



# HARRISVILLE CITY

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

MAYOR:

Michelle Tait

COUNCIL MEMBERS:

Grover Wilhelmsen  
Steve Weiss  
Blair Christensen  
Max Jackson  
Kenny Loveland

## CITY COUNCIL AGENDA

363 West Independence Blvd  
February 9, 2021

### TO COMPLY WITH CDC RECOMMENDATIONS ELECTRONIC PARTICIPATION IS RECOMMENDED

Join Zoom Meeting

<https://us02web.zoom.us/j/88650420089?pwd=TmxVd3JZd3pyY2dtazZ2cC9GZElsQT09>

Meeting ID: 886 5042 0089

Passcode: 319588

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

#### **7:00 P.M. CITY COUNCIL MEETING**

**Presiding: Mayor Michelle Tait**

**Mayor Pro Tem: Steve Weiss**

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE & OPENING CEREMONY [Blair Christensen]
3. CONSENT ITEMS
  - a. Approve the minutes of January 12, 2021 as presented.
4. BUSINESS ITEMS
  - a. Presentation on FY2020 Audit Report. [Christensen, Palmer, & Ambrose]
  - b. Discussion/possible action to adopt Harrisville Ordinance 519; Fire Hydrant/Street Light Utility Fee. [Bill Morris]
  - c. Discussion/possible action to approve surplus of equipment. [Jennie Knight]
5. PUBLIC COMMENTS - (3 minute maximum)
6. MAYOR/COUNCIL FOLLOW-UP:
  - a. Annual Training
7. ADJOURN

DATE POSTED: February 4, 2021

BY: Jennie Knight, City Recorder

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

**MINUTES OF HARRISVILLE CITY  
CITY COUNCIL MEETING  
January 12, 2021  
363 West Independence Blvd  
Harrisville, UT 84404**

---

**Present:** Mayor Michelle Tait, Council Member Grover Wilhelmsen, Council Member Steve Weiss, Council Member Max Jackson, Council Member Kenny Loveland.  
[Council Member Blair Christensen was excused.]

**Staff:** Bill Morris, City Administrator, Glen Gammell, Public Works, Zack Loveland, Public Works, Mark Wilson, Police Chief, Foster Bateman, Finance Officer, Jennie Knight, City Recorder.

**Visitors:** Mackey Smith, Marvin Farrell, Arnold Tait.

**7:00 P.M. CITY COUNCIL MEETING**  
**Presiding: Mayor Michelle Tait**  
**Mayor Pro Tem: Steve Weiss**

**1. Call to Order.**

Council Member Weiss called the meeting to order and welcomed all visitors.

**2. Opening Ceremony.**

Council Member Weiss led the pledge of allegiance and conducted the opening ceremony.

**3. Consent Items.**

- a. Approve the minutes of December 8, 2021 as presented.
- b. Discussion/possible action on advice and consent to Mayor's Appointment for:
  - i. Planning Commissioner
  - ii. Mosquito Abatement Board

**MOTION: Council Member Jackson motioned to approve the minutes of December 8, 2020 as presented. Council Member Loveland seconded the motion. All Council Members voted aye. Motion passed.**

**MOTION: Council Member Loveland motioned to ratify the Mayor's Appointment of Chad Holbrook to Planning Commission for a term of five years and Council Member Grover Wilhelmsen to the Mosquito Abatement Board. Council Member Jackson seconded the motion. All Council Members voted aye. Motion passed.**

**4. Business Items.**

**a. Presentation on the CARES Act Allocations.**

Mackey Smith explained Tanner Co. is the largest financial planning corporation and he has enjoyed participating with Harrisville with these funds. His focus was how can we ensure the city spends these funds appropriately and ethically. There were guiding principles to make sure purchases met the criteria outlined by the treasury dept. with relevance to the city's needs and longevity. The purchases should continue to service the city after the pandemic ends; not only meet the temporary needs of the city but to add long term value.

Zack Loveland was the main point of contact, with staff and leadership helping to vet options that could help. He was the third party contact to show an auditor we took due diligence to ensure the funds were spent appropriately with regular touch points to remain in compliance. The city received \$576,000 in CARES Act Funds and with exception to \$3,000 was spent. The funds had flexibility to cover front line emergency response individuals, so police payroll was covered. Some large cities put their entire CARES Act Funds towards police payroll reimbursement. The substantial use was to cover these costs; the city used \$235,882.74 for frontline police payroll to help with the Governor's Mask Mandate as well as Walmart's Mask Mandate, which was a central congregating place during the pandemic and to maintain compliance.

Another \$164,000 was spent on local business support, through licensing reimbursement, which is pretty standard. IT infrastructure was a focus as well. Most cities prioritize IT needs at the bottom of the list, in an effort to keep the city running, software is not usually the first purchase. The CARES Act Funds helped cities invest in telecommuting infrastructure, with holding Zoom meetings, purchasing computers for the police department, patrol officers, and administrators to work from home. Computers were already a need. An IT Risk Assessment was performed, which identified bugs or issues that would be caused if remote work is not protected. Future needs would be identified during this process as well, allowing the city to get ahead of this. Next steps include continued documentation for an audit. Other cities have been negligent on their spending, and will likely attract auditor's attention first. With active documentation with the creation of a central storing location, giving them the file; auditors are like investigators, who dig deep. He is available to reconvene with Council if more funds are received. Paying into the police department is a good recommendation, since this has already been approved. Should additional funds be received, he is available to continue consulting with Zack.

Council Member Weiss thanked Mackey Smith for his presentation. Mayor Tait said she was able to participate as a member of the committee. It was a relief when he was recommended. She also thanked staff members Zack Loveland, Foster Bateman, and Lynn Fortie.

**b. Discussion/possible action to adopt Harrisville Resolution 21-01; Creation of Four Mile Special Service District.**

Bill Morris said a public hearing was held earlier on the creation of this special service district. When the golf course is developed, this district will be able to take care of the secondary water issues. Maybe even some of the other SAP zones in the city. He explained SAP is a Special Area Plan. Council Member Jackson asked if this includes the Kunz property. Bill Morris said yes, and other areas can be annexed in later, they do not have to be contiguous.

**MOTION: Council Member Jackson motioned to adopt Harrisville Resolution 21-01; Creation of Four Mile Special Service District. Council Member Weiss seconded the motion. A Roll Call Vote was taken.**

<b>Council Member Loveland</b>	<b>Yes</b>
<b>Council Member Jackson</b>	<b>Yes</b>
<b>Council Member Weiss</b>	<b>Yes</b>
<b>Council Member Wilhelmsen</b>	<b>Yes</b>

**Motion passed 4-0.**

**c. Discussion/possible action to adopt Harrisville Resolution 21-02; Creation of Harrisville Cemetery Special Service District.**

Bill Morris shared the outlined area of Ben Lomond Cemetery district in Harrisville. This was created in 1952 before the city was incorporated. He outlined the potential area in the Main Park that could be identified as potential cemetery. The ground is raised in this area and there is not a drainage issue here, also we have water to address this area as well. With the purchase of the other property, there is about three acres, and we could acquire more, we have the equipment to take care of this.

Council Member Jackson suggested before moving this along, the city bring in an expert that would be able to conduct tests of the ground and see if this is going to work. Even Ogden Cemetery has had issues with vaults moving after burial. Bill Morris said the engineer's office could conduct a geo tech study.

Council Member Loveland asked if three acres is enough. Bill Morris pointed out the ball field could be included as well, if additional land is needed. Glen Gammell said the total area could be nine acres. Council Member Loveland asked how big Plain City Cemetery is. Mayor and Council gave discussion on the sizes of local cemeteries. Bill Morris pointed out the easy access to Highway 89. Mayor Tait said she likes this location because this would be easy for the public to find.

**MOTION: Council Member Weiss motioned to adopt Harrisville Resolution 21-02; Creation of Harrisville Cemetery Special Service District. Council Member Loveland seconded the motion. A Roll Call Vote was taken.**

<b>Council Member Loveland</b>	<b>Yes</b>
<b>Council Member Jackson</b>	<b>Yes</b>
<b>Council Member Weiss</b>	<b>Yes</b>
<b>Council Member Wilhelmsen</b>	<b>Yes</b>

**Motion passed 4-0.**

**d. Discussion/possible action to adopt Harrisville Ordinance 517: Utility Fees.**

Glen Gammell informed Council that Harrisville is charged with maintaining 26 miles of sewer lines and 13 miles of storm water and this is growing. The current storm water utility rate is \$4.25 per ERU, or household use. He reviewed the costs associated for maintenance as well as equipment and depreciation costs. With appropriated the wages and benefits for the current storm water official, we are not able to maintain this fund, and it is subsequently going in the hole every year. He suggested an increase to \$8.50 per ERU and he reviewed neighboring cities fees for comparison.

Likewise, the sewer utility fee is \$19.55 per user, although Harrisville City only receives \$5.60 of that fee, with the other going to Central Weber Sewer. He outlined the expenses on this utility and proposed a suggested rate of \$24.05, which would increase the city's portion by \$4.25, and maintain the current rate for Central Weber Sewer. We have aging sewer lines and still have some clay pipe in the ground, which costs \$100 per linear foot to replace. This increase will help get us back on track to maintain our own utilities.

Council Member Jackson asked how many years these funds have been deficient. Glen Gammell said for two years. Bill Morris explained these are enterprise funds.

Council Member Weiss asked when sewer replacement will take place. Glen Gammell outlined the areas in the city that need the most attention. Depending on the Golf Course development, the sewer replacement necessary for that would save the city several million dollars. We are also looking into federal grants, with FEMA and the replacement of sewer on North Harrisville Road.

Glen Gammell explained these utility funds have not paid salaries and equipment in the past, but need to support themselves in the future. Council Member Wilhelmsen asked if this is a total increase of \$8.75 for both. Mayor Tait explained these are each line items on the Bona Vista water bill. Mayor and Council discussed the majority of the sewer fee goes to Central Weber Sewer. They gave discussion of these being utility fees rather than a tax; therefore, they can be increased. Council Member Loveland asked when this will take effect, saying the sooner the better. Bill Morris said the ordinance would take effect immediately, but with the next billing cycle, likely will be billed in March and with Council agreement edited the ordinance to reflect the effective date of March 1, 2021.

Bill Morris outlined the secondary water fees for when the special service district goes into effect. Council Member Weiss asked if this is a new \$40.00 per month fee for secondary. Bill Morris said this is for the area where residents do not have Pineview water service. We are implementing a similar fee for these people. When the golf course is built, these new lots will be paying something equivalent to the Pineview charge.

Council Member Wilhelmsen asked for clarification on what the monthly fee will be; what the bottom line for both utility fees. Glen Gammell said storm water will be \$8.50 and sewer will be \$24.04 per month.

**MOTION: Council Member Weiss motioned to adopt Harrisville Ordinance 517; Utility Fees. Council Member Wilhelmsen seconded the motion. A Roll Call Vote was taken.**

<b>Council Member Loveland</b>	<b>Yes</b>
<b>Council Member Jackson</b>	<b>Yes</b>
<b>Council Member Weiss</b>	<b>Yes</b>
<b>Council Member Wilhelmsen</b>	<b>Yes</b>

**Motion passed 4-0.**

**e. Discussion/possible action to construct Decant Basin to comply with Federal EPA and Utah State DEQ requirements.**

Zack Loveland explained the need for a Decant Basin, which is a cement basin with dimensions of 20 ft by 30 ft to hold debris and water dumped from the street sweeper. The water evaporates or is released into the sewer, and the debris can then be transported to the dump. This will be paid out of storm water fees. Council Member Jackson asked how much is currently in this fund. Zack Loveland said over one million dollars. Mayor Tait asked when this can be constructed. Zack Loveland said as soon as a contractor becomes available. We currently do not meet the requirements and this will bring us into compliance.

**MOTION: Council Member Jackson motioned to approve the construction of a Decant Basin to comply with Federal EPA and Utah State DEQ requirements. Council Member Loveland seconded the motion. A Roll Call Vote was taken.**

<b>Council Member Loveland</b>	<b>Yes</b>
<b>Council Member Jackson</b>	<b>Yes</b>
<b>Council Member Weiss</b>	<b>Yes</b>
<b>Council Member Wilhelmsen</b>	<b>Yes</b>

**Motion passed 4-0.**

**f. Discussion/possible action to purchase storage container.**

Glen Gammell explained the need for an additional storage unit to be kept at Public Works to store materials. Council Member Jackson asked what types of items will be stored. Glen Gammell responded, anything that the city needs to store, we have run out of storage room. He outlined the dimensions of the portable storage unit. Council Member Jackson asked if this could be painted to look nice. Council Member Weiss asked if important files will be kept. Glen Gammell said mostly things that need to be stored, but not really important things. Council Member Wilhelmsen asked if this will be filled immediately. Glen Gammell said yes. Council Member Weiss asked if the city needs to purchase multiple units, at this price. Glen Gammell said the price is \$4,500 and these have to be a certain grade, this one will be coming up from Spanish Fork. Council Member Loveland asked if shelving will be included. Glen Gammell responded not right away. Council Member Weiss asked where we will be paying this from. Glen Gammell said out of Capital Improvements. Council Member Weiss expressed his concern with waiting if this price has already gone up in the last several months. Glen Gammell said this will take up one parking area at the shop, which will be enough for now. Council Member Jackson asked if this will store evidence. Chief Wilson said not evidence, but extra car parts that take up space, that we must maintain until we are ready to sell the cars. The police department also has kits donated from "Hearts Knit Together" which include stuffed animals, blankets, and other necessities for women coming out of domestic violence situations, and they are out of room to store these. All records will be stored at the city's main building. Council Member Loveland asked how we could purchase some shelving. Glen Gammell said he could likely purchase the shelving out of the building and grounds fund, or split between department needs. He said depending on what happens in the future, they could even be building on to their building. The reality is, the city has outgrown our buildings.

**MOTION: Council Member Weiss motion to approve the purchase of a storage container for 4,500. Council Member Wilhelmsen seconded the motion. A Roll Call Vote was taken.**

<b>Council Member Loveland</b>	<b>Yes</b>
<b>Council Member Jackson</b>	<b>Yes</b>
<b>Council Member Weiss</b>	<b>Yes</b>
<b>Council Member Wilhelmsen</b>	<b>Yes</b>

**Motion passed 4-0.**

**g. Discussion/possible action to adopt the 2021 Meeting Schedule.**

Jennie Knight presented the outline of regularly scheduled Council meetings and Planning Commission meetings for 2021. Council will meet the second Tuesday of each month and Planning Commission will meet the second Wednesday of each month, with exception to Holidays.

**MOTION: Council Member Loveland motioned to approve the 2021 Meeting Schedule. Council Member Weiss seconded the motion. All Council Members voted aye. Motion passed.**

**h. 2021 Goals**

Mayor Tait reviewed the accomplished goals of the last year which include: Larsen Lane Widening, completion of 1100 North, adoption of the 2019 General Plan, chip seal road projects, and appropriation of the CARES Act Funds. She outlined goals for the upcoming year which include: economic development with our CRA areas, strategic planning, updating the impact fee analysis, CDBG grant applications, final site plan for new municipal complex, complete approval

of Ben Lomond redevelopment, prepare for 2024 reconstruction of West Harrisville Road, develop a cemetery plan, and make department staffing improvements.

Council Member Weiss asked about updating the cabin to meet ADA requirements. Glen Gammell explained he is waiting on a grant to help; although, we did get new appliances that are up to code.

Council Member Jackson said he does not feel code enforcement should fall under the police department, and asked what we can do to hire a code enforcement officer. Bill Morris suggested we reevaluate staffing with the anticipated changes.

**5. Public Comments - (3 minute maximum)**

Marvin Farrell asked why the things passed tonight did not have public comments as far as the place for the cemetery. He said there are two lots not belonging to the city, those would have to be purchases, are these properties for sale. He understands as far as the cemetery, there are other places to be considered. He has concern with the golf course raising taxes, but they are doubled. The secondary water is for that district, they way he understands, why would the city take over that and how is that going to work, and where is the water going to come from.

Bill Morris explained the required public hearing were already held; there was a sixty-day statutory waiting period. With redevelopment of the golf course, this will include their water rights. The other areas in the city are covered by Pineview. We are creating this district with fees equivalent to what would be paid to Pineview. As far as the location of the cemetery, this can go where Council wants.

**6. Mayor/Council Follow-Up:**

Council Member Jackson said he is giving the Eagle Foundry the okay to upgrade the Terikee Marker. They have caught some errors, and he will have the Heritage Foundation reimburse us for half the costs.

Council Member Weiss asked if we are considering opening up the bowery for reservations. Bill Morris said not this fiscal year. As long as the Governor has the gathering limitation, the cabin and bowery will be unavailable.

**7. Adjourn.**

Mayor Tait declared the meeting adjourned at 8:09 p.m.

**ATTEST:**

---

**MICHELLE TAIT**  
Mayor

---

**JENNIE KNIGHT**

City Recorder

Approved this 9<sup>th</sup> day of February, 2021.

CITY OF HARRISVILLE

Financial Statements - June 30, 2020

(With Auditor's Report Thereon)

CITY OF HARRISVILLE

Table of Contents

	<u>Page</u>
Independent Auditor’s Report .....	1-2
Management’s Discussion and Analysis .....	3-10
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position.....	11
Statement of Activities .....	12
Governmental Funds Statements	
Balance Sheet.....	13
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	16
Proprietary Funds Statements	
Statement of Net Position.....	17
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	18
Statement of Cash Flows.....	19-20
Notes to Financial Statements .....	21-37
<b>Required Supplemental Information</b>	
Notes to Required Supplementary Information.....	38
Budgetary Comparisons - Major Governmental Funds	
General Fund.....	39-40
Schedule of Proportionate Share of Net Pension Liability .....	41
Schedule of Contributions .....	42
<b>Other Information</b>	
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> .....	43
Independent Auditor’s Report on Compliance and on Internal Controls Over Compliance in Accordance with the <i>State of Utah Legal Compliance Audit Guide</i> .....	44-45



## Independent Auditor's Report

To the Mayor and City Council  
City of Harrisville, Utah

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harrisville (the City), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Christensen, Palmer & Ambrose P.C.*

# Harrisville City, Utah

## Management's Discussion and Analysis

*for fiscal year ending June 30, 2020*

### INTRODUCTION

The following is a discussion and analysis of Harrisville City's financial performance and activities for the fiscal year ending June 30, 2020. Beginning in fiscal year 2004, the City implemented new financial reporting standards established by GASB (the Governmental Accounting Standards Board). These new standards significantly changed the content and structure of the financial statements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

#### Differences between Government-Wide and Fund Statements

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

#### Notes to the Financial Statements

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

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### Net Position

The largest component of the City's net position, 54.6 percent, reflects investments in capital assets (land, buildings, equipment, roads, and other infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net position comprises 30.3 percent of total net position and is subject to external restrictions on how they may be used. The remaining 15.1 percent of net position is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

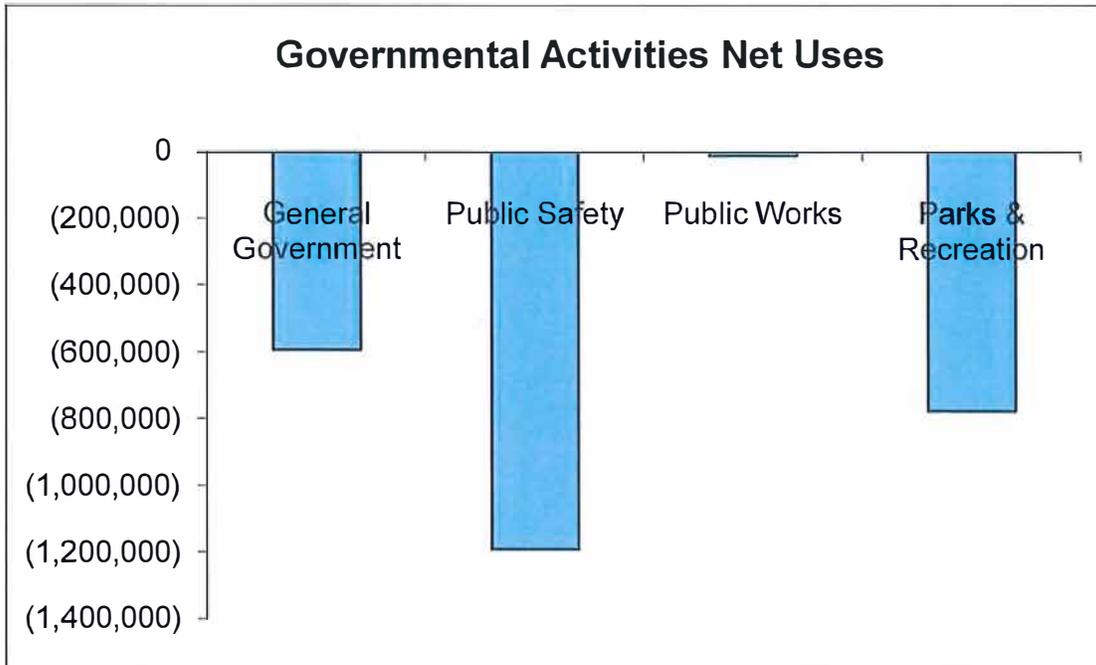
### *Harrisville City*

#### Statement of Net Position Comparative

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities
	2020	2019	2020	2019
Current and Other Assets	5,047,690	4,359,534	2,366,954	2,272,186
Capital Assets (Net)	5,063,517	5,298,219	2,417,108	2,409,749
<b>Total Assets</b>	<b>10,111,207</b>	<b>9,657,753</b>	<b>4,784,062</b>	<b>4,681,935</b>
<b>Deferred Outflows</b>	<b>220,366</b>	<b>449,799</b>	<b>4,782</b>	<b>18,908</b>
Current Liabilities	942,559	1,159,023	42,928	56,455
Noncurrent Liabilities	0	0	0	0
<b>Total Liabilities</b>	<b>942,559</b>	<b>1,159,023</b>	<b>42,928</b>	<b>56,455</b>
<b>Deferred Inflows</b>	<b>433,629</b>	<b>40,736</b>	<b>13,216</b>	<b>1,093</b>
<b>Net Position</b>				
Net Investment in Capital Assets	5,063,517	5,298,219	2,417,108	2,409,749
Restricted	3,226,642	2,907,263	924,275	938,247
Unrestricted	665,226	702,311	1,391,317	1,295,299
<b>Total Net Position</b>	<b>8,955,385</b>	<b>8,907,793</b>	<b>4,732,700</b>	<b>4,643,295</b>

### Governmental Activities

The activities in the governmental funds resulted in an increase in net position of \$47,592 for the year. The following chart shows the relative net uses (expenses minus any revenue directly attributed to that particular function) for governmental activities for each of the functions shown on the Statement of Activities.



The table below shows to what extent the City's governmental activities relied on taxes and other general revenue to cover all of their costs. These programs generated revenues of \$1,128,357 or 30.5 percent of their total expenses through charges for services and grants. Taxes and other general revenues covered the remaining 69.5 percent of expenses.

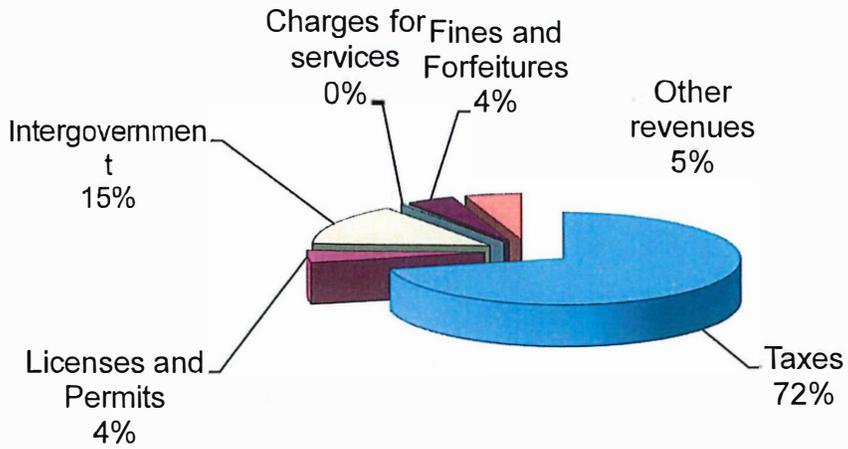
<i>Activities</i>	<i>Total Program Expenses</i>	<i>Less Program Revenues</i>	<i>Net Program Costs</i>	<i>Program Revenues as a Percentage of Total Expense</i>
General Government	\$790,063	\$194,933	(\$595,130)	24.7%
Public Safety	\$1,284,470	\$93,435	(\$1,191,035)	7.3%
Public Works	\$827,458	\$813,577	(\$13,881)	98.3%
Parks & Recreation	\$802,887	\$26,412	(\$776,475)	3.3%
<i>Totals</i>	<i>\$3,704,878</i>	<i>\$1,128,357</i>	<i>(\$2,576,521)</i>	<i>30.5%</i>

## Harrisville City

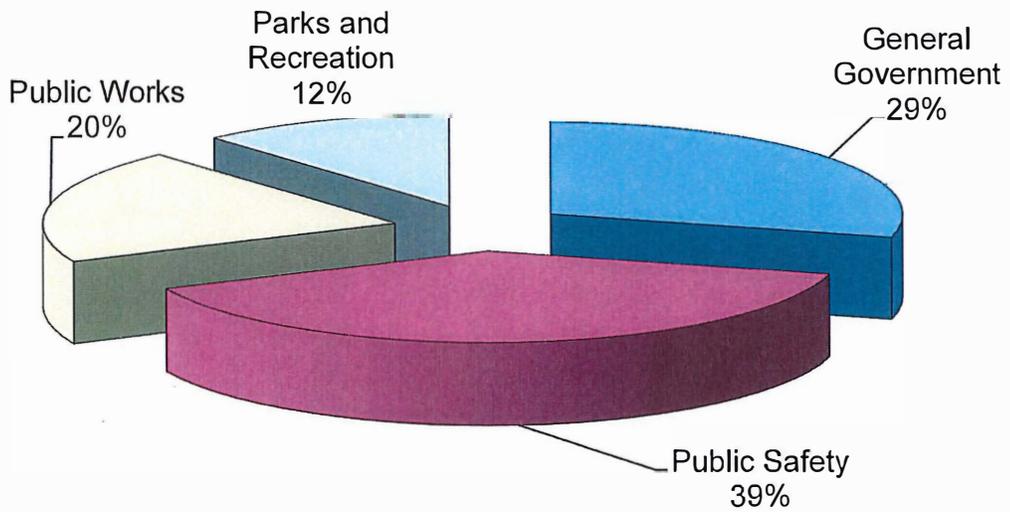
### Statement of Activities Comparative

	Governmental Activities	Governmental Activities	Business- type Activities	Business- type Activities
	2020	2019	2020	2019
<b>Program Revenues</b>				
Charges for Services	306,456	422,410	1,216,895	1,151,866
Operating Grants & Contributions	821,901	743,454		
Capital and Transportation Projects	0	0	0	0
<b>General Revenues</b>				
Property Taxes	368,749	377,945		
Sales Tax	1,689,931	1,534,942		
Franchise Tax	369,925	349,580		
Other Revenues	195,508	168,554	46,987	58,633
<b>Total Revenues</b>	<b>3,752,470</b>	<b>3,596,885</b>	<b>1,263,882</b>	<b>1,210,499</b>
<b>Expenses</b>				
General Government	790,063	679,180		
Public Safety	1,284,470	1,295,039		
Public Works	827,458	643,136		
Parks & Recreation	802,887	506,400		
Public Utilities			1,174,477	1,093,783
<b>Total Expenses</b>	<b>3,704,878</b>	<b>3,123,755</b>	<b>1,174,477</b>	<b>1,093,783</b>
<b>Increase in Net Assets before Transfers</b>				
Transfers	47,592	473,130	89,405	116,716
<b>Change in Net Position</b>				
Net Position Beginning of Year	8,907,793	8,434,663	4,643,295	4,526,579
Prior Period Adjustment				
<b>Net Position End of Year</b>	<b>8,955,385</b>	<b>8,907,793</b>	<b>4,732,700</b>	<b>4,643,295</b>

### General Fund Revenue Sources



### General Fund Expenditures



**Business-Type Activities**

The business-type activities (sewer, storm-water, streets/hydrants and garbage) are generating sufficient revenues to cover operating costs with the exception of garbage which had a \$21,730 loss this fiscal year.

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

Harrisville City subtracted a net difference of \$234,703 in capital assets in governmental activities during the fiscal year. The City added a net difference of \$7,389 in capital assets in business-type activities during the fiscal year.

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

At June 30, 2020, Harrisville City's governmental funds reported combined fund balances of \$3,801,849. Of this amount, \$2,172,442 or 57.2% is restricted for specific purposes. \$1,054,200 or 27.7% is assigned for Capital Projects. The remaining \$575,207 or 15.1% is unassigned.

**General Fund**

During FY2020, the fund balance in the general fund increased by \$24,449. Restricted funds increased by a total of \$73,867, with a decrease in the unrestricted funds of \$49,418. Taxes increased \$166,138, a 7.3% increase from the previous year. Total general fund revenue was up \$315,275 or 10.2%. Total general fund expenditures (excluding transfers and financing sources) were up \$415,729 or 15.0%.

### *General Fund Budgetary Highlights*

Harrisville City prepares its budget according to state statutes. The most significant budget is the General Fund. The City amended the General Fund budget one time during the year to meet the needs of the departments as issues arose. The budget was increased by \$112,000 excluding transfers. This increase was necessary to cover increases in various departments.

Actual General Fund revenues were \$57,267 or 1.7% below the original budget and \$94,267 or 2.8% below the final budget. Actual expenditures were \$1,024,137 or 24.4% below the original budget and \$1,136,137 or 26.3% below the final budget. The City did have to draw upon existing fund balance in the General Fund this year to cover its expenditures. Even though the financials show an increase in fund balance of \$24,449 in the General Fund, this number includes restricted funds (impact fees, class C road funds, etc.). If you remove the impact of the restricted funds, there was a decrease in the unrestricted fund balance of \$49,418.

### **Capital Projects Fund**

During the fiscal year, the fund balance in the Capital Projects Fund increased \$245,512. The General Fund did not make any transfers to the Capital Projects Fund during the year. The Capital Projects Fund had expenditures of \$302,964 during this fiscal year for various projects, primarily the Larsen Lane and 1100 N street projects. The Capital Project budget was amended once during the year. It was increased by \$364,000.

### **Enterprise Funds**

The combined change in net position of the enterprise funds shows an increase of \$89,405 or 2.1% from the previous years balance.

### OTHER MATTERS

#### **Current and Future Projects**

The City budgeted \$20,000 for new carpet and new appliances at the Cabin in next year's Capital Projects budget.

### REQUESTS FOR INFORMATION

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

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

CITY OF HARRISVILLE

Statement of Net Position

June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and investments	\$ 4,817,380	2,212,265	7,029,645
Accounts receivable	205,933	154,689	360,622
Prepays	24,377	-	24,377
<b>Capital Assets:</b>			
Land and related non-depreciable assets	744,040	-	744,040
Depreciable infrastructure	3,915,385	-	3,915,385
Buildings, equipment, and other depreciable assets	4,337,120	3,472,830	7,809,950
Less accumulated depreciation	(3,933,028)	(1,055,722)	(4,988,750)
Total capital assets	5,063,517	2,417,108	7,480,625
Total assets	10,111,207	4,784,062	14,895,269
Deferred Outflows of Resource: - pension related	220,366	4,782	225,148
<b>Liabilities:</b>			
Accounts payable	273,036	27,461	300,497
Accrued liabilities	30,954	-	30,954
Compensated absences	109,237	-	109,237
Pension liabilities	529,332	15,467	544,799
Total liabilities	942,559	42,928	985,487
<b>Deferred Inflows of Resources:</b>			
Pension related	237,625	13,216	250,841
Unearned revenue	196,004	-	-
	433,629	13,216	446,845
<b>Net position:</b>			
Net investment in capital assets	5,063,517	2,417,108	7,480,625
<b>Restricted for:</b>			
Storm Water	-	924,275	924,275
Class C Roads	1,077,003	-	1,077,003
Park development	418,841	-	418,841
Transportation	167,452	-	167,452
Public Safety	95,756	-	95,756
Transportation tax	413,390	-	413,390
Capital projects	1,054,200	-	1,054,200
Unrestricted	665,226	1,391,317	2,056,543
Total net position	\$ 8,955,385	4,732,700	13,688,085

HARRISVILLE CITY

Statement of Activities

Year Ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital and Transportation Projects	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental:							
General government	\$ 790,063	191,679	3,254	-	(595,130)	-	(595,130)
Public safety	1,284,470	82,659	10,776	-	(1,191,035)	-	(1,191,035)
Public works	827,458	5,706	807,871	-	(13,881)	-	(13,881)
Parks and recreation	802,887	26,412	-	-	(776,475)	-	(776,475)
Total governmental activities	<u>3,704,878</u>	<u>306,456</u>	<u>821,901</u>	<u>-</u>	<u>(2,576,521)</u>	<u>-</u>	<u>(2,576,521)</u>
Business-type:							
Public utilities	<u>1,174,477</u>	<u>1,216,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,418</u>	<u>42,418</u>
Total business-type activities	<u>\$ 1,174,477</u>	<u>1,216,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,418</u>	<u>42,418</u>
Total primary government	<u>4,879,355</u>	<u>1,523,351</u>	<u>821,901</u>	<u>-</u>	<u>(2,576,521)</u>	<u>42,418</u>	<u>(2,534,103)</u>
General revenues:							
Property tax					368,749	-	368,749
Sales tax					1,689,931	-	1,689,931
Franchise tax					<u>369,925</u>	-	<u>369,925</u>
Total taxes					<u>2,428,605</u>	<u>-</u>	<u>2,428,605</u>
Other general revenues:							
Miscellaneous					195,508	46,987	242,495
Transfers - internal activities					<u>-</u>	<u>-</u>	<u>-</u>
Total other general revenues					<u>195,508</u>	<u>46,987</u>	<u>242,495</u>
Total general revenues, special items and transfers					<u>2,624,113</u>	<u>46,987</u>	<u>2,671,100</u>
Change in net position					47,592	89,405	136,997
Net position - beginning of year					<u>8,907,793</u>	<u>4,643,295</u>	<u>13,551,088</u>
Net position - end of year					<u>\$ 8,955,385</u>	<u>4,372,700</u>	<u>13,688,085</u>

HARRISVILLE CITY

Balance Sheet  
Governmental Funds

June 30, 2020

	General Fund	Capital Projects Fund	Total Governments Fund
Assets:			
Cash (note 2)	\$ 3,035,333	1,054,200	4,089,533
Accounts receivable	205,933	-	205,933
Prepaid items	6,377	-	6,377
Total assets	<u>\$ 3,247,643</u>	<u>1,054,200</u>	<u>4,301,843</u>
Liabilities and Fund Balances:			
Accounts payable	\$ 273,036	-	273,036
Accrued liabilities	30,954	-	30,954
Unearned revenue	196,004	-	196,004
Total liabilities	<u>499,994</u>	<u>-</u>	<u>499,994</u>
Fund balances:			
Restricted for: (note 1)			
Class C roads	1,077,003	-	1,077,003
Park development	418,841	-	418,841
Transportation Fees	167,452	-	167,452
Public Safety	95,756	-	95,756
Transportation Tax	413,390	-	413,390
Assigned to:			
Capital projects	-	1,054,200	1,054,200
Unassigned:	<u>575,207</u>	<u>-</u>	<u>575,207</u>
Total fund balance	<u>2,747,649</u>	<u>1,054,200</u>	<u>3,801,849</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,247,643</u>	 <u>1,054,200</u>	 <u>4,301,843</u>

CITY OF HARRISVILLE

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

June 30, 2020

Total Fund Balance - governmental funds \$ 3,801,849

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

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

These assets consist of:

Land and related non- depreciable assets	\$ 744,040	
Depreciable infrastructure	3,915,385	
Buildings, equipment, and other depreciable assets	2,650,549	
Accumulated depreciation	<u>(3,143,093)</u>	
Total capital assets		<u>4,166,881</u>

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

1,642,483

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

Those funds consist of:

Net pension liability	(529,332)	
Compensated absences	<u>(109,237)</u>	
Total long-term debt		(638,569)

Deferred inflows for pension credits (237,625) and deferred  
outflows for pension charges (220,366) are not reflected in the  
fund statements but are reported as part of the entity-wide  
statement of activities.

(17,259)

Total net position-governmental activities \$ 8,955,385

CITY OF HARRISVILLE

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

Year Ended June 30, 2020

	General Fund	Capital Projects	Total Governmental Funds
Revenues:			
Taxes	\$ 2,428,605	-	2,428,605
License and permits	148,923	-	148,923
Intergovernmental	293,619	528,282	821,901
Charges for services	11,483	-	11,483
Fines and forfeitures	146,050	-	146,050
Other revenues	<u>175,314</u>	<u>20,194</u>	<u>195,508</u>
Total revenues	<u>3,203,994</u>	<u>548,476</u>	<u>3,752,470</u>
Expenditures:			
Current:			
General governmental	925,005	-	925,005
Public safety	1,244,732	-	1,244,732
Public works	641,200	-	641,200
Parks and recreation	368,608	-	368,608
Capital outlay	<u>-</u>	<u>302,964</u>	<u>302,964</u>
Total expenditures	<u>3,179,545</u>	<u>302,964</u>	<u>3,482,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,449</u>	<u>245,512</u>	<u>269,961</u>
Other financing sources (uses):			
Operating transfers in (out )	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	24,449	245,512	269,961
Fund balance - beginning of year	<u>2,723,200</u>	<u>808,688</u>	<u>3,531,888</u>
Fund balance - end of year	<u>\$ 2,747,649</u>	<u>1,054,200</u>	<u>3,801,849</u>

CITY OF HARRISVILLE

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

Year Ended June 30, 2020

Net change in fund balance - total governmental funds	\$ 269,961
Amount reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures of (\$490,122). However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense of (\$358,318). Capital outlays exceed depreciation for the period.	131,804
Government funds do not recognize capital assets disposed of during the year but these dispositions are recognized in the entity-wide governmental activities.	(281,289)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	33,855
The liability for compensated absences is not recorded in the governmental funds but reported in the statement of net position. This is the current year change in compensated absences reported as adjustment to expense in the statement of activity	(42,998)
GASB Statement 68 entries resulted in a net increase of pension expenses at the entity-wide level.	<u>(63,741)</u>
Changes in net position of governmental activities	<u>\$ 47,592</u>

CITY OF HARRISVILLE

Statement of Net Position  
Proprietary Funds

June 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental</u>
	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Street Hydrant Fund</u>	<u>Garbage Fund</u>	<u>Total Enterprise Funds</u>	<u>Activities- Internal Service Funds</u>
<b>Assets:</b>						
Cash	\$ 1,012,322	1,186,033	13,910	-	2,212,265	727,847
Accounts receivable	79,634	20,359	4,438	50,258	154,689	-
Prepaid items	-	-	-	-	-	18,000
Improvements	1,513,600	1,959,230	-	-	3,472,830	-
Automotive equipment	-	-	-	-	-	1,686,571
Accumulated depreciation	(653,146)	(402,576)	-	-	(1,055,732)	(789,935)
Total assets	<u>1,952,410</u>	<u>2,763,046</u>	<u>18,348</u>	<u>50,258</u>	<u>4,784,052</u>	<u>1,642,483</u>
<b>Deferred outflows of resources:</b>						
Deferred pension charge	-	4,782	-	-	4,782	-
<b>Liabilities:</b>						
Accounts Payable	7,185	-	-	20,276	27,461	-
Pension Liability	-	15,467	-	-	15,467	-
Total Liabilities	<u>7,185</u>	<u>15,467</u>	<u>-</u>	<u>20,276</u>	<u>42,928</u>	<u>-</u>
<b>Deferred inflow of Resources:</b>						
Deferred pension credit	-	13,216	-	-	13,216	-
<b>Net position</b>						
Net investment in capital assets	860,454	1,556,654	-	-	2,417,108	896,636
Restricted	-	924,275	-	-	924,275	-
Unrestricted	1,084,771	258,216	18,348	29,982	1,391,317	745,847
Total net position	<u>\$ 1,945,225</u>	<u>2,739,145</u>	<u>18,348</u>	<u>29,982</u>	<u>4,732,700</u>	<u>1,642,483</u>

CITY OF HARRISVILLE

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

For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Sewer Fund	Storm Water Fund	Street Hydrant Fund	Garbage Fund		
Operating revenues:						
Charges for services	\$ 559,242	143,789	11,309	428,964	1,143,304	169,548
Impact fees	-	40,041	-	-	40,041	-
Miscellaneous	-	33,550	-	-	33,550	28,236
Total operating revenue	<u>559,242</u>	<u>217,380</u>	<u>11,309</u>	<u>428,964</u>	<u>1,216,895</u>	<u>197,784</u>
Operating expenses:						
Personnel services	-	117,730	-	-	117,730	-
Contractual services	405,800	13,006	-	451,314	870,120	-
Materials and supplies	50,475	69,645	-	-	120,120	-
Depreciation	30,272	36,235	-	-	66,507	177,093
Total operating expenditures	<u>486,547</u>	<u>236,616</u>	<u>-</u>	<u>451,314</u>	<u>1,174,477</u>	<u>177,093</u>
Operating income (loss)	<u>72,695</u>	<u>(19,236)</u>	<u>11,309</u>	<u>(22,350)</u>	<u>42,418</u>	<u>20,691</u>
Non-operating revenues (expenses):						
Interest revenue	20,890	25,327	150	620	46,987	13,164
Total non-operating revenues (expenses)	<u>20,890</u>	<u>25,327</u>	<u>150</u>	<u>620</u>	<u>46,987</u>	<u>13,164</u>
Income (loss) before contributions and transfers	93,585	6,091	11,459	(21,730)	89,405	33,855
Operating transfers in (out)	-	-	-	-	-	-
Total contributions and transfers	-	-	-	-	-	-
Change in net position	93,585	6,091	11,459	(21,730)	89,405	33,855
Net position - beginning of year	<u>1,821,640</u>	<u>2,733,054</u>	<u>6,889</u>	<u>51,712</u>	<u>4,643,295</u>	<u>1,608,628</u>
Net position - end of year	<u>\$ 1,945,225</u>	<u>2,739,145</u>	<u>18,348</u>	<u>29,982</u>	<u>4,732,700</u>	<u>1,642,483</u>

CITY OF HARRISVILLE

Statement of Cash Flows  
Proprietary Funds

For the Year Ended June 30, 2020

Business-Type Activities - Enterprise Funds

	Sewer Fund	Storm Water Fund	Street Hydrant Fund	Garbage Fund	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	\$ 533,225	174,731	10,392	426,364	1,144,712	169,548
Cash received from other activities	-	33,550	-	-	33,550	28,236
Cash payments to suppliers	(467,754)	(104,975)	-	(431,038)	(1,003,767)	(18,000)
Cash payments to employees	-	(117,730)	-	-	(117,730)	-
Net cash provided (used) by operating activities	<u>65,471</u>	<u>(14,424)</u>	<u>10,392</u>	<u>(4,674)</u>	<u>56,765</u>	<u>179,784</u>
Cash flows from investing activities:						
Interest earned on cash deposits	<u>20,890</u>	<u>25,327</u>	<u>150</u>	<u>620</u>	<u>46,987</u>	<u>13,164</u>
	<u>20,890</u>	<u>25,327</u>	<u>150</u>	<u>620</u>	<u>46,987</u>	<u>13,164</u>
Cash flows from noncapital financing activities:						
Operating transfers in	-	-	-	-	-	-
Net cash provided by noncapital financing activities	-	-	-	-	-	-
Cash flows from capital and related financing activities:						
Contributions from developers	-	-	-	-	-	-
Acquisition of capital assets - net	-	(73,866)	-	-	(73,866)	(91,876)
Pension related items	-	26,249	-	-	26,249	-
Net cash used for capital and related financing activities	-	<u>(47,617)</u>	-	-	<u>(47,617)</u>	<u>(91,876)</u>
Net increase (decrease) in cash and cash equivalents	86,361	(36,714)	10,542	(4,054)	56,135	101,072
Cash and cash equivalents - beginning of year	<u>925,961</u>	<u>1,222,747</u>	<u>3,368</u>	<u>4,054</u>	<u>2,156,130</u>	<u>626,775</u>
Cash and cash equivalents - end of year	<u>1,012,322</u>	<u>1,186,033</u>	<u>13,910</u>	<u>-</u>	<u>2,212,265</u>	<u>727,847</u>

CITY OF HARRISVILLE

Statement of Cash Flows - Continued  
Proprietary Funds

For the Year Ended June 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Sewer Fund	Storm Water Fund	Street Hydrant Fund	Garbage Fund		
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 72,695	(19,236)	11,309	(22,350)	42,418	20,691
Adjustments to reconcile operating income to net cash provided by operations activities:						
Depreciation	30,272	36,235	-	-	66,507	177,093
(Increase) decrease in accounts receivable	(26,017)	(9,099)	(917)	(2,600)	(38,633)	-
(Increase) decrease in prepaid items	-	-	-	-	-	(18,000)
Increase (decrease) in accounts payable	(11,479)	-	-	20,276	8,797	-
Increase (decrease) in pension liability	-	(22,324)	-	-	(22,234)	-
	<u>-</u>	<u>(22,324)</u>	<u>-</u>	<u>-</u>	<u>(22,234)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 65,471</u>	<u>(14,424)</u>	<u>10,392</u>	<u>(4,674)</u>	<u>56,855</u>	<u>179,784</u>

CITY OF HARRISVILLE

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

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

**A. Reporting Entity**

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

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

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

**Government-Wide Financial Statements**

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

The Statement of Net Position presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. Net position are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

**Fund Financial Statements**

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

***Governmental Fund Types:***

The City reports the following major governmental funds:

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

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(1) Summary of Significant Accounting Policies - Continued

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

***Proprietary Fund Types:***

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

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

**C. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(1) Summary of Significant Accounting Policies - Continued

**D. Budgets**

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

During the year, one supplemental amendment was made to the City’s general fund budget in the amount of \$112,000 and an amendment was made to the capital projects fund budget in the amount of \$364,000.

**E. Capital Assets**

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

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

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

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

**F. Governmental Fund Balances**

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

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

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

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

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(1) Summary of Significant Accounting Policies - Continued

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

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

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

**G. Cash and Cash Equivalents**

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

**H. Pensions**

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

**I. Deferred outflows/inflows of resources**

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

**J. Use of Estimates**

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

**K. Subsequent Events**

Management has evaluated subsequent events through December 16, 2020, the date the financial statements were available to be issued.

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

**(2) Deposits and Investments**

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

**A. Custodial Credit Risk**

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

The City’s deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City’s deposits at June 30, 2020 were \$347,105, of which \$250,000 was fully insured.

**B. Credit Risk**

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

The City is also authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants’ average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the City’s investments at June 30, 2020:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Maturity</u>	<u>Ratings</u>
PTIF Investments	\$ <u>6,709,060</u>	40 days*	not rated

\*Weighted-average maturity

**C: Interest Rate Risk:**

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

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

**D. Concentration of Credit Risk**

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

(3) Accounts Receivable

Accounts receivable in the governmental activities consist of amounts due from other governments in the amount of \$205,933, and accounts receivable in the business-type activities consist of amounts due from utility customers in the amount of \$154,689.

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

(4) Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Land and land improvements	\$ 565,800	178,240	-	744,040
Total	<u>565,800</u>	<u>178,240</u>	<u>-</u>	<u>744,040</u>
Capital assets being depreciated:				
Buildings	1,024,121	-	-	1,024,121
Other improvements	2,094,077	-	(555,126)	1,538,951
Equipment	1,888,861	111,243	(226,056)	1,774,048
Infrastructure	3,616,841	298,544	-	3,915,385
Total	<u>8,623,900</u>	<u>409,787</u>	<u>781,182</u>	<u>8,252,505</u>
Less accumulated depreciation for:				
Buildings	(421,524)	(29,418)	-	(450,942)
Other improvements	(1,203,361)	(137,150)	262,527	(1,077,984)
Equipment	(868,409)	(187,998)	231,337	(825,070)
Infrastructure	(1,398,187)	(180,845)	-	(1,579,032)
Total	<u>(3,891,481)</u>	<u>(535,411)</u>	<u>493,864</u>	<u>(3,933,028)</u>
Capital assets being depreciated, net	<u>4,732,419</u>	<u>(125,624)</u>	<u>1,275,046</u>	<u>4,319,477</u>
Governmental activity capital assets, net	<u><u>5,298,219</u></u>	<u><u>52,615</u></u>	<u><u>287,318</u></u>	<u><u>5,063,517</u></u>

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(4) Capital Assets – continued

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets being depreciated:				
Improvements	\$ 3,398,964	73,866	-	3,472,830
Total	<u>3,398,964</u>	<u>73,866</u>	-	<u>3,472,830</u>
Less accumulated depreciation for:				-
Improvements	(989,215)	(66,507)	-	(1,055,722)
Total	<u>(989,215)</u>	<u>66,507</u>	-	<u>(1,055,722)</u>
Capital assets being depreciated, net	<u>2,409,749</u>	<u>(66,507)</u>	-	<u>2,417,108</u>
 Business-type activities capital assets, net	 <u>\$ 2,409,749</u>	 <u>7,389</u>	 <u>-</u>	 <u>2,417,108</u>

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

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

General Government	\$ 37,703
Public Safety	1,622
Public Works	181,843
Parks and Recreation	137,150
Depreciation on capital assets of the City's internal service funds is charged to the various functions vased on their usage of assets	<u>177,093</u>
Total	<u>\$ 535,411</u>

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

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Compensated absences	\$ 66,239	42,998	-	109,237	-

(6) Retirement Plans

***General Information about the Pension Plan***

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

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(6) Retirement Plans continued

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1053, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the [website:www.urs.org](http://www.urs.org).

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

Summary of Benefits by System

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Service	COLA **
Noncontributory System	Highest 3 Years	30 years, any age 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 age 60 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Tier 2 Public Employees System	Highest 5 Years	35 years, any age age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years, any age age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.50% per year to June 2020 2.00% per year July 2020 to present	Up to 2.5%

\* Actuarial reductions are applied.

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

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(6) Retirement Plans - continued

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

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
<b>Contributory System</b>			
Local Government Div - Tier 2	N/A	15.66	1.03
<b>Noncontributory System</b>			
Local Government Div - Tier 1	N/A	18.47	N/A
<b>Public Safety System</b>			
<b>Contributory</b>			
Tier 2 DB Hybrid Public Safety	N/A	23.13	0.70
<b>Noncontributory</b>			
Other Div A with 2.5% COLA	N/A	34.04	N/A
<b>Tier 2 DC Only</b>			
Local Government	N/A	6.69	10.00
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 fiscal year ended June 30, 2020, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 80,588	N/A
Public Safety System	92,932	-
Tier 2 Public Employees System	30,199	-
Tier 2 Public Safety and Firefighter	36,522	-
Tier 2 DC Only System	2,429	N/A
Tier 2 DC Public Safety and Firefighter System	7,688	N/A
<b>Total Contributions</b>	<b>\$ 250,359</b>	<b>\$ -</b>

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.

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(6) Retirement Plans – continued

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

At June 30, 2020, we reported a net pension asset of \$ 0 and a net pension liability of \$ 544,799.

	<b>(Measurement Date): December 31, 2019</b>			<b>Proportionate Share</b>	<b>Proportionate Share December 31, 2018</b>	<b>Change (Decrease)</b>
	<b>Net Pension Asset</b>	<b>Net Pension Liability</b>	<b>Proportionate Share</b>			
Noncontributory System	\$ -	\$ 212,878	0.0564832 %	0.0606721 %	(0.0041889)%	
Contributory System	\$ -	\$ -	- %	- %	- %	
Public Safety System	\$ -	\$ 320,907	0.1998652 %	0.1851420 %	0.0147232 %	
Firefighters System	\$ -	\$ -	- %	- %	- %	
Judges Retirement System	\$ -	\$ -	- %	- %	- %	
Governors & Legislators Plan	\$ -	\$ -	- %	- %	- %	
Tier 2 Public Employees System	\$ -	\$ 3,140	0.0139628 %	0.0104868 %	0.0034760 %	
Tier 2 Public Safety and Firefighter	\$ -	\$ 7,874	0.0837062 %	0.0856616 %	(0.0019554)%	
	\$ -	\$ 544,799				

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019, 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, 2020, we recognized pension expense of \$ 314,380.

At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 28,178	\$ 10,991
Changes in assumptions	\$ 36,707	\$ 161
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 221,582
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 40,037	\$ 18,107
Contributions subsequent to the measurement date	\$ 120,226	\$ -
	\$ 225,148	\$ 250,841

\$ 120,226 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(6) Retirement Plans – 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,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (22,827)
2021	\$ (47,900)
2022	\$ 1,374
2023	\$ (83,543)
2024	\$ 750
Thereafter	\$ 6,227

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, we recognized pension expense of \$110,421.

At June 30, 2020, 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	\$ 19,364	\$ 3,058
Changes in assumptions	\$ 22,546	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 107,654
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	\$ 5,938	\$ 15,689
	\$ 38,036	\$ -
	\$ 85,884	\$ 126,401

\$ 38,036 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (10,821)
2021	\$ (27,319)
2022	\$ 516
2023	\$ (40,929)
2024	\$ -
Thereafter	\$ -

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(6) Retirement Plans – continued

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

For the year ended June 30, 2020, we recognized pension expense of \$ \$162,987.

At June 30, 2020, 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	\$ 5,581	\$ 6,852
Changes in assumptions	\$ 10,950	\$ -
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	\$ -	\$ 109,579
	\$ 28,824	\$ 1,920
	\$ 45,441	\$ -
	\$ 90,796	\$ 118,351

\$ 45,441 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources	
2020	\$	(11,593)
2021	\$	(20,249)
2022	\$	481
2023	\$	(41,636)
2024	\$	-
Thereafter	\$	-

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

For the year ended June 30, 2020, we recognized pension expense of \$ 17,694.

At June 30, 2020, 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	\$ 879	\$ 1,078
Changes in assumptions	\$ 1,341	\$ 90
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ 2,414
Contributions subsequent to the measurement date	\$ 2,944	\$ -
	\$ 14,332	\$ -
	\$ 19,495	\$ 3,582

\$ 14,332 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(6) Retirement Plans – 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,	Net Deferred Outflows (Inflows) of Resources	
2020	\$	(296)
2021	\$	(249)
2022	\$	163
2023	\$	(611)
2024	\$	355
Thereafter	\$	2,218

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

For the year ended June 30, 2020, we recognized pension expense of \$ 23,277.

At June 30, 2020, 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	\$	2,354	\$	3
Changes in assumptions	\$	1,870	\$	71
Net difference between projected and actual earnings on pension plan investments				
Changes in proportion and differences between contributions and proportionate share of contributions	\$	-	\$	1,935
Contributions subsequent to the measurement date	\$	2,332	\$	497
	\$	22,417	\$	-
	\$	28,973	\$	2,506

\$ 22,417 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources	
2020	\$	(117)
2021	\$	(84)
2022	\$	214
2023	\$	(367)
2024	\$	395
Thereafter	\$	4,008

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(6) Retirement Plans – continued

Actuarial Assumptions

The total pension liability in the December 31, 2019, 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, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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

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

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

*Discount rate:* The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

*Sensitivity 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 using a discount rate that is 1 percentage point lower (5.95 percent) or 1 percentage point higher (7.95 percent) than the current rate:

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(6) Retirement Plans – continued

System		1% Decrease or 5.95%	Discount Rate of 6.95%	1% Increase or 7.95%
Noncontributory System	\$	664,891	212,878	(164,097)
Public Safety System	\$	831,274	320,907	(93,864)
Tier 2 Public Employees System	\$	27,081	3,140	(15,361)
Tier 2 Public Safety and Firefighter	\$	27,815	7,874	(6,929)
<b>Total</b>	<b>\$</b>	<b>1,551,061</b>	<b>544,799</b>	<b>(280,251)</b>

\*\*\*Pension plan fiduciary net position: Detailed information about the fiduciary net position of the pension plans 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.

CITY OF HARRISVILLE participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

System	2020	2019	2018
<b><i>401(k) Plan</i></b>			
Employer Contributions	\$ 40,032	\$ 51,269	\$ 46,260
Employee Contributions	\$ 35,674	\$ 32,245	\$ 25,896
<b><i>457 Plan</i></b>			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 18,885	\$ 18,500	\$ 18,796
<b><i>Roth IRA Plan</i></b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 8,476	\$ 10,800	\$ 7,735
<b><i>Traditional IRA</i></b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 2,846	\$ 2,750	\$ 2,570

CITY OF HARRISVILLE

Notes to Financial Statements – Continued

June 30, 2020

(7) Budgetary Accounting and Tax Calendar

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

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

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

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

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

Property Tax Calendar

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

CITY OF HARRISVILLE

Notes to Financial Statements - Continued

June 30, 2020

(7) Budgetary Accounting and Tax Calendar - Continued

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

(8) Contingent Liabilities

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

(9) Risk Management

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

(10) Departments over budget

The City had no departments that overspent their budgets for the year.

(11) Subsequent events – Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of the coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020 the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the entity's operations. Future potential impacts may include disruptions or restrictions on our employee's ability to work or customers' ability to pay the monthly service fees. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown, so no related amounts are reflected in the financial statements.

**REQUIRED SUPPLEMENTAL INFORMATION**

CITY OF HARRISVILLE

Notes to Required Supplementary Information

June 30, 2020

**Budgeting and Budgetary Control**

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

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

**Pension Plans**

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

**Changes in Assumptions**

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighters Hybrid System have been modified to the same as the assumption used to model the retirement plan in the Tier 1 Public Safety and Firefighter Systems, except for the 10% load at first eligibility for unreduced retirement prior to age 65.

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

Year Ended June 30, 2020

	<u>Budgeted Amount</u>			Variance from Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
<b>Taxes:</b>				
Sales tax	\$ 1,495,000	1,495,000	1,560,491	65,491
Current year property tax	338,261	338,261	334,786	(3,475)
Franchise tax	370,000	370,000	369,925	(75)
Delinquent prior years taxes	6,000	6,000	2,693	(3,307)
Fee in lieu	30,000	30,000	31,270	1,270
Transportation tax	100,000	100,000	129,440	29,440
Total taxes	<u>2,339,261</u>	<u>2,339,261</u>	<u>2,428,605</u>	<u>89,344</u>
<b>Licenses and permits:</b>				
Park impact	90,000	90,000	14,929	(75,071)
Business licenses	45,000	45,000	45,629	629
Building permits	100,000	100,000	51,573	(48,427)
Plan check fee	40,000	40,000	17,539	(22,461)
Building plan / development fees	2,000	8,000	9,565	1,565
Public safety impact fees	18,000	18,000	3,982	(14,018)
Transportational impact fees	32,000	32,000	5,706	(26,294)
Total licenses and permits	<u>327,000</u>	<u>333,000</u>	<u>148,923</u>	<u>(184,077)</u>
<b>Intergovernmental:</b>				
Class C roads	265,000	265,000	255,853	(9,147)
State Liquor allotment	16,000	16,000	10,281	(5,719)
Other Grants	6,000	17,000	27,485	10,485
Total intergovernmental	<u>287,000</u>	<u>298,000</u>	<u>293,619</u>	<u>(4,381)</u>
<b>Charges for services:</b>				
Recreation and user fees	14,500	14,500	5,025	(9,475)
Park / Cabin reservations	8,000	8,000	6,458	(1,542)
Total charges for services	<u>22,500</u>	<u>22,500</u>	<u>11,483</u>	<u>(11,017)</u>
Fines and forfeitures	<u>152,000</u>	<u>152,000</u>	<u>146,050</u>	<u>(5,950)</u>
<b>Other revenue:</b>				
Heritage Days celebration	2,500	2,500	1,830	(670)
Interest earned	61,500	61,500	58,662	(2,838)
Miscellaneous	69,500	89,500	114,822	25,322
Total other revenue	<u>133,500</u>	<u>153,500</u>	<u>175,314</u>	<u>21,814</u>
Total revenue	<u>\$3,261,261</u>	<u>3,298,261</u>	<u>3,203,994</u>	<u>(94,267)</u>
<b>Expenditures:</b>				
<b>General government:</b>				
<b>Legislative:</b>				
Salaries and benefits	\$ 19,354	19,354	17,973	1,381
Materials, supplies and services	10,100	10,100	5,013	5,087
	<u>29,454</u>	<u>29,454</u>	<u>22,986</u>	<u>6,468</u>

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

Year Ended June 30, 2020

	Budgeted Amounts			Variance from Final Budget
	Original	Final	Actual	
Expenditures - Continued:				
Judicial:				
Salaries and benefits	\$ 93,898	93,898	77,229	16,669
Materials, supplies and services	14,850	14,850	15,094	(244)
	<u>108,748</u>	<u>108,748</u>	<u>92,323</u>	<u>16,425</u>
City Administration:				
Salaries and benefits	258,980	258,980	251,055	7,925
Materials, supplies and services	57,266	157,266	123,919	33,347
	<u>316,246</u>	<u>416,246</u>	<u>374,974</u>	<u>41,272</u>
General Government:				
Non-departmental				
Materials, supplies, and services	439,100	439,100	434,722	4,378
Total general government	<u>893,548</u>	<u>993,548</u>	<u>925,003</u>	<u>684,543</u>
Public Safety:				
Police service:				
Salaries and benefits	1,014,474	1,014,474	971,729	42,745
Materials, supplies and services	235,453	247,453	207,954	39,499
	<u>1,249,927</u>	<u>1,261,927</u>	<u>1,179,683</u>	<u>82,244</u>
Building inspections:				
Salaries and benefits	54,645	54,645	33,367	21,278
Materials, supplies, and services	14,300	14,300	31,682	(17,382)
	<u>68,945</u>	<u>68,945</u>	<u>65,049</u>	<u>3,896</u>
Total public safety	<u>1,318,872</u>	<u>1,330,872</u>	<u>1,244,732</u>	<u>86,140</u>
Public Works:				
Public works / maintenance:				
Salaries and benefits	317,265	317,265	313,017	4,248
Materials, supplies, and services	1,245,539	1,245,539	328,183	917,356
Total public works	<u>1,562,804</u>	<u>1,562,804</u>	<u>641,200</u>	<u>921,604</u>
Parks and Recreation:				
Salaries and benefits	346,994	346,994	296,341	50,653
Materials, supplies, and services	81,464	81,464	72,267	9,197
Total parks and recreation	<u>428,458</u>	<u>428,458</u>	<u>368,608</u>	<u>59,850</u>
Total expenditures	<u>4,203,682</u>	<u>4,315,682</u>	<u>3,179,545</u>	<u>1,136,137</u>
Excess (deficiency) of revenues over expenditures	<u>(942,421)</u>	<u>(1,017,421)</u>	<u>24,449</u>	<u>1,041,870</u>
Other financing sources (uses):				
Operating transfers (out)	-	-	-	-
Use of fund balance	942,421	1,017,421	-	(1,017,421)
Total other financing sources (uses)	<u>942,421</u>	<u>1,017,421</u>	<u>-</u>	<u>(1,017,421)</u>
Excess of deficiency of revenues and other financing sources over (under) expenditures and other uses.				
	-	-	24,449	24,449
Fund balance - beginning of year	<u>2,723,200</u>	<u>2,723,200</u>	<u>2,723,200</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,723,200</u>	<u>2,723,200</u>	<u>2,747,649</u>	<u>24,449</u>

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 CITY OF HARRISVILLE  
 Utah Retirement Systems  
 As of June 30, 2019  
 Last 10 Fiscal Years

		Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)	2019	0.0564832%	0.1998652%	0.0139628%	0.0837062%
	2018	0.0606721%	0.1851420%	0.0104868%	0.0856616%
	2017	0.0587011%	0.1669461%	0.0086000%	0.0810498%
	2016	0.0591657%	0.1780486%	0.0053676%	0.0479146%
	2015	0.0526020%	0.1507968%	0.0067037%	0.1064489%
	2014	0.0505886%	0.1596158%	0.0059151%	0.1320064%
Proportionate share of the net pension liability (asset)	2019	\$212,878	\$320,907	\$3,140	\$7,874
	2018	\$446,773	\$476,294	\$4,491	\$2,146
	2017	\$257,181	\$261,881	\$758	\$938
	2016	\$379,916	\$361,310	\$599	\$416
	2015	\$297,648	\$269,578	\$15	\$1,555
	2014	\$219,668	\$200,730	\$179	\$1,953
Covered payroll	2019	\$469,564	\$312,616	\$193,944	\$138,013
	2018	\$519,422	\$313,699	\$122,100	\$114,231
	2017	\$504,297	\$291,267	\$84,084	\$85,467
	2016	\$520,603	\$324,312	\$44,018	\$39,588
	2015	\$445,904	\$305,690	\$43,332	\$63,296
	2014	\$430,807	\$330,671	\$29,006	\$54,694
Proportionate share of the net pension liability(asset) as a percentage of its covered-employee payroll	2019	45.34%	102.65%	1.62%	5.71%
	2018	86.01%	151.83%	3.68%	1.88%
	2017	51.00%	89.91%	0.90%	-1.10%
	2016	72.98%	111.41%	1.36%	-1.05%
	2015	66.75%	88.19%	-0.03%	-2.46%
	2014	51.0%	60.7%	-0.6%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	2019	93.7%	90.9%	96.5%	89.6%
	2018	87.0%	84.7%	90.8%	95.6%
	2017	91.9%	90.2%	97.4%	103.0%
	2016	87.3%	86.5%	95.1%	103.6%
	2015	87.8%	87.1%	100.2%	110.7%
	2014	90.2%	90.5%	103.5%	120.5%

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

SCHEDULE OF CONTRIBUTIONS  
CITY OF HARRISVILLE  
Utah Retirement Systems  
As of June 30, 2020  
Last 10 Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relations to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of employee payroll
Noncontributory System	2014	\$73,445	\$73,445	\$ -	\$425,288	17.27%
	2015	\$80,376	\$80,376	\$ -	\$436,430	18.42%
	2016	\$88,261	\$88,261	\$ -	\$477,860	18.47%
	2017	\$96,232	\$96,232	\$ -	\$527,258	18.25%
	2018	\$93,150	\$93,150	\$ -	\$504,500	18.46%
	2019	\$93,864	\$93,864	\$ -	\$510,783	18.38%
	2020	\$80,588	\$80,588	\$ -	\$436,337	18.47%
Public Safety System	2014	\$72,843	\$72,843	\$ -	\$266,643	32.14%
	2015	\$67,351	\$67,351	\$ -	\$197,857	34.04%
	2016	\$77,403	\$77,403	\$ -	\$226,702	34.14%
	2017	\$83,207	\$83,207	\$ -	\$242,797	34.27%
	2018	\$77,200	\$77,200	\$ -	\$282,489	27.34%
	2019	\$76,838	\$76,838	\$ -	\$330,593	23.24%
	2020	\$92,932	\$92,932	\$ -	\$299,800	31.00%
Tier 2 Public Employees System*	2014	\$4,041	\$4,041	\$ -	\$28,886	13.99%
	2015	\$4,336	\$4,336	\$ -	\$29,026	14.94%
	2016	\$8,187	\$8,187	\$ -	\$54,910	14.91%
	2017	\$8,029	\$8,029	\$ -	\$53,852	14.91%
	2018	\$15,002	\$15,002	\$ -	\$99,360	15.10%
	2019	\$24,207	\$24,207	\$ -	\$157,358	15.38%
	2020	\$30,199	\$30,199	\$ -	\$193,144	15.64%
Tier 2 Public Safety and Firefighter System*	2014	\$7,877	\$7,877	\$ -	\$37,779	20.85%
	2015	\$16,234	\$16,234	\$ -	\$71,415	22.73%
	2016	\$10,478	\$10,478	\$ -	\$46,615	22.48%
	2017	\$10,101	\$10,101	\$ -	\$47,804	21.13%
	2018	\$23,390	\$23,390	\$ -	\$106,542	21.95%
	2019	\$34,364	\$34,364	\$ -	\$150,380	22.85%
	2020	\$36,522	\$36,522	\$ -	\$158,636	23.02%
Tier 2 Public Employees DC only System*	2014	\$646	\$646	\$ -	\$11,571	5.58%
	2015	\$784	\$784	\$ -	\$11,673	6.72%
	2016	\$2,029	\$2,029	\$ -	\$30,323	6.69%
	2017	\$2,125	\$2,125	\$ -	\$31,766	6.69%
	2018	\$2,252	\$2,252	\$ -	\$33,659	6.69%
	2019	\$2,363	\$2,363	\$ -	\$35,323	6.69%
	2020	\$2,429	\$2,429	\$ -	\$36,309	6.69%
Tier 2 Public Safety and Firefighter DC only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	\$3,157	\$3,157	\$ -	\$26,683	11.83%
	2017	\$4,730	\$4,730	\$ -	\$39,982	11.83%
	2018	\$4,702	\$4,702	\$ -	\$39,746	11.83%
	2019	\$5,459	\$5,459	\$ -	\$46,149	11.83%
	2020	\$7,688	\$7,688	\$ -	\$64,992	11.83%

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10 - year history of contributions in RSI. Contributions as a percentage



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

To the Mayor and City Council  
City of Harrisville

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harrisville as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Harrisville's basic financial statements, and have issued our report thereon dated December 16, 2020.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

### Purpose of this Report

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

*Christensen, Palmer & Ambrose P.C.*

December 16, 2020  
Ogden, UT



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

To the Mayor and City Council  
City of Harrisville

**REPORT ON COMPLIANCE**

We have audited the City of Harrisville's compliance with the general program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2020.

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

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Fraud Risk Assessment

The City of Harrisville did not receive any major assistance programs from the State of Utah during the year ended June 30, 2020.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion***

In our opinion, the City of Harrisville complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2020.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

### *Purpose of Report*

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

*Christensen, Palmer & Ambrose P.C.*

December 16, 2020  
Ogden, UT

**HARRISVILLE CITY  
ORDINANCE 519**

**FIRE HYDRANT/STREET LIGHT UTILITY FEE**

**AN ORDINANCE OF HARRISVILLE CITY, UTAH, AMENDING SECTION 1.85.060 RELATING TO A FIRE HYDRANT/STREET LIGHT UTILITY FEE TO SUPPORT THE COSTS RELATED TO THE OPERATION AND MAINTENANCE OF SUCH INFRASTRUCTURE; SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.**

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

**WHEREAS**, *Utah Code Annotated* §10-3-905, §10-6-160, §10-9a-509, §10-18-303, and other applicable law authorizes the City to impose fees;

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

**WHEREAS**, the City is incurring costs for fire hydrants and street lighting and desires to collect a utility fee to support and offset the costs of providing and servicing such facilities and infrastructure;

**WHEREAS**, Rocky Mountain Power will no longer be providing street light maintenance and such service must now be provided directly by the City;

**WHEREAS**, proper installation, operation, and maintenance of fire hydrants is necessary to support public health, safety, and welfare;

**WHEREAS**, the City desires to amend the current “transportation and fire hydrant utility fee” to be amended to the “fire hydrant/street light utility fee” and the funds collected be reserved for the same;

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

**Section 1:**     **Repealer.** Any ordinance or portion of the municipal code inconsistent with this Ordinance is hereby repealed and any reference thereto is hereby vacated.

**Section 2:**     **Adoption.** Section 1.85.060 of the *Harrisville Municipal Code* is hereby amended to read as follows:

**1.85.060**     **Fire Hydrant/Street Light Utility and ~~Transportation~~ Fee.**

Any prior utility fees already being collected by the City are hereby reclassified for the “fire hydrant/street light utility fee” as provide in this part. A monthly utility fee for City operated ~~transportation facilities and~~ fire hydrants and street lighting installation, operation, and maintenance, per lot/unit, is hereby imposed not to exceed the ~~initial~~ amounts as follows:

Residential	.50¢
Commercial/Manufacturing	\$1

**Section 3: Severability.** If a court of competent jurisdiction determines that any part of this Ordinance is unconstitutional or invalid, then such portion of this Ordinance, or specific application of this Ordinance, shall be severed from the remainder, which shall continue in full force and effect.

**Section 4: Effective date.** This Ordinance take effect immediately upon mayoral approval and posting.

PASSED AND ADOPTED by the City Council on this \_\_\_\_ day of February, 2021.

\_\_\_\_\_  
MICHELLE TAIT  
Mayor

ATTEST:

\_\_\_\_\_  
JENNIE KNIGHT  
City Recorder

RECORDED this \_\_\_\_ day of \_\_\_\_\_, 2021.  
PUBLISHED OR POSTED this \_\_\_\_ day of \_\_\_\_\_, 2021.

**CERTIFICATE OF PASSAGE AND PUBLICATION OR POSTING**

In accordance with Utah Code Annotated §10-3-713, 1953 as amended, I, the City Recorder of Harrisville City, hereby certify that foregoing Ordinance was duly passed and published or posted at: 1) Martin Henderson Harris Cabin, 2) 2150 North, and 3) City Hall on the above referenced dates.

\_\_\_\_\_  
City Recorder

DATE: \_\_\_\_\_



# HARRISVILLE CITY

---

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

MAYOR:

Michelle N. Tait

COUNCIL MEMBERS:

Grover Wilhelmsen

Steve Weiss

Blair Christensen

Max Jackson

Kenny Loveland

## Memorandum

**To:** Harrisville Mayor and City Council  
**From:** Jennie Knight  
**Date:** February 4, 2021  
**Re:** Surplus Equipment

This Memorandum is for authorization to surplus miscellaneous items including but not limited to: Desktop Computers, Laptops, Monitors, Keyboards, Speakers, Video Phone, Motorola Cell Phones, iPhones, and/or Samsung Phones.

These items are outdated or no longer in use. Surplus will include disposal of items of no monetary value and sale of items that have a monetary value. All items will be deleted of any/all information and reset to factory settings before disposal or sale. Items eligible for sale will be sold for fair market value.