll | 2018 | 86.01% | 151.83% | 3.68% | 1.88% |
| | 2017 | 51.00% | 89.91% | 0.90% | -1.10% |
| | 2016 | 72.98% | 111.41% | 1.36% | -1.05% |
| | 2015 | 66.75% | 88.19% | -0.03% | -2.46% |
| | 2014 | 51.0% | 60.7% | -0.6% | -3.6% |
| Plan fiduciary net position as a percentage of the total pension liability | 2018 | 87.0% | 84.7% | 90.8% | 95.6% |
| | 2017 | 91.9% | 90.2% | 97.4% | 103.0% |
| | 2016 | 87.3% | 86.5% | 95.1% | 103.6% |
| | 2015 | 87.8% | 87.1% | 100.2% | 110.7% |
| | 2014 | 90.2% | 90.5% | 103.5% | 120.5% |

*In accordance with GAB 68, the City will need to disclose a 10-year history of its proportionate share of the Net Pension Liability (Asset). The 10-year schedule above is only for the most recent years.

SCHEDULE OF CONTRIBUTIONS
CITY OF HARRISVILLE
Utah Retirement Systems
As of June 30, 2019
Last 10 Fiscal Years

| | As of fiscal year ended June 30, | Actuarial Determined Contributions | Contributions in relations to the contractually required contribution | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of employee payroll |
|--|--|--|---|--|--------------------|---|
| Noncontributory System | 2014 | \$73,445 | \$73,445 | \$- | \$425,288 | 17.27% |
| | 2015 | \$80,376 | \$80,376 | \$- | \$436,430 | 18.42% |
| | 2016 | \$88,261 | \$88,261 | \$- | \$477,860 | 18.47% |
| | 2017 | \$96,232 | \$96,232 | \$- | \$527,258 | 18.25% |
| | 2018 | \$93,150 | \$93,150 | \$- | \$504,500 | 18.46% |
| | 2019 | \$93,864 | \$93,864 | \$- | \$510,783 | 18.38% |
| Public Safety System | 2014 | \$72,843 | \$72,843 | \$- | \$266,643 | 32.14% |
| | 2015 | \$67,351 | \$67,351 | \$- | \$197,857 | 34.04% |
| | 2016 | \$77,403 | \$77,403 | \$- | \$226,702 | 34.14% |
| | 2017 | \$83,207 | \$83,207 | \$- | \$242,797 | 34.27% |
| | 2018 | \$77,200 | \$77,200 | \$- | \$282,489 | 27.34% |
| | 2019 | \$76,838 | \$76,838 | \$- | \$330,593 | 23.24% |
| Tier 2 Public Employees System* | 2014 | \$4,041 | \$4,041 | \$- | \$28,886 | 13.99% |
| | 2015 | \$4,336 | \$4,336 | \$- | \$29,026 | 14.94% |
| | 2016 | \$8,187 | \$8,187 | \$- | \$54,910 | 14.91% |
| | 2017 | \$8,029 | \$8,029 | \$- | \$53,852 | 14.91% |
| | 2018 | \$15,002 | \$15,002 | \$- | \$99,360 | 15.10% |
| | 2019 | \$24,207 | \$24,207 | \$- | \$157,358 | 15.38% |
| Tier 2 Public Safety and Firefighter System* | 2014 | \$7,877 | \$7,877 | \$- | \$37,779 | 20.85% |
| | 2015 | \$16,234 | \$16,234 | \$- | \$71,415 | 22.73% |
| | 2016 | \$10,478 | \$10,478 | \$- | \$46,615 | 22.48% |
| | 2017 | \$10,101 | \$10,101 | \$- | \$47,804 | 21.13% |
| | 2018 | \$23,390 | \$23,390 | \$- | \$106,542 | 21.95% |
| | 2019 | \$34,364 | \$34,364 | \$- | \$150,380 | 22.85% |
| Tier 2 Public Employees DC only System* | 2014 | \$646 | \$646 | \$- | \$11,571 | 5.58% |
| | 2015 | \$784 | \$784 | \$- | \$11,673 | 6.72% |
| | 2016 | \$2,029 | \$2,029 | \$- | \$30,323 | 6.69% |
| | 2017 | \$2,125 | \$2,125 | \$- | \$31,766 | 6.69% |
| | 2018 | \$2,252 | \$2,252 | \$- | \$33,659 | 6.69% |
| | 2019 | \$2,363 | \$2,363 | \$- | \$35,323 | 6.69% |
| Tier 2 Public Safety and Firefighter DC only System* | 2014 | \$- | \$- | \$- | \$- | 0.00% |
| | 2015 | \$- | \$- | \$- | \$- | 0.00% |
| | 2016 | \$3,157 | \$3,157 | \$- | \$26,683 | 11.83% |
| | 2017 | \$4,730 | \$4,730 | \$- | \$39,982 | 11.83% |
| | 2018 | \$4,702 | \$4,702 | \$- | \$39,746 | 11.83% |
| | 2019 | \$5,459 | \$5,459 | \$- | \$46,149 | 11.83% |

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

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



Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*

To the Mayor and City Council
City of Harrisville

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harrisville as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Harrisville's basic financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Harrisville's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Harrisville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Harrisville'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

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.

Christensen, Palmer & Ambrose P.C.

December 9, 2019
Ogden, UT



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

To the Mayor and City Council
City of Harrisville

REPORT ON COMPLIANCE

We have audited the City of Harrisville's compliance with the general program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2019.

The general compliance requirements applicable to the City of Harrisville are identified as follows:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems Compliance
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Treasurer's Bond
- Tax Levy Revenue Recognition
- Impact fees

The City of Harrisville did not receive any major assistance programs from the State of Utah during the year ended June 30, 2019.

Management's Responsibility

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

Auditor's Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, the City of Harrisville complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

Purpose of Report

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

Christensen, Palmer & Calross P.C.

HARRISVILLE CITY
Schedule of Findings and Recommendations
For the Year Ended June 30, 2019

PROGRAM: BUDGETARY COMPLIANCE

FINDING: The City had two departments that overspent their budgets.

RECOMMENDATION: The City should monitor its expenditures more closely and amend budgets when necessary in order to avoid overspending budgeted amounts.

CITY'S REPLY: The City will monitor its budget more closely in the future.



HARRISVILLE CITY

363 West Independence • Harrisville, Utah 84404 • (801) 782-4100

MAYOR:

Michelle N. Tait

COUNCIL MEMBERS:

Grover Wilhelmsen
Richard Hendrix
Clark Beecher
Steve Weiss
Blair Christensen

Harrisville City – 2020 Meeting Schedule

In accordance with Utah Code Section 52-4-202(2), notice is hereby given of the 2020 Meeting Schedule for Harrisville City. The City Council will meet on January 14, 2020, at 7:00 PM, and will subsequently meet the second Tuesday of each month thereafter at the same time. The Planning Commission will meet on January 8, 2020, at 7:00 PM, and will subsequently meet the second Wednesday of each month thereafter at the same time. Special or emergency meetings may be called, if needed, in accordance with state law. Some meetings may be cancelled.

Unless otherwise announced, all meetings will be held at the Harrisville City Offices located at: 363 W Independence Blvd, Harrisville, UT 84404. For special accommodations contact the city office at least 24 hours before any meeting. For questions, contact the city office at (801)782-4100. JENNIE KNIGHT, City Recorder.

Published: January 1, 2020

| Harrisville City – 2020 Meeting Dates | |
|--|----------------------------|
| City Council | Planning Commission |
| January 14, 2020 | January 8, 2020 |
| February 11, 2020 | February 12, 2020 |
| March 10, 2020 | March 11, 2020 |
| April 14, 2020 | April 8, 2020 |
| May 12, 2020 | May 13, 2020 |
| June 9, 2020 | June 10, 2020 |
| July 14, 2020 | July 8, 2020 |
| August 11, 2020 | August 12, 2020 |
| September 8, 2020 | September 9, 2020 |
| October 13, 2020 | October 14, 2020 |
| November 10, 2020 | November 11, 2020 |
| December 8, 2020 | December 9, 2020 |

**HARRISVILLE CITY
ORDINANCE 503**

MIXED-USE AND IN-FILL DEVELOPMENT

AN ORDINANCE OF HARRISVILLE CITY, UTAH, REPEAL SECTIONS 11.10.20.10, 11.10.020.11, AND 11.14.020.2; ADOPTING CHAPTER 11.11 CREATING MIXED-USE AND IN-FILL DEVELOPMENT ZONING AND REGULATIONS; SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Harrisville City (hereafter referred to as “City”) is a municipal corporation, duly organized and existing under the laws of the State of Utah;

WHEREAS, *Utah Code Annotated* §§ 10-8-84 and 10-8-60 authorizes the City to exercise certain police powers and nuisance abatement powers, including but not limited to providing for safety and preservation of health, promotion of prosperity, improve community well-being, peace and good order for the inhabitants of the City;

WHEREAS, the City desires to meet the challenges presented by growth and development by adopting provisions for mixed-use and in-fill development;

WHEREAS, Title 10, Chapter 9a, of the *Utah Code Annotated*, 1953, as amended, enables the City to regulate land use and development;

WHEREAS, after publication of the required notice, the Planning Commission held its public hearing on November 13, 2019, to take public comment on this Ordinance, and subsequently gave its recommendation to approve this Ordinance;

WHEREAS, the City Council received the recommendation from the Planning Commission and held its public meeting on December 10, 2019, and desires to act on this Ordinance;

NOW, THEREFORE, be it ordained by the City Council of Harrisville City as follows:

Section 1: **Repealer.** *Harrisville Municipal Code* §11.10.20.10, §11.10.020.11, and §11.14.020.2 is hereby repealed. Any word other, sentence, paragraph, or phrase inconsistent with this Ordinance is hereby repealed and any reference thereto is hereby vacated.

Section 2: **Amendment.** Chapter 11.11 of the *Harrisville Municipal Code* is hereby adopted to read as follows:

Chapter 11.11
Mixed-use and In-fill Development Regulations

Sections:

- 11.11.010 Enabling Act and Purpose.**
- 11.11.020 Findings.**
- 11.11.030 Sub-zoning.**
- 11.11.040 Process.**
- 11.11.050 Application.**
- 11.11.060 Development Agreement.**
- 11.11.070 Administration of Sub-zone.**

11.11.010 Enabling Act and Purpose.

This Chapter shall be known as “Mixed-use and In-fill Development Regulations” for the purpose of enabling the City to manage and regulate the development of large parcels and in-fill properties as identified by the City.

11.11.020 Findings and Intent.

The City Council finds that standard zoning practices such as single-purpose base zones, planned unit developments or other types of normal zoning classifications are inadequate to address the development of larger parcels of property in the City to ensure that these developments are well-planned, sensitive to the needs of the City and, also, successful in recognizing the rights of property owners to develop their land. This Chapter is intended to address challenges presented by infill, configuration, phasing over the course of several years, and other challenges presented by development. The City has researched various practices to deal with such master planned projects. Based on that research the City Council determines that for certain projects it is appropriate to create zoning and other land use requirements on a property-by-property basis with the development of the property carefully agreed to by the City and the property owner and those agreed-upon regulations being enforced and assured by the terms of a development agreement. The purpose of this Chapter is to create enabling provisions for adopting such specialized zones and applying them to particular properties.

11.11.030 Sub-zoning.

Eligible parcels under this Chapter maybe zoned as a sub-zone as follows:

1. Mixed-use Large Project (MU-LP) Sub-zone. This Sub-zone is designed for a “Large Project Master Planned Community” as provided in this Chapter.
 - a. Eligibility Requirement. The MU-LP Sub-zone only applies to development projects over one hundred (100) contiguous acres in size.
 - b. Plan Map. A proposed plan map showing the area of the project and proposed uses is required as part of the application.
 - c. Development Agreement. A proposed Development Agreement must be prepared and submitted with the application.

- d. Fee. A fee equal to the costs incurred by the City for the processing the application shall be paid by the applicant. This fee is related to this Chapter only and does not include other fees imposed the City during the totality of the development process.
- 2. Mixed-use Commercial (MU-C) Sub-zone. (Reserved).
- 3. Mixed-use Residential (MU-R) Sub-zone. This Sub-zone is designed for “Residential In-fill Planned Community” as designated in the City’s General Plan.
 - a. Eligibility Requirement. The MU-R Sub-zone only applies to development in areas designed for mixed-use or in-fill in the General Plan, and the proposed project shall include residential amenities that foster community, including but not limited to: clubhouse, recreation, pathways, personal services, café, and similar amenities as set forth in the Development Agreement.
 - b. Plan Map. A proposed plan map showing the area of the project and proposed residential uses blended to adjoining areas, including adequate landscaping and open space, is required as part of the application.
 - c. Development Agreement. A proposed Development Agreement must be prepared and submitted with the application.
 - d. Fee. A fee equal to the costs incurred by the City for the processing the application shall be paid by the applicant. This fee is related to this Chapter only and does not include other fees imposed the City during the totality of the development process.

11.11.040 Process.

The property owner(s) initiate the process under this Chapter by filing a written application with the City Recorder to create one of the Sub-zones provided in this Chapter. The Planning Commission shall consider the application for possible recommendation to the City Council in the same manner as any other zoning map amendment at the time of the application. The City Council, acting in its legislative capacity, shall determine whether to create the Sub-zone, map such to the property, and approve the required Development Agreement. The application for a Sub-zone creates no rights in the property owner until any such Sub-zone and the Development Agreement are approved by the City Council and recorded against the property.

11.11.50 Application.

Any application for a Sub-zone shall include the following and such other materials as the City may require:

- 1. The proposed Sub-zone;
- 2. Complete plan map of the property proposed for the Sub-zone as provided in this Chapter and including topographical information at 2’ contours or more detailed;
- 3. The proposed Sub-zone Ordinance specifying the permitted, conditional, and accessory uses as more fully detailed in the required Development Agreement.
- 4. A proposed Development Agreement.

11.11.060 Development Agreement.

1. Contents. The proposed Development Agreement shall include the items specified in this Section.
2. Legislative Action. The City Council, in its legislative discretion, shall exercise its general policy determination functions in considering and may make any modifications to the proposed Development Agreement that it deems appropriate before approving the Development Agreement and applying it to the property as a part of the creation and mapping of the Sub-zone.
3. Required Elements. The Development Agreement shall include:
 - a. A master development plan for the entire property of the project showing:
 - i. The general areas of each intended use and the approximate intensity of each such use such as the approximate number of each type of residential or support use.
 - ii. The general areas of each intended use and the approximate intensity of each use such as the approximate number of each type of commercial, office, or retail use;
 - iii. The approximate location of infrastructure such as roads, parking, storm water facilities, flood control, utilities, and other infrastructure; and
 - iv. The general location size and type of support uses, open space, recreational amenities, pathways or trails, and related amenities.
 - v. Designation of any present or postponed FEMA floodplain.
 - b. Proposed development standards for the various types of residential, commercial, retail office, or other uses proposed including parking areas, dimensions and setbacks.
 - c. Proposed design standards addressing building height, massing and orientation, open space, natural resource protection, architectural design and materials, landscaping and buffering standards, parking, and signage.
 - d. Proposed plan for maintenance of the project including appropriate costs for the same to be incurred by an owner's association, that accounts for implementation costs and long-term maintenance projections.
 - e. Proposed plan for implementing, administering, enforcing the proposed project.
 - f. A hold harmless provision ensuring that the City, and other public entities servicing the project, cannot be held liable for any damages arising out of the Development Agreement.
 - g. Any other items that the City Engineer or City Attorney deems appropriate.

11.11.070 Administration of Sub-Zone.

It is the intent of the City that after the policy considerations by the City Council in adopting the proposed Sub-zone, applying that Sub-zone to the property, and entering into the Development Agreement that any implementation of the Sub-zone or Development Agreement is administrative in nature and not a legislative function. However, modification or amendment of the Development Agreement is a legislative function that requires approval of the City Council.

