

**PLEASANT VIEW CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

Independent Auditor's Report.....	1-2
Management's Discussion and Analysis.....	3-10

Basic Financial Statements:

Government Wide Financial Statements:

Statement of Net Position	11
Statement of Activities.....	12

Governmental Funds Statements:

Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16

Proprietary Fund Statements:

Statement of Net Position – Proprietary Funds.....	17
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	18
Statement of Cash Flows – Proprietary Funds.....	19
Notes to the Financial Statements.....	20-47

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes to Fund Balances Budget and Actual – General Fund.....	48-49
Schedule of the Proportionate Share of the Net Pension Liability Utah Retirement Systems.....	50
Schedule of Contributions Utah Retirement Systems.....	51
Notes to the Required Supplementary Information Utah Retirement Systems.....	52

Supplementary Information:

Combining Balance Sheet – Nonmajor funds.....	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor funds	54

Auditor's Reports and Findings:

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 <i>Government Auditing Standards</i>	55-56
Independent Auditor's Report in Accordance with the <i>State Compliance Audit Guide</i> on Compliance with General State Compliance Requirements and Internal Control over Compliance.....	57-58



INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of
Pleasant View City

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 Pleasant View City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Pleasant View City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pleasant View 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 budgetary comparison information, the schedule of the proportionate share of the net pension liability, the schedule of contributions, and the notes to the required supplementary information on pages 3-10 and 48-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019, on our consideration of the Pleasant View City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pleasant View City's 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 Pleasant View City's internal control over financial reporting and compliance.

Child Richards CPAs & Advisors

Ogden, UT
December 5, 2019

**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

PLEASANT VIEW CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2019

INTRODUCTION

The following is a discussion and analysis of Pleasant View City's financial performance and activities for the year ended June 30, 2019. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview, and analysis should assist the reader to gain a more complete knowledge of the City's financial performance. Starting with the year ended June 30, 2004 the City implemented new reporting standards established by the Governmental Accounting Standards Board (GASB). These new standards significantly changed the content and structure of the financial statements from earlier years. The new presentations are intended to give current answers to the ongoing questions of "what is the City's financial condition", "what are the resources of the City", "how much do specific City services cost", and "who pays for which service".

HIGHLIGHTS

During the 2019 fiscal year, the governmental activities saw an increase in property taxes in the General Fund of \$47,145; the majority of property taxes in the RDA Fund have been reclassified as contributions from other governmental entities. There was an increase in sales tax revenue of \$119,041. Sales taxes, property taxes, and franchise taxes now make up 57.1% of all governmental activity revenues excluding capital contributions.

The business-type activities saw a stable growth in user fees in the sewer, solid waste, and storm sewer funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This presentation is intended to serve as an introduction to the basic financial statements of Pleasant View City. The basic financial statements include 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 the required supplementary information, as well as, additional supplementary information informative to the various users of the report.

The government-wide view of the City's finances is a requirement under the GASB Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and became effective for the City for 2004. Fund financial statements have been reported in the past.

Government-wide Statements – Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities on pages 11 and 12 comprise the government-wide financial statements. These statements provide a broad overview with a long-term focus of the City's finances as a whole and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or disbursed, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position measure whether the City's overall financial condition is getting better or worse. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the City's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

PLEASANT VIEW CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2019

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). Pleasant View City's ongoing governmental activities include general government, public safety, public works, and parks and recreation services. Governmental activities also include the City's effort to accumulate and use resources for significant infrastructure, parks, and facilities. The City has four business-type activities – 1) storm sewer 2) solid waste 3) water 4) sewer.

The government-wide statements also include information about the Redevelopment Agency, which is a blended *component unit* of Pleasant View City. A detailed explanation of the reporting entity is part of the notes to the financial statements.

Fund Financial Statements

The fund financial statements beginning on page 13 provide detailed information about individual funds. 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 can be divided into two types: governmental funds, and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This *short-term* view of the City's financial position helps determine whether the City has sufficient resources to cover expenditures for its basic services in the near future.

Proprietary Funds – Proprietary funds are presented using the *full-accrual* basis of accounting. Pleasant View City uses one type of proprietary fund, which are *Enterprise funds*. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City has four enterprise funds – Storm Sewer Fund, Solid Waste Fund, Water Fund and the Sewer Fund.

Reconciliation between Government-wide and Fund Statements

Because the focus of governmental funds (modified accrual accounting, short-term focus) is narrower than that of the government-wide financial statements (full-accrual accounting, long-term focus), it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison on pages 14 and 16 of this report.

PLEASANT VIEW CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2019

Following are some of the major differences between the two 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.
- The value of developers infrastructure contributions are reported as revenue on the government-wide statements but are not reported on the governmental fund statements.

Notes to the Financial Statements

The notes beginning on page 20 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.

OVERALL FINANCIAL ANALYSIS OF THE CITY

The opportunity to live in a growing, active family-oriented community continues to bring citizens to Pleasant View. The City's total net position increased \$2,189,462 or 5.09% over the prior year. Net position of governmental activities increased \$1,538,351 or 6.67%. Net position of business-type activities increased \$651,111 or 3.06%.

Net Position

The largest component of the City's net position, \$34,692,279 or 74.59%, 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. Resources needed to repay capital-related debt are intended to be provided from other sources.

Restricted net position comprises \$3,944,858 or 8.48% of total net position. This portion of net position is subject to external restrictions on how they may be used. These are accumulated from State road taxes, impact fees placed on new development, donor restricted contributions, state liquor funds, and bonding. They are the funding source to pay for the major improvements needed as the population of the City grows.

The amount of unrestricted net position at June 30, 2019 is \$7,871,459 or 16.92% of total net position. This may be used at the City's discretion for future spending.

PLEASANT VIEW CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2019

The following presentation summarizes the City's financial position as of June 30, 2019 compared with 2018.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 6,968,371	\$ 6,408,694	\$7,191,813	\$ 6,526,541	\$14,160,184	\$12,935,235
Capital Assets	19,817,763	18,774,554	16,330,909	16,511,940	36,148,672	35,286,494
Total Assets	26,786,134	25,183,248	23,522,722	23,038,481	50,308,856	48,221,729
Deferred Outflows of Resources	463,023	462,493	118,709	118,563	581,732	581,056
Current and Other Liabilities	589,317	634,963	178,872	290,725	768,189	925,688
Long-term Liabilities	1,226,377	845,861	1,545,821	1,513,767	2,772,198	2,359,628
Total Liabilities	1,815,694	1,480,824	1,724,693	1,804,492	3,540,387	3,285,316
Deferred Inflows of Resources	834,064	1,103,869	7,541	94,466	841,605	1,198,335
Net Position:						
Net Investment in capital assets	19,668,563	18,588,591	15,023,716	15,140,940	34,692,279	33,729,531
Restricted	2,135,849	1,890,191	1,809,009	1,737,971	3,944,858	3,628,162
Unrestricted	2,794,987	2,582,266	5,076,472	4,379,175	7,871,459	6,961,441
Total Net Position	<u>\$24,599,399</u>	<u>\$23,061,048</u>	<u>\$21,909,197</u>	<u>\$21,258,086</u>	<u>\$46,508,596</u>	<u>\$44,319,134</u>

Significant increases occurred in Capital Assets of \$862,178, accumulated depreciation increased by \$507,886 in the business-type activities, and \$600,292 in the governmental activities. Disposals resulted in a net decrease to capital assets of \$145,179 in the governmental activities and \$14,023 in the business-type activities.

PLEASANT VIEW CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2019

Changes in Net Position

The overall change in Net Position for the City was an increase of \$2,189,462.

	Changes in Net Position				Total	
	Governmental Activities		Business-Type Activities		2019	2018
	2019	2018	2019	2018		
Revenues:						
General revenues:						
Taxes	\$ 2,988,232	\$ 2,839,776	\$ -	\$ -	\$ 2,988,232	\$ 2,839,776
Other Revenues	129,508	25,718	-	2,268	129,508	27,986
Interest Revenue	135,963	78,890	174,151	109,533	310,114	188,423
Program Revenues:						
Charges for Services	860,315	927,509	3,181,247	3,013,601	4,041,562	3,941,110
Operating Grants	1,123,368	752,144	-	-	1,123,368	752,144
Capital Grants	594,798	1,857,653	45,304	842,033	640,102	2,699,686
Total Revenues	<u>5,832,184</u>	<u>6,481,690</u>	<u>3,400,702</u>	<u>3,967,435</u>	<u>9,232,886</u>	<u>10,449,125</u>
Expenses:						
General Government	967,473	902,523	-	-	967,473	902,523
Public Safety	1,408,734	1,267,840	-	-	1,408,734	1,267,840
Public Works	1,474,704	1,526,964	-	-	1,474,704	1,526,964
Parks and Recreation	442,922	398,612	-	-	442,922	398,612
Storm Sewer	-	-	363,466	334,795	363,466	334,795
Solid Waste	-	-	448,257	429,840	448,257	429,840
Water	-	-	990,155	919,668	990,155	919,668
Sewer	-	-	947,713	919,641	947,713	919,641
Total Expenses	<u>4,293,833</u>	<u>4,095,939</u>	<u>2,749,591</u>	<u>2,603,944</u>	<u>7,043,424</u>	<u>6,699,883</u>
Change in Net Position before Transfers	<u>1,538,351</u>	<u>2,385,751</u>	<u>651,111</u>	<u>1,363,491</u>	<u>2,189,462</u>	<u>3,749,242</u>
Transfers In (Out)	-	-	-	-	-	-
Change in Net Position	<u>1,538,351</u>	<u>2,385,751</u>	<u>651,111</u>	<u>1,363,491</u>	<u>2,189,462</u>	<u>3,749,242</u>
Net Position - Beginning, As Restated	<u>23,061,048</u>	<u>20,675,297</u>	<u>21,258,086</u>	<u>19,894,595</u>	<u>44,319,134</u>	<u>40,569,892</u>
Net Position - Ending	<u>\$24,599,399</u>	<u>\$23,061,048</u>	<u>\$21,909,197</u>	<u>\$21,258,086</u>	<u>\$46,508,596</u>	<u>\$44,319,134</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Fund balances in the City's governmental funds increased by \$559,239. No transfers were received by non-governmental funds.

PLEASANT VIEW CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2019

BUDGET CHANGES

Budgeted revenues and expenditures were increased due to the economy improving more than previously anticipated. Actual expenditures for the year were \$3,455,691, \$185,564 below final budgeted expenditures. The General Fund was able to transfer \$617,000 to the Equipment Replacement Fund, \$100,000 to the Park Development Fund, and \$100,000 to the City Hall Building Fund for future projects and equipment.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

Pleasant View City added \$2,704,294 in new capital assets in the Governmental funds, and \$328,830 in new capital assets in the Enterprise funds during the year ended June 30, 2019.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 862,188	\$ 77,544	\$ -	\$ 939,732
Construction in Progress	2,276,405	1,231,966	(1,060,794)	2,447,577
Total capital assets, not being depreciated	3,138,593	1,309,510	(1,060,794)	3,387,309
Capital assets, being depreciated				
Land Improvements	2,579,282	-	-	2,579,282
Buildings	1,935,475	-	-	1,935,475
Machinery & Equipment	1,951,040	64,729	(145,179)	1,870,590
Infrastructure	14,676,691	1,330,055	-	16,006,746
Total capital assets, being depreciated	21,142,488	1,394,784	(145,179)	22,392,093
Accumulated Depreciation for:				
Land Improvements	(399,979)	(54,975)	-	(454,954)
Buildings	(529,619)	(41,173)	-	(570,792)
Machinery & Equipment	(1,254,684)	(188,704)	145,179	(1,298,209)
Infrastructure	(3,322,245)	(315,439)	-	(3,637,684)
Total accumulated depreciation	(5,506,527)	(600,291)	145,179	(5,961,639)
Total capital assets, being depreciated, net	15,635,961	794,493	-	16,430,454
Governmental activities capital assets, net	<u>\$ 18,774,554</u>	<u>\$ 2,104,003</u>	<u>\$(1,060,794)</u>	<u>\$ 19,817,763</u>

PLEASANT VIEW CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2019

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION (cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 475,914	\$ -	\$ -	\$ 475,914
Construction in Progress	182,381	31,692	(1,938)	212,135
Total capital assets, not being depreciated	<u>658,295</u>	<u>31,692</u>	<u>(1,938)</u>	<u>688,049</u>
Capital assets, being depreciated				
Buildings	1,123,695	-	-	1,123,695
Utility Systems	20,014,917	123,038	-	20,137,955
Machinery & Equipment	847,040	174,100	(14,023)	1,007,117
Total capital assets, being depreciated	<u>21,985,652</u>	<u>297,138</u>	<u>(14,023)</u>	<u>22,268,767</u>
Accumulated Depreciation for:				
Buildings	(417,600)	(21,195)	-	(438,795)
Utility Systems	(5,143,989)	(414,372)	-	(5,558,361)
Machinery & Equipment	(570,418)	(72,356)	14,023	(628,751)
Total accumulated depreciation	<u>(6,132,007)</u>	<u>(507,923)</u>	<u>14,023</u>	<u>(6,625,907)</u>
Total capital assets, being depreciated, net	<u>15,853,645</u>	<u>(210,785)</u>	<u>-</u>	<u>15,642,860</u>
Business-type activities capital assets, net	<u>\$ 16,511,940</u>	<u>\$ (179,093)</u>	<u>\$ (1,938)</u>	<u>\$ 16,330,909</u>

Long-term Debt

Long-term debt in the governmental activities consists of compensated absences, net pension liability, and capital leases. The governmental activities reduced their outstanding debt by \$37,065 by making payments on the capital leases.

The business-type activities reduced their outstanding debt by \$108,000 by making payments on outstanding bonds payable.

The Series 2015 bonds were refinanced during the year; the new settlement amount of the Series 2018 bonds are \$839,000.

Governmental Activities:	Balance 06/30/18	Additions	Reductions	Balance 06/30/19	Amounts Due Within One Year
Capital Leases	\$ 186,265	\$ -	\$ (37,065)	\$ 149,200	\$ 66,159
Net Pension Liability	567,963	402,052	-	970,015	-
Compensated Absences	91,633	15,529	-	107,162	107,162
<i>Total Governmental Activities</i>	<u>\$ 845,861</u>	<u>\$ 417,581</u>	<u>\$ (37,065)</u>	<u>\$ 1,226,377</u>	<u>\$ 173,321</u>

PLEASANT VIEW CITY, UTAH
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2019

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION (cont'd)

Long-term Debt (cont'd)

	Balance 06/30/18	Additions	Reductions	Balance 06/30/19	Amounts Due Within One Year
Business-type Activities:					
Water Revenue Bonds, Series 2012	\$ 556,000	\$ -	\$ (105,000)	\$ 451,000	\$ 108,000
Water Revenue Bonds, Series 2015	815,000		(815,000)	-	-
Water Revenue Bonds, Series 2018	-	839,000	-	839,000	44,000
Total Debt	1,371,000	839,000	(920,000)	1,290,000	152,000
Net Pension Liability	125,069	110,514	-	235,583	-
Compensated Absences	17,695	2,543	-	20,238	20,238
<i>Total Business-type Activities</i>	<u>\$ 1,513,764</u>	<u>\$ 952,057</u>	<u>\$ (920,000)</u>	<u>\$1,545,821</u>	<u>\$ 172,238</u>

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Pleasant View 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:

Pleasant View City
520 West Elberta Drive
Pleasant View, Utah 84414

PLEASANT VIEW CITY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,607,635	\$ 5,033,470	\$ 8,641,105
Accounts Receivable (Net of Allowance for Uncollectibles)	279,931	276,354	556,285
Accounts Receivable - Intergovernmental	1,204,025	-	1,204,025
Inventory	-	20,000	20,000
Restricted Cash	1,876,780	1,809,009	3,685,789
Prepaid Expenses	-	52,980	52,980
Net Pension Asset	-	-	-
Capital Assets, Net of Accumulated Depreciation:			
Land	939,732	475,914	1,415,646
Construction in Progress	2,447,577	212,135	2,659,712
Land Improvements	2,124,328	-	2,124,328
Buildings	1,364,683	684,900	2,049,583
Machinery and Equipment	572,381	378,366	950,747
Utility Systems	-	14,579,594	14,579,594
Infrastructure	12,369,062	-	12,369,062
Total Capital Assets, Net	19,817,763	16,330,909	36,148,672
Total Assets	26,786,134	23,522,722	50,308,856
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Relating to Pension	463,023	118,709	581,732
Total Deferred Outflows of Resources	463,023	118,709	581,732
LIABILITIES			
Accounts Payable	253,428	53,869	307,297
Customer Deposits	291,953	125,003	416,956
Other Accrued Liabilities	43,936	-	43,936
Noncurrent Liabilities:			
Due Within One Year	173,321	172,238	345,559
Due in More Than One Year	83,041	1,138,000	1,221,041
Net Pension Liability	970,015	235,583	1,205,598
Total Liabilities	1,815,694	1,724,693	3,540,387
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Relating to Pensions	43,292	7,541	50,833
Unavailable Revenue - Property Taxes	756,865	-	756,865
Unavailable Revenue - Grants	33,907	-	33,907
Total Deferred Inflows of Resources	834,064	7,541	841,605
NET POSITION			
Net Investment in Capital Assets	19,668,563	15,023,716	34,692,279
Restricted For:			
Class "C" Roads	468,524	-	468,524
Transportation Tax	177,648	-	177,648
Alcoholic Beverage Enforcement and Treatment	7,119	-	7,119
Park Development Impact Fee	-	-	-
Redevelopment	1,382,326	-	1,382,326
City Hall Building	100,232	-	100,232
Sewer Impact Fees	-	361,705	361,705
Storm Sewer Impact Fees	-	1,447,304	1,447,304
Unrestricted	2,794,987	5,076,472	7,871,459
Total Net Position	\$ 24,599,399	\$ 21,909,197	\$ 46,508,596

The accompanying notes are an integral part of these financial statements.

PLEASANT VIEW CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Revenues			Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities							
General Government	\$ 967,473	\$ 52,716	\$ 697,160	\$ -	\$ (217,597)	\$ -	\$ (217,597)
Public Safety	1,408,734	126,342	7,922	-	(1,274,470)	-	(1,274,470)
Public Works	1,474,704	633,496	418,286	425,079	2,157	-	2,157
Parks and Recreation	442,922	47,761	-	169,719	(225,442)	-	(225,442)
Total Governmental Activities	4,293,833	860,315	1,123,368	594,798	(1,715,352)	-	(1,715,352)
Business-type Activities							
Storm Sewer	363,466	561,274	-	12,396	-	210,204	210,204
Solid Waste	448,257	455,453	-	-	-	7,196	7,196
Water	990,155	1,106,040	-	16,070	-	131,955	131,955
Sewer	947,713	1,058,480	-	16,838	-	127,605	127,605
Total Business-type Activities	2,749,591	3,181,247	-	45,304	-	476,960	476,960
Total Government	\$ 7,043,424	\$ 4,041,562	\$ 1,123,368	\$ 640,102	(1,715,352)	476,960	(1,238,392)
General Revenues:							
Taxes							
					828,739	-	828,739
					1,410,548	-	1,410,548
					62,539	-	62,539
					686,406	-	686,406
					-	-	-
					135,963	174,151	310,114
					129,508	-	129,508
					3,253,703	174,151	3,427,854
Total General Revenues and Transfers							
Change in Net Position							
					1,538,351	651,111	2,189,462
Net Position at Beginning of Year, As Restated							
					23,061,048	21,258,086	44,319,134
Net Position at End of Year							
					\$ 24,599,399	\$ 21,909,197	\$ 46,508,596

The accompanying notes are an integral part of these financial statements.

PLEASANT VIEW CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

	General	Roads (Capital)	Equipment Replacement (Capital)	RDA	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 1,012,563	\$ 571,605	\$ 1,696,953	\$ -	\$ 326,514	\$ 3,607,635
Restricted Cash	653,291	-	-	1,123,257	100,232	1,876,780
Accounts Receivable	183	18,155	-	261,593	-	279,931
Accounts Receivable - Intergovernmental	1,204,025	-	-	-	-	1,204,025
TOTAL ASSETS	\$ 2,870,062	\$ 589,760	\$ 1,696,953	\$ 1,384,850	\$ 426,746	\$ 6,968,371
LIABILITIES						
Accounts Payable	\$ 123,680	\$ 54,251	\$ 1,020	\$ 2,524	\$ 71,953	\$ 253,428
Customer Deposits	291,953	-	-	-	-	291,953
Other Accrued Liabilities	43,936	-	-	-	-	43,936
TOTAL LIABILITIES	459,569	54,251	1,020	2,524	71,953	589,317
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	756,865	-	-	-	-	756,865
Unavailable Revenue - Grants	-	33,907	-	-	-	33,907
TOTAL DEFERRED INFLOWS OF RESOURCE	756,865	33,907	-	-	-	790,772
FUND BALANCES						
Restricted for:						
Class C Roads	468,524	-	-	-	-	468,524
Transportation Tax	177,648	-	-	-	-	177,648
Park Development Impact Fees	-	-	-	-	-	-
Alcoholic Beverage Enforcement and Treatment	7,119	-	-	-	-	7,119
Redevelopment	-	-	-	1,382,326	-	1,382,326
City Hall Building	-	-	-	-	100,232	100,232
Assigned for:						
Park Improvements	-	-	-	-	254,561	254,561
Equipment Replacement	-	-	1,163,470	-	-	1,163,470
Roads and Sidewalks	-	438,653	-	-	-	438,653
Unassigned	1,000,337	62,949	532,463	-	-	1,595,749
TOTAL FUND BALANCES	1,653,628	501,602	1,695,933	1,382,326	354,793	5,588,282
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,870,062	\$ 589,760	\$ 1,696,953	\$ 1,384,850	\$ 426,746	\$ 6,968,371

The accompanying notes are an integral part of these financial statements.

PLEASANT VIEW CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

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

Total fund balances--total governmental funds	\$ 5,588,282
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the fund fund financial statements.	19,817,763
Net pension assets used in governmental activities are not financial resources and , therefore, are not reported in the funds.	-
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.	463,023
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements. Those liabilities consist of:	
Compensated Absences	(107,162)
Net Pension Liability	(970,015)
Lease Obligations	(149,200)
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.	(43,292)
Net position of governmental activities	<u>\$ 24,599,399</u>

The accompanying notes are an integral part of these financial statements.

PLEASANT VIEW CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General	Roads (Capital)	Equipment Replacement (Capital)	RDA	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 2,944,896	\$ -	\$ -	\$ -	\$ -	\$ 2,944,896
Licenses and Permits	196,112	-	-	43,336	-	239,448
Intergovernmental	601,342	386,812	-	31,981	137,271	1,157,406
Charges for Services	164,756	167,055	-	697,160	-	1,028,971
Fines	126,342	-	-	-	-	126,342
Impact Fees	-	-	-	-	32,448	32,448
Interest Income	46,814	11,999	38,098	-	7,071	103,982
Other Revenues	77,694	66,189	16,541	-	-	160,424
Total Revenues	4,157,956	632,055	54,639	772,477	176,790	5,793,917
EXPENDITURES						
Current Operating:						
General Government	812,706	2,909	17,194	144,147	(77,544)	899,412
Public Safety	1,279,134	-	9,535	-	-	1,288,669
Public Works	755,015	261,772	8,323	567,208	(567,208)	1,025,110
Parks and Recreation	347,862	-	-	-	26,763	374,625
Debt Service						
Principal	-	-	37,065	-	-	37,065
Interest and Fees	-	-	4,564	-	-	4,564
Capital Outlay						
General Government	-	-	18,800	-	77,544	96,344
Public Safety	17,036	-	3,537	-	-	20,573
Public Works	243,938	304,427	6,085	-	567,208	1,121,658
Parks and Recreation	-	-	34,073	-	332,585	366,658
Total Expenditures	3,455,691	569,108	139,176	711,355	359,348	5,234,678
Excess of Revenues Over (Under) Expenditures	702,265	62,947	(84,537)	61,122	(182,558)	559,239
OTHER FINANCING SOURCES (USES)						
Transfers-In	-	-	617,000	-	200,000	817,000
Transfers-Out	(817,000)	-	-	-	-	(817,000)
Total Other Financing Sources (Uses)	(817,000)	-	617,000	-	200,000	-
Net Change in Fund Balances	(114,735)	62,947	532,463	61,122	17,442	559,239
Fund Balances at Beginning of Year	1,768,363	438,655	1,163,470	1,321,204	337,351	5,029,043
Fund Balances at End of Year	\$ 1,653,628	\$ 501,602	\$ 1,695,933	\$ 1,382,326	\$ 354,793	\$ 5,588,282

The accompanying notes are an integral part of these financial statements.

PLEASANT VIEW CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balance, total governmental funds	\$	559,239
--	----	---------

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

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

Capital Outlays	1,605,233	
Depreciation Expense	<u>(600,291)</u>	1,004,942

The liabilities for compensated absences are not recorded in the governmental funds, but are reported in the statement of net position. This is the current year change in the liability, reported as an expense in the statement of activities.	(15,529)
--	----------

Capital assets contributed by developers constitute revenues on the government-wide	38,267
---	--------

The governmental funds report the proceeds from the sale of assets

as revenues, while the government-wide financial statements report the difference between the sale proceeds and the net book value of the assets sold as a gain or loss.
Net book value of assets sold

The Statement of Activities includes the net pension benefit (expense) from the adoption of GASB 68, which is not included in the fund financial statements.	(85,633)
--	----------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. This amount is the net effect of these differences in the treatment of long term debt.

Issuance of Debt	-	
Repayment of Debt	<u>37,065</u>	

Change in net position of governmental activities	\$	<u>1,538,351</u>
---	----	------------------

The accompanying notes are an integral part of these financial statements.

PLEASANT VIEW CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Storm Sewer	Solid Waste
ASSETS		
Current Assets:		
Cash	\$ 976,984	\$ 110,847
Accounts Receivable (Net)	46,662	48,783
Prepaid Expenses	-	-
Inventory	-	-
Total Current Assets	<u>1,023,646</u>	<u>159,630</u>
Noncurrent Assets:		
Restricted Cash	1,447,304	-
Net Pension Asset	-	-
Capital Assets, Net of Accumulated Depreciation:		
Land	66,331	-
Construction in Progress	208,268	-
Buildings	114,374	-
Utility Systems	4,778,704	-
Machinery and Equipment	100,461	17,193
Total Capital Assets, Net	<u>5,268,138</u>	<u>17,193</u>
Total Noncurrent Assets	<u>6,715,442</u>	<u>17,193</u>
Total Assets	<u>7,739,088</u>	<u>176,823</u>
Deferred Outflows of Resources:		
Deferred Outflows of Resources Relating to Pensions	33,065	13,232
Total Assets and Deferred Outflows of Resources	<u>7,772,153</u>	<u>190,055</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	10,159	38,215
Customer Deposits	-	-
Current Portion of Long-Term Obligations	8,627	2,239
Total Current Liabilities	<u>18,786</u>	<u>40,454</u>
Noncurrent Liabilities:		
Long-Term Obligations, Net of Current Portion	-	-
Net Pension Liability	68,763	25,803
Total Liabilities	<u>87,549</u>	<u>66,257</u>
Deferred Inflows of Resources:		
Deferred Inflows of Resources Relating to Pensions	4,600	1,057
Total Liabilities and Deferred Inflows of Resources	<u>92,149</u>	<u>67,314</u>
NET POSITION		
Net Investment in Capital Assets	5,268,138	-
Restricted for Impact Fees	1,447,304	-
Restricted Bond Proceeds	-	-
Unrestricted	964,562	122,741
Total Net Position	<u>\$ 7,680,004</u>	<u>\$ 122,741</u>

The accompanying notes are an integral part of these financial statements.

Water	Sewer	Total
\$ 2,266,083	\$ 1,679,556	\$ 5,033,470
75,141	105,768	276,354
52,980	-	52,980
20,000	-	20,000
2,414,204	1,785,324	5,382,804
-	361,705	1,809,009
-	-	-
409,583	-	475,914
3,867	-	212,135
527,526	43,000	684,900
7,134,432	2,666,458	14,579,594
195,512	65,200	378,366
8,270,920	2,774,658	16,330,909
8,270,920	3,136,363	18,139,918
10,685,124	4,921,687	23,522,722
46,386	26,026	118,709
10,731,510	4,947,713	23,641,431
5,000	495	53,869
124,403	600	125,003
156,454	4,918	172,238
285,857	6,013	351,110
1,138,000	-	1,138,000
92,521	48,496	235,583
1,516,378	54,509	1,724,693
(982)	2,866	7,541
1,515,396	57,375	1,732,234
6,980,920	2,774,658	15,023,716
-	361,705	1,809,009
-	-	-
2,235,194	1,753,975	5,076,472
\$ 9,216,114	\$ 4,890,338	\$ 21,909,197

PLEASANT VIEW CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Storm Sewer</u>	<u>Solid Waste</u>
Operating Revenues:		
Charges for Services	\$ 399,184	\$ 453,129
Other Operating Revenues	-	2,324
Total Operating Revenues	<u>399,184</u>	<u>455,453</u>
Operating Expenses:		
Personnel Services	133,415	63,178
Contractual Services	-	366,615
Office Supplies and Expense	7,356	4,306
Supplies	708	-
Lease	1,905	-
Professional Services	43,667	575
Utilities	738	-
Equipment and Maintenance	19,902	10,026
Depreciation	155,775	3,557
Total Operating Expenses	<u>363,466</u>	<u>448,257</u>
Operating Income (Loss)	<u>35,718</u>	<u>7,196</u>
Nonoperating Revenues (Expenses)		
Impact Fees	162,090	-
Interest Revenue	60,849	2,864
Gain or (Loss) on Disposition of Asset	-	-
Interest Expense	-	-
Total Nonoperating Revenues (Expenses)	<u>222,939</u>	<u>2,864</u>
Net Income (Loss) Before Contributions and Transfers	258,657	10,060
Transfers In (Out)	-	-
Capital Contributions	12,396	-
Change in Net Position	<u>271,053</u>	<u>10,060</u>
Total Net Position - Beginning	<u>7,408,951</u>	<u>112,681</u>
Total Net Position - Ending	<u><u>\$ 7,680,004</u></u>	<u><u>\$ 122,741</u></u>

The accompanying notes are an integral part of these financial statements.

Water	Sewer	Total
\$ 958,374	\$ 1,022,815	\$ 2,833,502
45,113	-	47,437
1,003,487	1,022,815	2,880,939
298,789	107,839	603,221
103,832	664,107	1,134,554
12,025	9,065	32,752
2,045	764	3,517
1,905	1,905	5,715
29,881	5,827	79,950
47,419	1,080	49,237
186,064	57,639	273,631
249,104	99,487	507,923
931,064	947,713	2,690,500
72,423	75,102	190,439
102,553	35,665	300,308
58,177	52,261	174,151
(59,091)	-	(59,091)
101,639	87,926	415,368
174,062	163,028	605,807
-	-	-
16,070	16,838	45,304
190,132	179,866	651,111
9,025,982	4,710,472	21,258,086
<u>\$ 9,216,114</u>	<u>\$ 4,890,338</u>	<u>\$ 21,909,197</u>

PLEASANT VIEW CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Storm Sewer	Solid Waste
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 399,020	\$ 450,453
Cash Paid to Suppliers	(195,954)	(365,253)
Cash Paid to Employees	(127,499)	(60,478)
Net Cash Provided (Used) by Operating Activities	<u>75,567</u>	<u>24,722</u>
Cash Flows from Noncapital Financing Activities		
Transfers In/Out	-	-
Net Cash Used in Noncapital Financing Activities	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Capital Assets	(53,354)	(20,750)
Bond Proceeds	-	-
Principal Payments - Bonds	-	-
Proceeds From Sale of Assets	-	-
Interest Paid	-	-
Impact Fees Collected	162,090	-
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>108,736</u>	<u>(20,750)</u>
Cash Flows from Investing Activities		
Interest on Investments	60,849	2,864
Net Cash Provided by Investing Activities	<u>60,849</u>	<u>2,864</u>
Net Increase (Decrease) in Cash	245,152	6,836
Cash - July 1	2,179,136	104,011
Cash - June 30	<u>\$ 2,424,288</u>	<u>\$ 110,847</u>
As Reported on the Statement of Net Position:		
Cash	976,984	110,847
Restricted Cash	1,447,304	-
	<u>\$ 2,424,288</u>	<u>\$ 110,847</u>
Reconciliation of Operating Income (Loss) to Net		
Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 35,718	\$ 7,196
Adjustments to Reconcile Operating Income (Loss)		
to Net Cash Provided by Operating Activities		
Depreciation	155,775	3,557
Changes in Assets and Liabilities:		
Accounts Receivable	(164)	(5,000)
Prepaid Expenses	-	-
Net Pension Liability	5,327	2,464
Customer Deposits	-	-
Compensated Absences	589	236
Accounts Payable	(121,678)	16,269
Net Cash Provided by Operating Activities	<u>\$ 75,567</u>	<u>\$ 24,722</u>
Noncash investing and financing activities:		
Capital Contributions	\$ 12,396	\$ -

The accompanying notes are an integral part of these financial statements.

Water	Sewer	Total
\$ 990,317	\$ 1,031,075	\$ 2,870,865
(396,019)	(740,711)	(1,697,937)
(285,710)	(103,460)	(577,147)
308,588	186,904	595,781
-	-	-
-	-	-
(160,352)	(46,532)	(280,988)
839,000	-	839,000
(920,000)	-	(920,000)
-	-	-
(59,091)	-	(59,091)
102,553	35,665	300,308
(197,890)	(10,867)	(120,771)
58,177	52,261	174,151
58,177	52,261	174,151
168,875	228,298	649,161
2,097,208	1,812,963	6,193,318
\$ 2,266,083	\$ 2,041,261	\$ 6,842,479
2,266,083	1,679,556	5,033,470
-	361,705	1,809,009
\$ 2,266,083	\$ 2,041,261	\$ 6,842,479
\$ 72,423	\$ 75,102	\$ 190,439
249,104	99,487	507,923
(17,167)	8,260	(14,071)
(2,129)	-	(2,129)
11,600	4,140	23,531
3,997	600	4,597
1,479	239	2,543
(10,719)	(324)	(116,452)
\$ 308,588	\$ 187,504	\$ 596,381
\$ 16,070	\$ 16,838	\$ 45,304

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

Pleasant View City is incorporated under the laws of the State of Utah and operates within the classification of a fifth-class City. The City government is operated under a mayor and five-member council who are elected for four-year terms. Appointed officers are the city recorder, city treasurer, and the police chief. In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government and no component units.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The City has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the City has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the City are discussed below.

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.

B. Basic Financial Statements

The City's basic financial statements consist of the government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

Statement of Net Position - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end.

Statement of Activities - The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (continued)

Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts.

There are three categories of funds: governmental, proprietary, and fiduciary. The following fund types are used by the City:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following describes the major governmental fund of the City:

General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Road (Capital Projects) fund is used to accumulate and spend financial resources for the construction and improvements on roads that are not business-type.

Equipment Replacement (Capital Projects) fund is used to accumulate and spend financial resources for new equipment and other new capital facilities and improvements that are not business-type.

The following describes the nonmajor governmental funds of the City:

Park Development (Capital Projects) fund is used to account for financial resources to be used for the acquisition or construction of park improvements as designate by the governing body (other than those financed by business-type/proprietary funds).

Redevelopment fund helps eliminate "blighted" areas within the designated project area. The City receives tax increment revenue for the fund. The Redevelopment Fund is a special revenue fund

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (continued)

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's various departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The following is a description of the proprietary funds of the City.

Enterprise Funds account for those operations that are financed and operated in a manner similar to private business enterprises or where the governing body had decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City's enterprise funds include the water fund, sewer fund, storm sewer, and the solid waste fund.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time liability is incurred. Fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available").

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus/Basis of Accounting (continued)

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, and interest are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

E. Assets, Liabilities and Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

3. Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

4. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (continued)

5. Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Interest has not been capitalized during the construction period on property, plant and equipment.

The City capitalizes assets with an original cost of \$2,500 or more and a useful life of more than three years, except for infrastructure. Land improvements with an original cost of \$12,500 or more are capitalized. Buildings and building improvements with an original cost of \$25,000 or more and infrastructure with an original cost of \$100,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50
Utility Systems	50
Infrastructure	50
Machinery & Equipment	5-20

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

6. Pensions:

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

7. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred contributions and differences between projected and actual earnings on its pension plan assets.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (continued)

7. Deferred Outflows and Inflows of Resources (continued)

In addition to liabilities, the statement of net position reports 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two types of items reported under this category. First, unavailable revenue-property taxes are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. The second type is related to the City's pension plan. The City participates in the Utah Retirement Systems and has deferred inflows of resources associated with differences between expected and actual experience and changes in assumptions.

8. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. If an employee has more than 20 years of service with the Utah Retirement System, the city accrues 20% of the employee's available sick leave hours. Vacation pay is accrued when incurred and is reported as a liability. Amounts not expected to be liquidated with expendable available financial resources are reported in the Statement of Net Position as a noncurrent liability.

9. Long-term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of notes payable and bonds payable.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

10. Equity Classifications

Fund financial statements

In February 2009, GASB issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

- a. Non-spendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (continued)

10. Equity Classifications (continued)

- b. Restricted fund balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors, or contributors.
- c. Committed fund balance – Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City Council likewise formally changes the use.
- d. Assigned fund balance – Fund balances are reported as assigned when the City Council or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance – Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for 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.

Government-wide Statements

Equity is classified as net position and displayed in three components:

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

It is the City’s policy to first apply restricted resources rather than unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (continued)

11. Interfund Transactions

Interfund services provided and used are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursement, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as non-operating transfers.

12. Property Tax

Real property taxes are collected by the County Treasurer and remitted to the City after collection. Taxes are due and payable on November 1st and delinquent after 12 o'clock noon on November 30th of each year. The tax levy is established by June 15th with a lien date of January 1st. Property tax revenue is not recognized when levied, because it is not expected to be collected within 60 days after the end of the fiscal year and is not available for use in the year in which the taxes are levied.

13. Operating Revenues and Expenses

Operating revenues and expenses in the proprietary funds consist of those revenues that result from the ongoing principal operations of the City. Operating revenues consist of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary activities.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Information

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act for Utah cities" by the Pleasant View City Municipal Council prior to June 22nd for the following fiscal year, which begins on July 1. Budgets may be increased by resolution of the Municipal Council at any time during the year, following a public hearing. Budgets are adopted at sub-department levels; however budget amendments by resolution are generally required only if the department desires to exceed its total budget appropriation.

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

1. On or before the first regularly scheduled council meeting in May, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to the formal adoption of the budget the City Council will hold budget workshop meetings, which are open to the public.
3. Prior to June 22nd the City Council sets a date for a public budget hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection 7 days prior to the budget hearing. At the conclusion of the budget hearing the budget, as amended, is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Funds.
5. Budgets for the General Fund are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgets for the proprietary fund types are prepared using the accrual basis of accounting except that depreciation for all proprietary fund types is not budgeted. Budgeted amounts are as originally adopted, or as amended by the City Council during the fiscal year.
6. Unencumbered budget appropriations lapse at the end of the fiscal year.

B. Fund Equity Restrictions

Restricted for Class "C" Road - Restriction required to be kept that accounts for the receipt of class "C" road revenues and expenditures.

Restricted for Alcoholic Beverage Enforcement and Treatment - Restriction required to be kept that accounts for the receipt of State Liquor revenues and expenditures.

Restricted for Impact Fees - The City Council passed an ordinance providing for specific impact fees on all new construction. Impact fees include fees for fire, parks (open space and park development), sanitary sewer, water, and storm sewer. These fees are to be restricted for costs of development.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Fund Equity Restrictions (continued)

Restricted for Redevelopment - The Redevelopment Fund receives property taxes with the intent to spend the funds on redeveloping the City.

Restricted for Grants - The City receives grants associated with specific equipment purchases or construction projects.

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. Deposits and Investments

Deposits & Investments

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by some of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of City funds in a "qualified depository".

The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2019, \$523 of the City's bank balances of \$320,229 was uninsured and uncollateralized.

Investments

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

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

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

A. Deposits and Investments (continued)

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

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

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

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

Fair Value of Investments

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

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

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

A. Deposits and Investments (continued)

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

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 12,146,456	\$ -	\$ 12,146,456	\$ -
Total debt securities	\$ 12,146,156	\$ -	\$ 12,146,456	\$ -

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

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2019 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

Interest Rate Risk

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

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	\$12,146,456	\$12,146,456	-	-	-
	\$12,146,456	\$12,146,456	-	-	-

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

A. Deposits and Investments (continued)

Credit Risk

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

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

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	12,146,456	-	-	-	12,146,456
	12,146,456	-	-	-	12,146,456

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Cash on hand and on deposit:	
Deposits	\$ 180,438
PTIF investment	12,146,456
Total cash and investments	<u>\$ 12,326,894</u>

Cash and investments are included in the accompanying
combined statement of net position as follows:

Cash and cash equivalents	\$ 8,641,105
Restricted cash	3,685,789
Total cash and investments	<u>\$ 12,326,894</u>

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

B. Accounts Receivable

Intergovernmental accounts receivable for the City, including the applicable allowance for uncollectible accounts at June 30, 2019, are as follows:

Intergovernmental Activities:	<u>General</u>
Receivables:	
Sales Tax	\$ 265,326
Class C Road	87,994
Property Tax	15,558
Deferred Property Tax	756,865
Other Taxes	<u>78,282</u>
Gross receivables	1,204,025
Less: Allowance for uncollectibles	<u>-</u>
Net total receivables	<u><u>\$ 1,204,025</u></u>

The Accounts Receivables in the Proprietary funds have the following balances:

Business-type Activities:	<u>Storm Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Accounts Receivables	\$ 47,662	\$ 76,469	\$ 107,768	\$ 49,783	\$ 281,682
Less: Allowance for uncollectibles	<u>(1,000)</u>	<u>(1,328)</u>	<u>(2,000)</u>	<u>(1,000)</u>	<u>(5,328)</u>
Net total receivables	<u><u>\$ 46,662</u></u>	<u><u>\$ 75,141</u></u>	<u><u>\$ 105,768</u></u>	<u><u>\$ 48,783</u></u>	<u><u>\$ 276,354</u></u>

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

C. Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 862,188	\$ 77,544	\$ -	\$ 939,732
Construction in Progress	2,276,405	1,231,966	(1,060,794)	2,447,577
Total capital assets, not being depreciated	3,138,593	1,309,510	(1,060,794)	3,387,309
Capital assets, being depreciated				
Land Improvements	2,579,282	-	-	2,579,282
Buildings	1,935,475	-	-	1,935,475
Machinery & Equipment	1,951,040	64,729	(145,179)	1,870,590
Infrastructure	14,676,691	1,330,055	-	16,006,746
Total capital assets, being depreciated	21,142,488	1,394,784	(145,179)	22,392,093
Accumulated Depreciation for:				
Land Improvements	(399,979)	(54,975)	-	(454,954)
Buildings	(529,619)	(41,173)	-	(570,792)
Machinery & Equipment	(1,254,684)	(188,704)	145,179	(1,298,209)
Infrastructure	(3,322,245)	(315,439)	-	(3,637,684)
Total accumulated depreciation	(5,506,527)	(600,291)	145,179	(5,961,639)
Total capital assets, being depreciated, net	15,635,961	794,493	-	16,430,454
Governmental activities capital assets, net	<u>\$ 18,774,554</u>	<u>\$ 2,104,003</u>	<u>\$(1,060,794)</u>	<u>\$ 19,817,763</u>

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

Governmental Activities:

General Government	\$ 32,421
Public Safety	74,513
Public Works	433,826
Parks and Recreation	59,531
Total Depreciation Expense	<u>\$ 600,291</u>

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

C. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 475,914	\$ -	\$ -	\$ 475,914
Construction in Progress	182,381	31,692	(1,938)	212,135
Total capital assets, not being depreciated	658,295	31,692	(1,938)	688,049
Capital assets, being depreciated				
Buildings	1,123,695	-	-	1,123,695
Utility Systems	20,014,917	123,038	-	20,137,955
Machinery & Equipment	847,040	174,100	(14,023)	1,007,117
Total capital assets, being depreciated	21,985,652	297,138	(14,023)	22,268,767
Accumulated Depreciation for:				
Buildings	(417,600)	(21,195)	-	(438,795)
Utility Systems	(5,143,989)	(414,372)	-	(5,558,361)
Machinery & Equipment	(570,418)	(72,356)	14,023	(628,751)
Total accumulated depreciation	(6,132,007)	(507,923)	14,023	(6,625,907)
Total capital assets, being depreciated, net	15,853,645	(210,785)	-	15,642,860
Business-type activities capital assets, net	<u>\$ 16,511,940</u>	<u>\$ (179,093)</u>	<u>\$ (1,938)</u>	<u>\$ 16,330,909</u>

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

Business-type Activities:

Storm Sewer	\$ 155,775
Solid Waste	3,557
Water	249,104
Sewer	99,487
Total Depreciation Expense	<u>\$ 507,923</u>

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

D. Interfund Transfers/Balances

Transfers for the year June 30, 2019 were as follows:

Transfers Out	Transfers In			
	Equipment Replacement (Capital)	Park Development (Capital)	City Hall Building	Total
General Fund	\$ 617,000	\$ 100,000	\$ 100,000	\$ 817,000
Totals	\$ 617,000	\$ 100,000	\$ 100,000	\$ 817,000

The above transfers resulted from the normal course of the City's operation.

E. Long-Term Liabilities

Changes in Long-Term Liabilities - During the year, the following changes occurred in long-term liabilities for the governmental activities:

Governmental Activities:	Balance 06/30/18	Additions	Reductions	Balance 06/30/19	Amounts Due Within One Year
Capital Leases	\$ 186,265	\$ -	\$ (37,065)	\$ 149,200	\$ 66,159
Net Pension Liability	567,963	402,052	-	970,015	-
Compensated Absences	91,633	15,529	-	107,162	107,162
<i>Total Governmental Activities</i>	<u>\$ 845,861</u>	<u>\$ 417,581</u>	<u>\$ (37,065)</u>	<u>\$ 1,226,377</u>	<u>\$ 173,321</u>

The annual lease obligations are as follows:

Year	Ford Explorer Lease Purchase		
	Principal	Interest	Total
2020	\$ 4,113	\$ 651	\$ 4,764
2021	6,312	537	6,849
2022	6,486	363	6,849
2023	6,665	184	6,849
	<u>\$ 23,576</u>	<u>\$ 1,735</u>	<u>\$ 25,311</u>

Year	Equipment Lease Purchase - 5 Trucks		
	Principal	Interest	Total
2020	\$ 62,046	\$ 2,950	\$ 64,996
2021	63,578	1,492	65,070
	<u>\$ 125,624</u>	<u>\$ 4,442</u>	<u>\$ 130,066</u>

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

E. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities - During the year, the following changes occurred in long-term liabilities for the business-type activities:

Business-type Activities:	Balance 06/30/18	Additions	Reductions	Balance 06/30/19	Amounts Due Within One Year
Water Revenue Bonds, Series 2012	\$ 556,000	\$ -	\$ (105,000)	\$ 451,000	\$ 108,000
Water Revenue Bonds, Series 2015	815,000		(815,000)	-	-
Water Revenue Bonds, Series 2018	-	839,000	-	839,000	44,000
Total Debt	1,371,000	839,000	(920,000)	1,290,000	152,000
Net Pension Liability	125,069	110,514	-	235,583	-
Compensated Absences	17,695	2,543	-	20,238	20,238
<i>Total Business-type Activities</i>	<u>\$ 1,513,764</u>	<u>\$ 952,057</u>	<u>\$ (920,000)</u>	<u>\$1,545,821</u>	<u>\$ 172,238</u>

Water Revenue Bond, Series 2012. The City issued Series 2012 bonds to provide funds for improvements and construction of a culinary water project. The total settlement amount is \$1,144,000.

The Series bonds' interest rate is set at 1.74% and is due semi-annually on April 1st and October 1st.
Principal payments are due on October 1st of each year.
The bonds mature on October 1, 2023.

\$ 451,000

The annual requirements to amortize the obligation are as follows:

Year Ended June 30,	Series 2012 Water Bonds		
	Principal	Interest	Total
2020	\$ 108,000	\$ 7,848	\$ 115,848
2021	112,000	5,968	117,968
2022	114,000	4,020	118,020
2023	117,000	2,036	119,036
Totals	<u>\$ 451,000</u>	<u>\$ 19,872</u>	<u>\$ 470,872</u>

Water Revenue Bond, Series 2015. The City issued Series 2015 bonds to provide funds for improvements and construction of a culinary water project. The total settlement amount is \$966,000.

The Series bonds' interest rate is set at 1.74% and is due semi-annually on April 1st and October 1st.
Principal payments are due on October 1st of each year.
The bonds mature on October 1, 2034.

\$ 815,000

The bond was refinanced in 2018 into the Series 2018 water revenue bond.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

Water Revenue Bond, Series 2018. The City refinanced the Series 2015 bonds on September 25, 2018. The settlement amount is \$839,000

The Series bonds' interest rate is set at 3.30% and is due semi-annually on April 1st and October 1st.
Principal payments are due on October 1st of each year.
The bonds mature on October 1, 2033.

\$ 839,000

The annual requirements to amortize the obligation are as follows:

Year Ended June 30,	Series 2018 Water Bonds		
	Principal	Interest	Total
2020	\$ 44,000	\$ 26,961	\$ 70,961
2021	45,000	25,493	70,493
2022	47,000	23,975	70,975
2023	48,000	22,407	70,407
2024	51,000	20,774	71,774
2025-2029	279,000	77,336	356,336
2030-2034	325,000	27,440	352,440
Totals	<u>\$ 839,000</u>	<u>\$ 224,384</u>	<u>\$ 1,063,384</u>

F. Redevelopment Agency

In 2002, the City created a redevelopment agency fund to account for revenues derived from specific taxes, which are designated to finance particular functions of the city. The actual expenditures for the fund consisted of the following:

1. \$33,637 for professional and technical expenses.
2. \$3,177 for memberships and subscriptions and supplies.
3. \$62,197 as tax incentives to businesses.
4. \$77,544 in property acquisition.
5. \$534,801 for construction work on Rulon White Blvd.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

G. Pension Plan

General Information about the Pension Plan

Plan Description:

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

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The 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.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

G. Pension Plan (continued)

Summary of Benefits by System:

Benefits provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% 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 Firefighter System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65*	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

Contribution Rate Summary:

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

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

G. Pension Plan (continued)

Contribution rates are as follows:

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

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

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

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 121,911	N/A
Public Safety System	127,896	-
Tier 2 Public Employees System	30,734	-
Tier 2 Public Safety and Firefighter	18,158	-
Tier 2 DC Only System	2,714	-
	<u>\$ 301,413</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.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

G. Pension Plan (continued)

Pension Assets, Liabilities, Expense, and Deferred Outflows 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 \$1,205,064.

(Measurement Date): December 31, 2018

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2017	Change (Decrease)
Noncontributory System	\$ -	\$ 562,553	0.0763960%	0.0768539%	(0.0004579%)
Public Safety System	-	634,511	0.2466434%	0.2261499%	0.0204935%
Tier 2 Public Employees System	-	7,559	0.0176501%	0.0177256%	(0.0000755%)
Tier 2 Public Safety and Firefighter System	-	975	0.0389251%	0.0450631%	(0.0061380%)
Total Net Pension Asset/Liability	<u>\$ -</u>	<u>\$ 1,205,598</u>			

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

For the year ended June 30, 2019, we recognized pension expense of \$410,283.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,736	\$ 42,250
Changes in assumptions	151,119	172
Net difference between projected and actual earnings on pension plan investments	229,703	-
Changes in proportion and differences between contributions and proportionate share of contributions	39,654	8,411
Contributions subsequent to the measurement date	153,520	-
Total	<u>\$ 581,732</u>	<u>\$ 50,833</u>

\$153,520 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

G. Pension Plan (continued)

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2019	\$ 180,948
2020	54,914
2021	29,038
2022	109,058
2023	370
Thereafter	\$ 3,052

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.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

G. Pension Plan (continued)

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:

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

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

Discount Rate:

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was remained unchanged at 6.95 percent.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

G. Pension Plan (continued)

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 percent, as well as what the proportionate share of the net pension liability would be if it were calculated used a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,152,942	\$ 562,553	\$ 70,926
Public Safety System	1,243,754	634,511	139,940
Tier 2 Public Employees System	30,283	7,559	(9,978)
Tier 2 Public Safety and Firefighter	7,356	975	(3,908)
Total	\$ 2,434,335	\$ 1,205,598	\$ 196,980

Pension Plan Fiduciary Net Position:

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

Defined Contribution Savings Plans

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

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

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

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

G. Pension Plan (continued)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
401(k) Plan			
Employer Contributions	\$ 56,496	\$ 52,608	\$ 40,320
Employee Contributions	\$ 28,956	\$ 23,446	\$ 22,501
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 5,625	\$ 2,832	\$ 1,963
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 4,680	\$ 4,680	\$ 2,700
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 1,702	\$ 1,560	\$ 1,560

IV. OTHER INFORMATION

A. Deferred Revenue

Deferred revenues are funds where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The deferred revenue consists of two elements:

1. The City places a lien on property within its taxing jurisdiction for property taxes on January 1st. On that date the property taxes are recognized as a receivable, but are not recognized as revenue until the taxes have been levied and are within the year in which the taxes are to be used to finance the City's operations.
2. The City receives property taxes in advance of the year in which the taxes are to be used to finance the City's operations. These funds are recorded as deferred revenue.

Pleasant View City deferred revenue as of June 30, 2019 is as follows:

Property Taxes:	<u>Amount</u>
Subject to a lien	<u>\$ 756,865</u>
Total	<u><u>\$ 756,865</u></u>

3. Throughout the course of the year, the City was overpaid from a duplicate invoice request that was submitted to WACOG in relation to the Skyline Drive project. As of June 30, 2019 the total amount overpaid and recorded as deferred revenue was \$33,907.

PLEASANT VIEW CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Risk Management – Claims and Judgments

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The City maintains commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the prior year.

C. Stewardship, Compliance, and Accountability

State code requires the General fund to maintain its actual expenditures below an approved budget in each department. All the expenditures were within the budgeted amounts for the year ending June 30, 2019.

D. Subsequent Events

Subsequent events have been evaluated through December 5, 2019, the date the financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY INFORMATION**

PLEASANT VIEW CITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes:				
Current Year Property Taxes	\$ 744,250	\$ 763,000	\$ 771,978	\$ 8,978
Redemptions	13,000	11,500	13,425	1,925
Fee in Lieu	60,000	58,000	62,539	4,539
Sales and Use Taxes	1,332,000	1,436,000	1,410,548	(25,452)
Franchise Taxes	667,000	678,000	686,406	8,406
	<u>2,816,250</u>	<u>2,946,500</u>	<u>2,944,896</u>	<u>(1,604)</u>
Licenses and Permits:				
Business Licenses	13,400	14,000	14,327	327
Building Permits	143,000	175,000	174,612	(388)
Other Licenses	6,950	7,225	7,173	(52)
	<u>163,350</u>	<u>196,225</u>	<u>196,112</u>	<u>(113)</u>
Intergovernmental:				
Other Intergovernmental	175,075	183,875	175,134	(8,741)
Class "C" Road Fund Allotment	340,000	400,000	418,286	18,286
State Liquor Allotment	7,860	7,922	7,922	-
	<u>522,935</u>	<u>591,797</u>	<u>601,342</u>	<u>9,545</u>
Charges for Services:				
Inspection Fees	7,000	7,000	8,075	1,075
Plan Check Fees	81,000	94,000	95,220	1,220
Zoning and Subdivision Fees	10,000	11,200	13,400	2,200
Founder's Day	9,300	10,000	11,502	1,502
Park and Recreation Fees	36,000	37,100	36,259	(841)
Other Fees	1,550	1,350	300	(1,050)
	<u>144,850</u>	<u>160,650</u>	<u>164,756</u>	<u>4,106</u>
Fines and Forfeitures	<u>152,100</u>	<u>128,700</u>	<u>126,342</u>	<u>(2,358)</u>
Other Revenues:				
Interest Earnings	20,000	44,000	46,814	2,814
Rents and Concessions	31,800	31,660	30,916	(744)
Miscellaneous Revenue	13,600	22,400	46,778	24,378
	<u>65,400</u>	<u>98,060</u>	<u>124,508</u>	<u>26,448</u>
Total Revenues	<u>\$ 3,864,885</u>	<u>\$ 4,121,932</u>	<u>\$ 4,157,956</u>	<u>\$ 36,024</u>

(continued)

PLEASANT VIEW CITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Expenditures:				
General Government:				
Legislative	\$ 62,580	\$ 62,325	\$ 50,162	\$ 12,163
Judicial	141,100	138,600	129,985	8,615
Administration	322,635	320,680	298,971	21,709
Nondepartmental	242,105	209,405	189,006	20,399
Buildings	65,275	60,275	55,633	4,642
Elections	-	-	150	(150)
Planning and Zoning	96,180	98,780	88,799	9,981
	<u>929,875</u>	<u>890,065</u>	<u>812,706</u>	<u>77,359</u>
Public Safety:				
Police Department	1,313,360	1,320,260	1,291,372	28,888
Emergency Response	6,000	6,000	4,798	1,202
	<u>1,319,360</u>	<u>1,326,260</u>	<u>1,296,170</u>	<u>30,090</u>
Public Works				
Building Inspection	114,975	96,750	89,644	7,106
Shop	23,600	23,250	16,977	6,273
Streets	957,000	938,900	892,332	46,568
	<u>1,095,575</u>	<u>1,058,900</u>	<u>998,953</u>	<u>59,947</u>
Senior Citizen	9,000	9,000	9,000	-
Parks	229,200	223,050	210,159	12,891
Recreation	84,960	90,130	86,625	3,505
Community Promotion	42,730	43,850	42,078	1,772
Total Expenditures	<u>3,710,700</u>	<u>3,641,255</u>	<u>3,455,691</u>	<u>185,564</u>
Other financing sources (uses):				
Operating transfers in (out)	(280,000)	(817,000)	(817,000)	-
Appropriations of Class "C" Reserve	60,000	-	-	-
Appropriations of Fund Balances	65,815	336,323	-	336,323
Total other financing sources (uses)	<u>(154,185)</u>	<u>(480,677)</u>	<u>(817,000)</u>	<u>336,323</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	(114,735)	(114,735)
Fund Balance - July 1	<u>1,768,363</u>	<u>1,768,363</u>	<u>1,768,363</u>	-
Fund Balance - June 30	<u>\$ 1,768,363</u>	<u>\$ 1,768,363</u>	<u>\$ 1,653,628</u>	<u>\$ (114,735)</u>

PLEASANT VIEW CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS

JUNE 30, 2019

with a measurement date of December 31, 2018

Last 10 fiscal years*

	Noncontributory Retirement System	Contributory Retirement System	Public Safety System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement
Proportion of the net pension liability (asset)					
2019	0.0763960%	0.0000000%	0.2466434%	0.0176501%	0.0389251%
2018	0.0768539%	0.0000000%	0.2261499%	0.0177726%	0.0450631%
2017	0.0776186%	0.0000000%	0.2306201%	0.0082659%	0.0533640%
2016	0.0766137%	0.0000000%	0.2119931%	0.0069992%	0.0677873%
2015	0.0676524%	0.0000000%	0.1914426%	0.3020900%	0.0242549%
Proportion share of the net pension liability (asset)					
2019	\$ 562,559	\$ -	\$ 634,511	\$ 7,559	\$ 975
2018	\$ 336,720	\$ -	\$ 354,752	\$ 1,563	\$ (521)
2017	\$ 498,406	\$ -	\$ 467,992	\$ 922	\$ (463)
2016	\$ 433,518	\$ -	\$ 379,733	\$ (15)	\$ (990)
2015	\$ 293,763	\$ -	\$ 240,755	\$ (92)	\$ (359)
Covered employee payroll					
2019	\$ 706,648	\$ -	\$ 496,678	\$ 206,611	\$ 52,081
2018	\$ 713,055	\$ -	\$ 431,706	\$ 173,063	\$ 47,575
2017	\$ 752,632	\$ -	\$ 391,490	\$ 67,788	\$ 44,091
2016	\$ 722,668	\$ -	\$ 355,507	\$ 45,218	\$ 40,332
2015	\$ 683,434	\$ -	\$ 362,375	\$ 14,962	\$ 10,120
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll					
2019	79.61%	0.00%	127.75%	3.66%	1.87%
2018	47.22%	0.00%	82.17%	0.90%	-1.10%
2017	66.22%	0.00%	119.54%	1.36%	-1.05%
2016	59.99%	0.00%	106.81%	-0.03%	-2.45%
2015	43.00%	0.00%	66.40%	-0.60%	-3.50%
Plan fiduciary net position as a percentage of the total pension liability					
2019	87.0%	91.2%	84.7%	90.8%	95.6%
2018	91.9%	98.2%	90.2%	97.4%	103.0%
2017	87.3%	92.9%	86.5%	95.1%	103.6%
2016	87.8%	0.0%	87.1%	100.2%	110.7%
2015	90.2%	0.0%	90.5%	103.5%	120.5%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively.

See accompanying notes to required supplementary information

PLEASANT VIEW CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS

JUNE 30, 2019

with a measurement date of December 31, 2018
Last 10 fiscal years*

	As of Fiscal Year Ended June 30,	Contributions in Relation to the Contractually Required Contribution			Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll	
		Actuarial Determined Contributions	\$	102,643				
Noncontributory System	2014	\$	102,643	\$	102,643	\$	716,603	14.32%
	2015		113,936		113,936		671,312	16.97%
	2016		129,697		129,697		760,698	17.05%
	2017		124,453		124,453		744,351	16.72%
	2018		117,524		117,524		697,897	16.84%
	2019		121,911		121,911		730,102	16.70%
Public Safety System	2014	\$	91,025	\$	91,025	\$	393,727	23.12%
	2015		97,466		97,466		335,536	29.05%
	2016		109,567		109,567		372,309	29.43%
	2017		114,237		114,237		408,424	27.97%
	2018		117,913		117,913		469,468	25.12%
	2019		127,896		127,896		492,167	25.99%
Tier 2 Public Employees System*	2014	\$	-	\$	-	\$	-	0.00%
	2015		5,466		5,466		36,587	14.94%
	2016		6,910		6,910		46,344	14.91%
	2017		16,211		16,211		108,728	14.91%
	2018		33,266		33,266		220,162	15.11%
	2019		30,734		30,734		197,770	15.54%
Tier 2 Public Safety and Firefighter System*	2014	\$	-	\$	-	\$	-	0.00%
	2015		6,739		6,739		29,883	22.55%
	2016		9,420		9,420		41,863	22.50%
	2017		9,996		9,996		44,425	22.50%
	2018		11,010		11,010		48,781	22.57%
	2019		18,158		18,158		78,640	23.09%
Tier 2 Public Employees DC Only System*	2019	\$	2,714	\$	2,714	\$	40,572	6.69%

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

Paragraph 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.

See accompanying notes to required supplementary information

PLEASANT VIEW CITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
JUNE 30, 2019

Changes in Assumptions:

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

SUPPLEMENTARY INFORMATION

PLEASANT VIEW CITY
COMBINING BALANCE SHEET
NONMAJOR FUNDS
AS OF JUNE 30, 2019

	Park Development (Capital)	City Hall Building	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 326,514	\$ -	\$ 326,514
Restricted Cash	-	100,232	100,232
Accounts Receivable	-	-	-
TOTAL ASSETS	<u>\$ 326,514</u>	<u>\$ 100,232</u>	<u>\$ 426,746</u>
LIABILITIES			
Accounts Payable	\$ 71,953	\$ -	\$ 71,953
TOTAL LIABILITIES	<u>71,953</u>	<u>-</u>	<u>71,953</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted for:			
Impact Fees	-	-	-
Redevelopment	-	-	-
City Hall Building	-	100,232	100,232
Assigned for:			
Park Improvements	254,561	-	254,561
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>254,561</u>	<u>100,232</u>	<u>354,793</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 326,514</u>	<u>\$ 100,232</u>	<u>\$ 426,746</u>

PLEASANT VIEW CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Park Development (Capital)	City Hall Building	Total Nonmajor Governmental Funds
REVENUES			
Impact Fees	\$ 32,448	\$ -	\$ 32,448
Property Tax Increment	-	-	-
Interest	6,839	232	7,071
Intergovernmental Revenues	137,271	-	137,271
Miscellaneous	-	-	-
Total Revenues	176,558	232	176,790
EXPENDITURES			
General Government	-	-	-
Public Safety	-	-	-
Public Works	-	-	-
Parks and Recreation	359,348	-	359,348
Total Expenditures	359,348	-	359,348
Excess of Revenues Over (Under) Expenditures	(182,790)	232	(182,558)
OTHER FINANCING SOURCES (USES)			
Transfers-In or (Out)	100,000	100,000	200,000
Total Other Financing Sources (Uses)	100,000	100,000	200,000
Net Change in Fund Balances	(82,790)	100,232	17,442
Fund Balances at Beginning of Year	337,351	-	337,351
Fund Balances at End of Year	\$ 254,561	\$ 100,232	\$ 354,793

AUDITOR'S REPORTS AND FINDINGS



**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 of
Pleasant View City

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 and each major fund of Pleasant View City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Pleasant View City's basic financial statements, and have issued our report thereon dated December 05, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pleasant View City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pleasant View City's internal control. Accordingly, we do not express an opinion on the effectiveness of Pleasant View City's internal control.

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

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

Compliance and Other Matters

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

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.

Child, Richards CPAs & Advisors

Ogden, Utah
December 5, 2019



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

To the Mayor and City Council of
Pleasant View City

Report On Compliance

We have audited Pleasant View City's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on Pleasant View City for the year ended June 30, 2019.

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

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Pleasant View City's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about Pleasant View City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Compliance

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

Report On Internal Control Over Compliance

Management of Pleasant View City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pleasant View City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pleasant View City's internal control over compliance.

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

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

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

Child Richards CPAs & Advisors

Ogden, UT
December 5, 2019