

**RIVERDALE CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2020**

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Independent Auditor's Report

To the Mayor and City Council
Riverdale City

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Riverdale City (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises 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 required supplementary information on pages 3-10 and 51-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements on pages 57-59 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements on pages 57-59 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2021, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RIVERDALE CITY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDING JUNE 30, 2020

INTRODUCTION

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

HIGHLIGHTS

FedEx Office, Zao Asian Café, Quick Quack Car Wash, Half Price Flooring, Besst Reality, Mountain View Title & Escrow, Fairway Mortgage, Lunchbox Wax, and Crumbl Cookies all joined the City during this fiscal year. New residential construction numbers were higher than the previous year. Permits for single family dwelling homes were twenty-five for the current year and eighteen for the previous year.

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 Assets, and 2) the Statement of Activities. These two statements provide a broad overview of the City's finances. The Statement of Net Assets shows the overall net assets of the City. Over time, increases and decreases in net assets 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).

Riverdale City's business type activities include water, sewer, garbage and storm water 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.

**RIVERDALE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

Proprietary Funds – Riverdale 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. Riverdale City has four enterprise funds – water, 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 two internal service funds to account for its fleet and information technology systems 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.

**RIVERDALE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The largest component of the City's net position, 62.9 percent, reflects investments in capital assets (land, buildings, equipment, roads, parks, trails 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 10.5 percent of total net position and is subject to external restrictions on how they may be used. The remaining 26.6 percent of net position is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

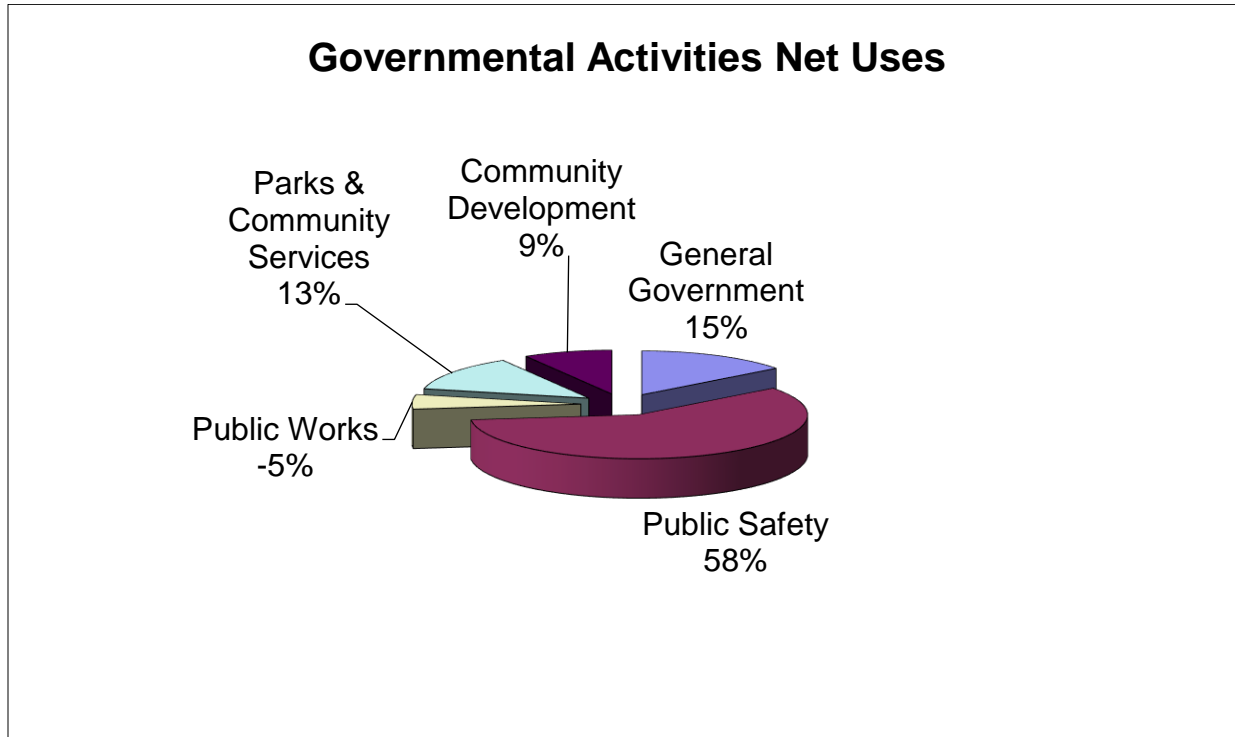
Riverdale City
Statement of Net Position
Comparative

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$17,082,371	\$15,769,658	\$ 7,664,730	\$ 6,795,152	\$24,747,101	\$22,564,810
Capital Assets (Net)	20,139,314	19,235,566	12,668,108	12,699,927	32,807,422	31,935,493
Total Assets	37,221,685	35,005,224	20,332,838	19,495,079	57,554,523	54,500,303
Deferred Outflows	722,576	1,625,245	59,690	130,870	782,266	1,756,115
Current Liabilities	869,342	872,475	369,785	254,765	1,239,127	1,127,240
Noncurrent Liabilities	2,789,704	4,125,945	258,581	384,198	3,048,285	4,510,143
Total Liabilities	3,659,046	4,998,420	628,366	638,963	4,287,412	5,637,383
Deferred Inflows	1,844,676	890,850	76,201	8,205	1,920,877	899,055
Net Position:						
Net Investment in Capital Assets	20,139,314	19,235,566	12,668,108	12,699,927	32,807,422	31,935,493
Restricted	5,476,826	4,942,676	-	-	5,476,826	4,942,676
Unrestricted	6,824,399	6,562,957	7,019,853	6,278,854	13,844,252	12,841,811
Total Net Position	\$32,440,539	\$30,741,199	\$19,687,961	\$18,978,781	\$52,128,500	\$49,719,980

**RIVERDALE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

Governmental Activities

The activities in the governmental funds resulted in an increase in net position of \$1,699,340 for the year. The following chart shows by percentage 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.



**RIVERDALE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

Riverdale City

Changes in Net Position

Comparative

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for Services	\$ 1,069,523	\$ 1,281,991	\$ 3,122,908	\$ 3,086,790	\$ 4,192,431	\$ 4,368,781
Operating Grants & Contributions	900,652	802,795	-	-	900,652	802,795
Capital Grants & Contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes	1,267,282	1,299,218	-	-	1,267,282	1,299,218
Sales Tax	6,959,896	6,677,225	-	-	6,959,896	6,677,225
Unrestricted interest earned	251,940	315,136	137,386	167,875	389,326	483,011
Miscellaneous	307,273	307,105	-	-	307,273	307,105
Transfers - internal activities	-	-	-	-	-	-
Total Revenues	10,756,566	10,683,470	3,260,294	3,254,665	14,016,860	13,938,135
Expenses:						
General Government	1,719,072	1,855,585	-	-	1,719,072	1,855,585
Public Safety	4,894,866	4,666,963	-	-	4,894,866	4,666,963
Streets and Public Works	483,793	586,339	-	-	483,793	586,339
Parks & Community Services	1,107,760	1,201,039	-	-	1,107,760	1,201,039
Community Development	851,735	1,248,596	-	-	851,735	1,248,596
Interest on long-term debt	-	-	-	-	-	-
Water Fund	-	-	939,241	949,625	939,241	949,625
Sewer Fund	-	-	990,208	1,003,866	990,208	1,003,866
Storm Water Fund	-	-	201,547	198,910	201,547	198,910
Garbage Fund	-	-	420,118	379,992	420,118	379,992
Total Expenses	9,057,226	9,558,522	2,551,114	2,532,393	11,608,340	12,090,915
Increase in Net Position before Transfers	1,699,340	1,124,948	709,180	722,272	2,408,520	1,847,220
Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Position	1,699,340	1,124,948	709,180	722,272	2,408,520	1,847,220
Net Position Beginning - restated	30,741,199	29,616,251	18,978,781	18,256,509	49,719,980	47,872,760
Net Position Ending	\$32,440,539	\$30,741,199	\$19,687,961	\$18,978,781	\$52,128,500	\$49,719,980

**RIVERDALE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

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 \$1,970,175 or 21.8 percent of their total expenses through charges for services and grants. Taxes and other general revenues covered the remaining 78.2 percent of expenses.

Activities	Total Program Expenses	Less Program Revenues	Net Program Costs	Program Revenues as a Percentage of Total Expense
General Government	\$ 1,719,072	\$ 556,382	\$ (1,162,690)	32.4%
Public Safety	4,894,866	258,346	(4,636,520)	5.3%
Streets & Public Works	483,793	904,470	420,677	187.0%
Parks & Community Services	1,107,760	73,599	(1,034,161)	6.6%
Community Development	851,735	177,378	(674,357)	20.8%
Totals	<u>\$ 9,057,226</u>	<u>\$ 1,970,175</u>	<u>\$ (7,087,051)</u>	<u>21.8%</u>

Business-Type Activities

The business-type activities (water, sewer, storm-water, and garbage) are generating sufficient revenue to cover operating costs and provide varying amounts of reserves for future capital projects.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

Riverdale City's governmental and business-type activities net capital assets increased by \$871,929 during the fiscal year – added \$503,058 in infrastructure, \$70,342 in improvements, \$164,145 in buildings, and \$117,889 in machinery and equipment. The City an increase of \$256,255 in land. The City also subtracted \$485,596 in equipment and other assets. Accumulated depreciation on the assets increased by \$1,206,062.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Fund Balances

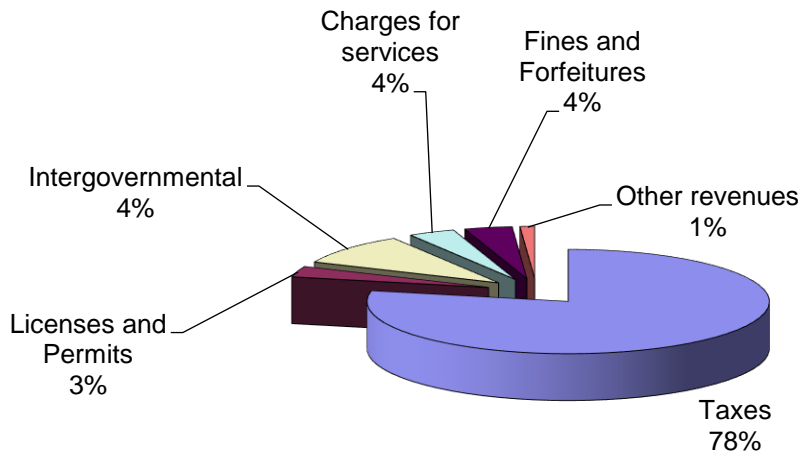
At June 30, 2020, Riverdale City's governmental funds reported combined fund balances of \$12,973,891. Of this amount, \$5,476,826 or 42.2% is restricted for specific purposes and projects. \$4,993,398 or 38.5% is assigned to Capital Projects and the remaining \$2,503,667 or 19.3% is unreserved.

General Fund

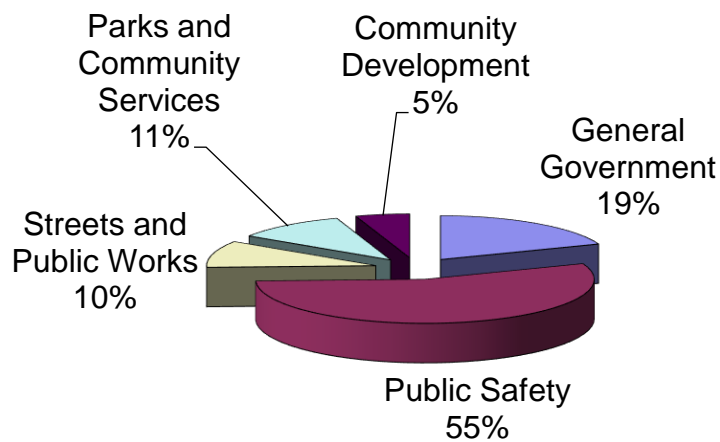
During 2020, the fund balance in the general fund increased by \$347,838. Taxes increased \$288,154, a 3.9% increase from the previous year. Total general fund revenues were up \$154,757, a 1.6% increase from the previous year. Total general fund expenditures (excluding transfers) were up \$363,507 or 4.4%.

**RIVERDALE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

General Fund Revenue Sources



General Fund Expenditures



**RIVERDALE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

General Fund Budgetary Highlights

Riverdale City prepares its budget according to state statutes. The most significant budget is the General Fund. The City made amendments to the General Fund this year. The budget was increased by \$16,500.

Actual General Fund revenues were \$311,069 or 3.3% above the budget. Actual expenditures were \$1,540,804 or 15.2% below the amended budget or \$1,524,304 or 15.0% below the original budget. The City was not required to draw upon existing fund balance in the General Fund this year to cover its expenditures.

RDA Fund

During the fiscal year, the fund balance in the Redevelopment Agency Fund increased \$271,676.

The City made no amendments to the RDA budget during this year.

Capital Projects Fund

During the fiscal year, the fund balance in the Capital Projects Fund increased \$113,804.

Enterprise Funds

The combined change in net position of the enterprise funds shows an increase of \$709,180. This is \$13,092 higher than the previous year.

OTHER MATTERS

Current and Future Projects

The Redevelopment Agency is planning to work with a developer to improve land in the Riverdale Road and 550 W RDA areas. The City's water department has budgeted \$567,000 in various projects, and sewer replacement/repair projects in the amount of \$317,000 in the coming fiscal year. The City will also be working on possible storm water projects in the amount of \$267,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Riverdale 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 Riverdale City, 4600 S. Weber River Dr., Riverdale, UT 84405.

BASIC FINANCIAL STATEMENTS

RIVERDALE CITY
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,255,995	\$ 7,339,362	\$ 16,595,357
Restricted cash	5,036,649	-	5,036,649
Accounts receivable	18,947	315,038	333,985
Due from other governmental units	2,174,353	-	2,174,353
Housing loans receivable	450,791	-	450,791
Net pension asset	145,636	10,330	155,966
Capital assets (net of accumulated depreciation):			
Land	5,683,868	755	5,684,623
Construction in progress	557,367	-	557,367
Infrastructure	4,952,251	11,929,836	16,882,087
Buildings	5,266,487	390,737	5,657,224
Improvements	1,184,042	-	1,184,042
Machinery and equipment	2,495,299	156,115	2,651,414
Water rights	-	190,665	190,665
TOTAL ASSETS	37,221,685	20,332,838	57,554,523
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources relating to pensions	722,576	59,690	782,266
TOTAL ASSETS AND DEFERRED OUTFLOWS	37,944,261	20,392,528	58,336,789
LIABILITIES			
Accounts payable and accrued expenses	769,225	369,785	1,139,010
Deposits	100,117	-	100,117
Non-current liabilities:			
Due within one year	-	-	-
Due in more than one year	2,789,704	258,581	3,048,285
TOTAL LIABILITIES	3,659,046	628,366	4,287,412
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	700,763	-	700,763
Unavailable revenue - CARES Act	242,199	-	242,199
Deferred inflows of resources related to pensions	901,714	76,201	977,915
TOTAL DEFERRED INFLOWS OF RESOURCES	1,844,676	76,201	1,920,877
NET POSITION			
Net investment in capital assets	20,139,314	12,668,108	32,807,422
Restricted for:			
Redevelopment Agency	4,629,818	-	4,629,818
Class "C" Roads	208,551	-	208,551
Local Option Highway and Transportation	638,457	-	638,457
Unrestricted	6,824,399	7,019,853	13,844,252
TOTAL NET POSITION	\$ 32,440,539	\$ 19,687,961	\$ 52,128,500

The accompanying notes are an integral part of these statements.

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

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 1,719,072	\$ 556,382	\$ -	\$ -	\$ (1,162,690)	\$ -	\$ (1,162,690)
Public safety	4,894,866	258,346	-	-	(4,636,520)	-	(4,636,520)
Streets and public works	483,793	3,818	900,652	-	420,677	-	420,677
Parks and community services	1,107,760	73,599	-	-	(1,034,161)	-	(1,034,161)
Community development	851,735	177,378	-	-	(674,357)	-	(674,357)
Total governmental activities	9,057,226	1,069,523	900,652	-	(7,087,051)	-	(7,087,051)
Business-type activities:							
Water	939,241	1,297,650	-	-	-	358,409	358,409
Sewer	990,208	1,195,057	-	-	-	204,849	204,849
Storm water	201,547	228,708	-	-	-	27,161	27,161
Garbage	420,118	401,493	-	-	-	(18,625)	(18,625)
Total business-type activities	2,551,114	3,122,908	-	-	-	571,794	571,794
Total primary government	\$ 11,608,340	\$ 4,192,431	\$ 900,652	\$ -	(7,087,051)	571,794	(6,515,257)
General revenues:							
Property taxes					1,267,282	-	1,267,282
Sales taxes					6,959,896	-	6,959,896
Transient room tax					13,867	-	13,867
Fees-in-lieu of taxes					46,825	-	46,825
Miscellaneous					246,581	-	246,581
Interest earnings					251,940	137,386	389,326
Total general revenues and transfers					8,786,391	137,386	8,923,777
Change in net position					1,699,340	709,180	2,408,520
Net position - beginning					30,741,199	18,978,781	49,719,980
Net position - ending					\$ 32,440,539	\$ 19,687,961	\$ 52,128,500

The accompanying notes are an integral part of these statements.

**RIVERDALE CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Redevelopment Agency Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,963,484	\$ -	\$ 5,135,874	\$ 7,099,358
Restricted cash	847,008	4,189,641	-	5,036,649
Accounts receivable	18,295	652	-	18,947
Due from other governmental units	2,164,684	9,669	-	2,174,353
Housing loans receivable	-	450,791	-	450,791
Total assets	<u>\$ 4,993,471</u>	<u>\$ 4,650,753</u>	<u>\$ 5,135,874</u>	<u>\$ 14,780,098</u>
LIABILITIES				
Accounts payable	\$ 558,719	\$ 12,451	\$ 142,476	\$ 713,646
Accrued liabilities	49,482	-	-	49,482
Deposits	91,633	8,484	-	100,117
Total liabilities	<u>699,834</u>	<u>20,935</u>	<u>142,476</u>	<u>863,245</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property Taxes	700,763	-	-	700,763
Unavailable revenue - CARES Act	242,199	-	-	242,199
Total deferred inflows of resources	<u>942,962</u>	<u>-</u>	<u>-</u>	<u>942,962</u>
FUND BALANCES				
Restricted for:				
Class "C" roads	208,551	-	-	208,551
Local option highway & transportation	638,457	-	-	638,457
Redevelopment agency	-	4,629,818	-	4,629,818
Assigned to:				
Capital projects	-	-	4,993,398	4,993,398
Unassigned	2,503,667	-	-	2,503,667
Total fund balances	<u>3,350,675</u>	<u>4,629,818</u>	<u>4,993,398</u>	<u>12,973,891</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,993,471</u>	<u>\$ 4,650,753</u>	<u>\$ 5,135,874</u>	<u>\$ 14,780,098</u>

The accompanying notes are an integral part of these statements.

RIVERDALE CITY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances - governmental funds:		\$ 12,973,891
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 5,683,868	
Construction in progress	557,367	
Infrastructure	7,552,497	
Buildings	9,979,698	
Improvements	3,084,643	
Machinery and equipment	5,916,437	
Accumulated depreciation	<u>(12,635,196)</u>	
		20,139,314
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 governmental activities in the statement of net position. (Net of capital assets included above.)		
		2,150,540
Net pension assets used in governmental activities are not financial resources and , therefore, are not reported in the funds.		
		145,636
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		
		722,576
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.		
		(901,714)
Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds, but they are reported in the Statement of Net Position.		
Net pension liability	(1,765,431)	
Compensated absences	<u>(1,024,273)</u>	
		<u>(2,789,704)</u>
Net position of governmental activities		<u><u>\$ 32,440,539</u></u>

The accompanying notes are an integral part of these statements.

RIVERDALE CITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES	General Fund	Redevelopment Agency Fund	Capital Projects Fund	Total Governmental Funds
Taxes				
Property taxes	\$ 689,516	\$ 577,766	\$ -	\$ 1,267,282
Sales taxes	6,959,896	-	-	6,959,896
Transient room tax	13,867	-	-	13,867
Fees-in-lieu of taxes	46,825	-	-	46,825
Licenses and permits	323,672	-	-	323,672
Intergovernmental	955,995	-	-	955,995
Charges for services	368,834	-	-	368,834
Fines and forfeitures	377,017	-	-	377,017
Interest	33,311	85,358	93,668	212,337
Other revenues	81,886	148,817	138	230,841
Total revenues	<u>9,850,819</u>	<u>811,941</u>	<u>93,806</u>	<u>10,756,566</u>
EXPENDITURES				
Current				
General government	1,657,001	-	5,522	1,662,523
Public safety	4,756,544	-	36,577	4,793,121
Streets and public works	128,669	-	2,761	131,430
Parks and community services	911,715	-	-	911,715
Community development	444,927	405,240	-	850,167
Capital outlay				
General government	-	-	164,054	164,054
Public safety	2,021	-	148,188	150,209
Streets and public works	717,424	-	502,340	1,219,764
Parks and community services	5,240	-	-	5,240
Community development	-	135,025	-	135,025
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	<u>8,623,541</u>	<u>540,265</u>	<u>859,442</u>	<u>10,023,248</u>
Excess (deficiency) of revenues over expenditures	<u>1,227,278</u>	<u>271,676</u>	<u>(765,636)</u>	<u>733,318</u>
Other financing sources (uses)				
Transfers in	-	-	879,440	879,440
Transfers out	(879,440)	-	-	(879,440)
Total other financing sources and uses	<u>(879,440)</u>	<u>-</u>	<u>879,440</u>	<u>-</u>
Net change in fund balances	347,838	271,676	113,804	733,318
Fund balances - beginning of year	<u>3,002,837</u>	<u>4,358,142</u>	<u>4,879,594</u>	<u>12,240,573</u>
Fund balances - end of year	<u>\$ 3,350,675</u>	<u>\$ 4,629,818</u>	<u>\$ 4,993,398</u>	<u>\$ 12,973,891</u>

The accompanying notes are an integral part of these statements.

RIVERDALE CITY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

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

Net changes in fund balances - total governmental funds	\$	733,318
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Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount by
which capital outlays exceeded the depreciation in the current period.

Capital outlays	\$ 1,674,292		
Depreciation expense	<u>(818,241)</u>		856,051

Donations of capital assets increase net position in the Statement of
Activities, but do not appear in the governmental funds because
they are not financial resources.

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

			(5,309)
--	--	--	---------

Internal Service Funds are used by management to charge the costs
of fleet management to individual funds. The net income of
certain activities of the Internal Service Fund is reported with
governmental activities.

			225,626
--	--	--	---------

The disposition of capital assets results in the reporting of proceeds in the
fund financial statements, but the net book value of the asset is reduced in
the statement of activities.

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

Issuance of debt	-		
Repayment of bond principal	<u>-</u>		-

Some expenses reported in the Statement of Activities do not
require use of current financial resources and therefore, are not
reported as expenditures in governmental funds.

			<u>(110,346)</u>
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Change in net position of governmental activities	\$	<u><u>1,699,340</u></u>
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The accompanying notes are an integral part of these statements.

RIVERDALE CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities -	
	Water	Sewer
ASSETS AND DEFERRED OUTFLOWS		
Current assets:		
Cash and cash equivalents	\$ 3,506,802	\$ 2,075,817
Accounts receivable	145,257	108,660
Total current assets	<u>3,652,059</u>	<u>2,184,477</u>
Noncurrent assets:		
Net pension asset	5,854	2,395
Land	755	-
Buildings	797,776	-
Water and canal stock	190,665	-
Infrastructure	8,942,265	7,224,046
Machinery and equipment	174,520	51,322
Less: accumulated depreciation	<u>(4,536,505)</u>	<u>(2,944,076)</u>
Total noncurrent assets	<u>5,575,330</u>	<u>4,333,687</u>
Total assets	<u>9,227,389</u>	<u>6,518,164</u>
Deferred outflows of resources - pension	<u>30,101</u>	<u>15,840</u>
Total assets and deferred outflows of resources	<u>9,257,490</u>	<u>6,534,004</u>
LIABILITIES AND DEFERRED INFLOWS		
Current liabilities:		
Accounts payable	198,921	140,341
Bonds payable - current	-	-
Total current liabilities	<u>198,921</u>	<u>140,341</u>
Noncurrent liabilities:		
Net pension liability	74,319	38,550
Compensated absences	10,109	53,396
Bonds payable - noncurrent	-	-
Total noncurrent liabilities	<u>84,428</u>	<u>91,946</u>
Deferred inflows of resources - pension	<u>39,410</u>	<u>19,406</u>
Total liabilities and deferred inflows of resources	<u>322,759</u>	<u>251,693</u>
NET POSITION		
Net investment in capital assets	5,569,476	4,331,292
Unrestricted	<u>3,365,255</u>	<u>1,951,019</u>
Total net position	<u>\$ 8,934,731</u>	<u>\$ 6,282,311</u>

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Storm Water	Garbage	Total	
\$ 1,419,020	\$ 337,723	\$ 7,339,362	\$ 2,156,637
23,870	37,251	315,038	-
<u>1,442,890</u>	<u>374,974</u>	<u>7,654,400</u>	<u>2,156,637</u>
1,782	299	10,330	-
-	-	755	-
65,206	-	862,982	-
-	-	190,665	-
3,385,350	-	19,551,661	-
52,085	-	277,927	4,124,986
(735,301)	-	(8,215,882)	(2,157,402)
<u>2,769,122</u>	<u>299</u>	<u>12,678,438</u>	<u>1,967,584</u>
<u>4,212,012</u>	<u>375,273</u>	<u>20,332,838</u>	<u>4,124,221</u>
<u>11,637</u>	<u>2,112</u>	<u>59,690</u>	<u>-</u>
<u>4,223,649</u>	<u>377,385</u>	<u>20,392,528</u>	<u>4,124,221</u>
375	30,148	369,785	6,097
-	-	-	-
<u>375</u>	<u>30,148</u>	<u>369,785</u>	<u>6,097</u>
28,525	5,162	146,556	-
39,919	8,601	112,025	-
-	-	-	-
<u>68,444</u>	<u>13,763</u>	<u>258,581</u>	<u>-</u>
<u>14,745</u>	<u>2,640</u>	<u>76,201</u>	<u>-</u>
<u>83,564</u>	<u>46,551</u>	<u>704,567</u>	<u>6,097</u>
2,767,340	-	12,668,108	1,967,584
<u>1,372,745</u>	<u>330,834</u>	<u>7,019,853</u>	<u>2,150,540</u>
<u>\$ 4,140,085</u>	<u>\$ 330,834</u>	<u>19,687,961</u>	<u>\$ 4,118,124</u>

RIVERDALE CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities -	
	Water	Sewer
OPERATING REVENUE		
Charges for service	\$ 1,269,039	\$ 1,195,057
Other	28,611	-
Total operating revenue	<u>1,297,650</u>	<u>1,195,057</u>
OPERATING EXPENSES		
Personnel services	225,480	158,999
Contractual services	300,952	685,468
Materials and supplies	57,398	10,120
Depreciation	252,288	134,999
Utilities	98,540	622
Bad debts	4,583	-
Total operating expenses	<u>939,241</u>	<u>990,208</u>
Operating income (loss)	<u>358,409</u>	<u>204,849</u>
NONOPERATING REVENUE (EXPENSES)		
Interest revenue	61,842	40,885
Interest expense	-	-
Gain on sale	-	-
Total nonoperating revenue	<u>61,842</u>	<u>40,885</u>
Income (loss) before contributions	420,251	245,734
Capital contributions	-	-
Change in net position	420,251	245,734
Net position - beginning	<u>8,514,480</u>	<u>6,036,577</u>
Net position - ending	<u>\$ 8,934,731</u>	<u>\$ 6,282,311</u>

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Storm Water	Garbage	Total	
\$ 228,708	\$ 401,493	\$ 3,094,297	\$ 525,912
-	-	28,611	-
<u>228,708</u>	<u>401,493</u>	<u>3,122,908</u>	<u>525,912</u>
113,867	28,683	527,029	-
6,310	370,182	1,362,912	-
9,280	21,253	98,051	122,123
72,090	-	459,377	351,938
-	-	99,162	21,658
-	-	4,583	-
<u>201,547</u>	<u>420,118</u>	<u>2,551,114</u>	<u>495,719</u>
<u>27,161</u>	<u>(18,625)</u>	<u>571,794</u>	<u>30,193</u>
27,349	7,310	137,386	39,603
-	-	-	-
-	-	-	155,830
<u>27,349</u>	<u>7,310</u>	<u>137,386</u>	<u>195,433</u>
54,510	(11,315)	709,180	225,626
-	-	-	-
54,510	(11,315)	709,180	225,626
4,085,575	342,149	18,978,781	3,892,498
<u>\$ 4,140,085</u>	<u>\$ 330,834</u>	<u>\$ 19,687,961</u>	<u>\$ 4,118,124</u>

RIVERDALE CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities -	
	Water	Sewer
Cash Flows From Operating Activities		
Receipts from customers	\$ 1,233,762	\$ 1,196,979
Interfund services provided	-	-
Payments to employees	(267,108)	(142,028)
Payments to suppliers	(389,751)	(558,958)
Payments for interfund services used	(10,200)	(11,748)
Net cash from operating activities	<u>566,703</u>	<u>484,245</u>
Cash Flows From Noncapital Financing Activities		
Interfund loan	-	-
Net cash from noncapital financing activities	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities		
Interest paid on debt	-	-
Principal paid on debt	-	-
Purchases of capital assets	(201,629)	(225,929)
Proceeds from sale of assets	-	-
Net cash from capital and related financing	<u>(201,629)</u>	<u>(225,929)</u>
Cash Flows From Investing Activities		
Interest and dividends received	61,842	40,885
Net cash from investing activities	<u>61,842</u>	<u>40,885</u>
Net increase (decrease in cash and cash equivalents)	426,916	299,201
Cash and cash equivalents, July 1	3,079,886	1,776,616
Cash and cash equivalents, June 30	<u><u>\$ 3,506,802</u></u>	<u><u>\$ 2,075,817</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 358,409	\$ 204,849
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expenses	252,288	134,999
(Increase) decrease in accounts receivable	(63,888)	1,922
Increase (decrease) in accounts payable	61,522	125,504
Increase (decrease) in compensated absences	(34,795)	3,833
Increase (decrease) in net pension liability	(6,833)	13,138
Total adjustments	<u>208,294</u>	<u>279,396</u>
Net cash provided (used) by operating activities	<u><u>\$ 566,703</u></u>	<u><u>\$ 484,245</u></u>
Noncash Investing, Capital and Financing Activities:		
Contributed capital assets from developers	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

Business-Type Activities - Enterprise Funds			Governmental
Storm			Activities
Water	Garbage	Total	Internal
			Service Fund
\$ 228,264	\$ 401,868	\$ 3,060,873	\$ -
-	-	-	525,912
(98,873)	(17,642)	(525,651)	-
(79,903)	(392,024)	(1,420,636)	(148,970)
(7,104)	-	(29,052)	-
<u>42,384</u>	<u>(7,798)</u>	<u>1,085,534</u>	<u>376,942</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	(427,558)	(461,736)
-	-	-	217,931
-	-	<u>(427,558)</u>	<u>(243,805)</u>
27,349	7,310	137,386	39,603
<u>27,349</u>	<u>7,310</u>	<u>137,386</u>	<u>39,603</u>
69,733	(488)	795,362	172,740
1,349,287	338,211	6,544,000	1,983,897
<u>\$ 1,419,020</u>	<u>\$ 337,723</u>	<u>\$ 7,339,362</u>	<u>2,156,637</u>
\$ 27,161	\$ (18,625)	\$ 571,794	\$ 30,193
72,090	-	459,377	351,938
(444)	375	(62,035)	-
(71,417)	(589)	115,020	(5,189)
3,002	6,723	(21,237)	-
11,992	4,318	22,615	-
<u>15,223</u>	<u>10,827</u>	<u>513,740</u>	<u>346,749</u>
<u>\$ 42,384</u>	<u>\$ (7,798)</u>	<u>\$ 1,085,534</u>	<u>\$ 376,942</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Riverdale City, Utah conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The City has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the more significant policies and is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

Riverdale City was incorporated on March 4, 1946 in the State of Utah. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: public safety, public utilities, highways and streets, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The criteria set forth by generally accepted accounting principles (GAAP) was used to determine which entities to include in this report. GASB Concepts Statement-1 (Objectives of Financial Reporting) concludes that the basic foundation for governmental financial reporting is accountability. The Concepts Statement asserts that accountability requires governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used. In turn, the concept of accountability becomes the basis for defining the financial reporting entity.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government and the following component units:

Blended component units: Blended component units, although legally separate entities, are in substance part of the government's operations. They are reported as part of the primary government and blended with the appropriate funds. The City has the following component units.

The Riverdale Redevelopment Agency (RDA) is governed by a board of directors comprised of the Mayor and City Council of Riverdale City. Although it is legally separate from the City, the RDA is reported as if it were part of the primary government because its principal purpose is removing blight by redeveloping areas within the City thereby raising additional property tax and sales tax.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

Government-wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government. 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 *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 financial transactions of the City are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Statements are provided for *governmental funds* and for *proprietary funds*. For governmental and proprietary funds, the emphasis is on *major funds*, with each displayed in a separate column.

The City reports the following major governmental funds:

General Fund - This fund is the principal operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. The City's Redevelopment Agency is reported as a major special revenue fund.

Capital Projects Fund - The Capital Projects fund accounts for the accumulation of resources to be used in capital projects of the City, which usually extend beyond one year.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

Water Fund - The water fund is used to account for operations of the water system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Sewer Fund - The sewer fund is used to account for operations of the sewer system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Storm Water Fund - The storm water fund is used to account for operations of the storm water system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Garbage Fund - The garbage fund is used to account for operations of the garbage and recycling system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the City reports the following fund type:

Internal Service Funds - The internal service funds are used to account for the operating costs of vehicles and equipment and information technology services charged to the other departments or funds. The internal service funds primarily benefit the governmental funds and are included as part of governmental-type activities in the government-wide financial statements. The net profit or loss on the internal service funds operations is allocated to the functions that benefited from the goods or services provided on the basis of their proportionate benefit. This technique is commonly known as the look-back approach to internal service fund consolidations on the government-wide financial statements.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenues for the proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative overhead expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

D. Assets, Liabilities, and Fund Balances/Net Position

The following are the City's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

Pooled Cash and Temporary Investments

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (Continued)

Inventories

No significant inventories are maintained by the City, therefore none are reflected in these statements.

Restricted Assets

Certain resources set aside as reserves in accordance with council resolutions and State statutes are classified as restricted assets on the balance sheet because their use is limited.

Capital Assets

General capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures.

Capital assets are reported in the governmental column in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Capital assets are defined as assets with an initial, individual cost of more than \$2,000.

Infrastructure capital assets which are newly constructed are capitalized. The City currently has infrastructure assets recorded.

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Wells	50 years
Water distribution system	50 years
Sewer collection system	50 years
Equipment and machinery	5-15 years
Infrastructure and improvements	20-50 years
Other improvements	10-30 years

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (Continued)

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.

Pensions

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

Long-term Obligations

In the government-wide statements, long-term debt obligations are reported as liabilities.

The face amount of debt issued is reported as other financing sources in the governmental fund financial statements.

Equity

Fund financial statements

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

- a. Non-spendable - Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance - Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provision or enabling legislation, or restrictions set by creditors, grantors, or contributors.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (Continued)

Equity

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

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

Government-wide statements:

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

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

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

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues and Expenditures

The following are the City's significant policies related to recognition and reporting of certain revenues, expenditures, and interfund activity.

Revenue Availability

Under the modified accrual basis of accounting, revenues are considered to be "available" when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days after the end of the current year. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues are considered to be available if they are collected within 60 days after year-end.

Statement of Governmental Accounting Standards (SGAS) No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which "a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange." For property taxes, at January 1 of each year (the assessment date), the City has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred inflows or resources for the assessed amount of those property taxes as of January 1 of the current year.

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental fund types. All annual appropriations lapse at the fiscal year end. Encumbrance accounting is not used by the City. Summary of City Budget Procedures and Calendar:

1. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance.
2. Budgets are required by the State of Utah for both the General and Special Revenue Funds.
3. Each year the City publishes a separate budget document prepared according to this legal level of control.
4. The City's budget is a Financial Plan of all estimated revenues and all appropriations for expenditures. Revenues and Expenditures must balance for the funds required by the State Code as indicated in item 2 above.
5. A tentative budget is presented by the Mayor 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 June 22.
6. The tentative budget is a public record and is available for inspection at the City offices for at least ten days prior to adoption of the final budget.
7. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing.
8. The public hearing on the tentatively adopted budget is held no later than June 22. Final adjustments are made to the tentative budget by the Council after the public hearing.
9. Occasionally the City Council will exercise their option to open the budget to indicate additional financing sources that become available.
10. The final budget is adopted by ordinance before June 22 and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.
11. In connection with budget adoption:
 - a. An annual tax ordinance establishing the property tax rate is adopted before June 22.
 - b. The City Treasurer is to certify the property tax rate to the County Auditor before June 22.
12. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Summary of Action Required for Budget Changes:

The Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.

Fund budgets may be increased by resolution after a public hearing.

G. Contributions

Certain proprietary fund types receive contributions for aid in construction from various sources. With the adoption of GASB No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as non-operating revenue.

H. Compensated Absences

City policy provides for vested or accumulated vacation leave. All compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Use of Estimates

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

J. Restricted Resources

The City's policy is to use restricted resources first to fund appropriations when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

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

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2020, \$640,896 of the City's bank balances of \$890,896 was uninsured and uncollateralized.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

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

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

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

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

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

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value of Investments

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

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

At June 30, 2020, the City had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 20,704,307	\$ -	\$ 20,704,307	\$ -
Total debt securities	\$ 20,704,307	\$ -	\$ 20,704,307	\$ -

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

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2020 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

Interest Rate Risk

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

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2020, the City's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	\$20,704,307	\$ 20,704,307	\$ -	\$ -	\$ -
	\$20,704,307	\$ 20,704,307	\$ -	\$ -	\$ -

Credit Risk

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

At June 30, 2020, the City's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	\$20,704,307	\$ -	\$ -	\$ -	\$ 20,704,307
	\$20,704,307	\$ -	\$ -	\$ -	\$ 20,704,307

Concentration of Credit Risk

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

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

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Cash on hand and on deposit:	
Cash on deposit	\$ 926,184
Petty cash	1,515
PTIF investment	<u>20,704,307</u>
Total cash and investments	<u>\$ 21,632,006</u>

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

Unrestricted Cash	\$ 16,155,180
Restricted Cash for:	
Local Option Highway and Transportation	638,457
Class "C" roads	208,551
RDA Fund	<u>4,629,818</u>
Total cash and investments	<u>\$ 21,632,006</u>

Deposit and Investment Risk Disclosure. Deposits and investments for Riverdale City are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – DISAGGREGATED RECEIVABLES AND PAYABLES

The table below disaggregates the balances due from other government units and amounts reported as accounts receivable on the statement of net position under governmental activities. The receivables in the business-type activities are all due from customers for utility services provided.

Governmental Activities:	Due from government units	Accounts Receivable	Total
Receivables:			
Housing Loans Receivable	\$ -	\$ 450,791	\$ 450,791
Ambulance Billing Service Provider	-	144,982	144,982
Customers	-	14,357	14,357
Utah State Tax Commission	1,386,953	-	1,386,953
Utah Department of Transportation	55,994	-	55,994
County - Current Property Taxes	30,643	-	30,643
Taxpayers - Unavailable Taxes	700,763	-	700,763
State Grants	-	-	-
Gross receivables	<u>2,174,353</u>	<u>610,130</u>	<u>2,784,483</u>
Less: Allowance for uncollectibles	-	(140,392)	(140,392)
Net total receivables	<u>\$ 2,174,353</u>	<u>\$ 469,738</u>	<u>\$ 2,644,091</u>

Accounts Payable Due To:			
	Other Governments	Vendors	Total
General Fund	\$ 6,408	\$ 552,308	\$ 558,716
Redevelopment Agency Fund	-	12,453	12,453
Capital Projects Fund	-	142,477	142,477
Water Fund	-	198,921	198,921
Sewer Fund	-	140,341	140,341
Storm Water Fund	-	375	375
Garbage Fund	-	30,148	30,148
Internal Service Fund	-	6,097	6,097
Total	<u>\$ 6,408</u>	<u>\$ 1,083,120</u>	<u>\$ 1,089,528</u>

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS

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

GOVERNMENTAL ACTIVITIES	Balance June 30, 2019	Additions	(Deletions)	Balance June 30, 2020
Nondepreciated Assets				
Land	\$ 5,427,613	\$ 256,255	\$ -	\$ 5,683,868
Construction in progress	-	557,367	-	557,367
Total nondepreciated assets	<u>5,427,613</u>	<u>813,622</u>	<u>-</u>	<u>6,241,235</u>
Depreciated Assets				
Infrastructure	7,049,439	503,058	-	7,552,497
Improvements	3,014,301	70,342	-	3,084,643
Buildings	9,815,553	164,145	-	9,979,698
Machinery and equipment	5,817,171	584,862	(485,596)	5,916,437
Total depreciated assets	<u>25,696,464</u>	<u>1,322,407</u>	<u>(485,596)</u>	<u>26,533,275</u>
Less accumulated depreciation				
Infrastructure	(2,270,348)	(329,898)	-	(2,600,246)
Improvements	(1,756,969)	(143,632)	-	(1,900,601)
Buildings	(4,452,878)	(260,333)	-	(4,713,211)
Machinery and equipment	(3,408,316)	(436,317)	423,495	(3,421,138)
Total accumulated depreciation	<u>(11,888,511)</u>	<u>(1,170,180)</u>	<u>423,495</u>	<u>(12,635,196)</u>
Net assets depreciated	<u>13,807,953</u>	<u>152,227</u>	<u>(62,101)</u>	<u>13,898,079</u>
Governmental activities capital assets, net	<u>\$ 19,235,566</u>	<u>\$ 965,849</u>	<u>\$ (62,101)</u>	<u>\$ 20,139,314</u>

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Balance June 30, 2019	Additions	(Deletions)	Balance June 30, 2020
Nondepreciated Assets				
Land	\$ 755	-	\$ -	\$ 755
Construction in progress	-	-	-	-
Water rights	190,665	-	-	190,665
	<u>191,420</u>	<u>-</u>	<u>-</u>	<u>191,420</u>
Depreciated Assets				
Infrastructure	19,142,726	408,935	-	19,551,661
Buildings	862,982	-	-	862,982
Machinery and equipment	259,304	18,623	-	277,927
Total depreciated assets	<u>20,265,012</u>	<u>427,558</u>	<u>-</u>	<u>20,692,570</u>
Less accumulated depreciation				
Infrastructure	(7,191,097)	(430,728)	-	(7,621,825)
Buildings	(457,492)	(14,753)	-	(472,245)
Machinery and equipment	(107,916)	(13,896)	-	(121,812)
Total	<u>(7,756,505)</u>	<u>(459,377)</u>	<u>-</u>	<u>(8,215,882)</u>
Net assets depreciated	<u>12,508,507</u>	<u>(31,819)</u>	<u>-</u>	<u>12,476,688</u>
Business-type activities capital assets, net	<u>\$ 12,699,927</u>	<u>\$ (31,819)</u>	<u>\$ -</u>	<u>\$ 12,668,108</u>

DEPRECIATION EXPENSE

	Governmental Types	Business Types	Totals
General government	\$ 170,670	\$ -	\$ 170,670
Public Safety	98,605	-	98,605
Streets and public works	352,254	-	352,254
Parks and community services	195,451	-	195,451
Community development	1,261	-	1,261
Internal service*	351,939	-	351,939
Water system	-	252,288	252,288
Sewer system	-	134,999	134,999
Storm water system	-	72,090	72,090
TOTAL	<u>\$ 1,170,180</u>	<u>\$ 459,377</u>	<u>\$ 1,629,557</u>

* Depreciation expense on capital assets held by the internal service fund is charged to the various functions based on their usage of the assets.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2020, were as follows:

Description	Long-term debt payable 6/30/2019	Additions	Deletions	Long-term debt payable 6/30/2020	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Compensated Absences	\$ 913,927	\$ 110,346	\$ -	\$ 1,024,273	N/A
Net Pension Liability	3,212,018	-	1,446,587	1,765,431	N/A
Governmental Activities Total Long-term Liabilities	<u>\$ 4,125,945</u>	<u>\$ 110,346</u>	<u>\$ 1,446,587</u>	<u>\$ 2,789,704</u>	<u>\$ -</u>
BUSINESS-TYPE ACTIVITIES					
Compensated Absences	\$ 133,262	\$ -	\$ 21,237	\$ 112,025	N/A
Net Pension Liability	250,936	-	104,380	146,556	N/A
Business-type Activities Total Long-term Liabilities	<u>\$ 384,198</u>	<u>\$ -</u>	<u>\$ 125,617</u>	<u>\$ 258,581</u>	<u>\$ -</u>

The General Fund and all Enterprise Funds typically liquidate the liability for compensated absences.

For the year ended June 30, 2020, \$0 of interest was charged as a direct expense on the *Statement of Activities* for Governmental Activities and \$0 of interest was charged to expense in the Business-type Activities. No interest was capitalized for the year ended June 30, 2020 in Governmental or Business-type Activities.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS

General Information about the Pension Plan

Plan Description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefits Plans

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement 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.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending on employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighters System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year to June 2020 2.00% per year July 2020 to present	Up to 2.5%

* with actuarial reductions

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

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

Contribution Rate Summary:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2020 are as follows:

	Employee Paid	Employer Contribution Rates	Employer rate for 401(k) Plan
Contributory System			
11 - Local Governmental Division Tier 1	6.00%	14.46%	N/A
111 - Local Government Division Tier 2	N/A	15.66%	1.03%
Noncontributory System			
15 - Local Government Division Tier 1	N/A	18.47%	N/A
Public Safety System			
Contributory			
122 - Other Division A Contributory Tier 2	N/A	24.29%	0.70%
Noncontributory			
75 - Other Div A with 4% COLA	N/A	35.71%	N/A
Firefighters Retirement System			
31 - Other Division A	15.05%	4.61%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	11.38%	0.70%
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	12.99%	12.00%
232 Firefighters	N/A	0.08%	12.00%

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

For fiscal year ended June 30, 2020, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 283,640	N/A
Public Safety System	388,942	-
Firefighters System	19,420	63,399
Tier 2 Public Employees System	73,662	-
Tier 2 Public Safety and Firefighter	81,636	-
Tier 2 DC Only System	2,413	N/A
Tier 2 DC Public Safety and Firefighter	7,312	N/A
Total Contributions	\$ 857,023	\$ 63,399

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.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

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

At June 30, 2020, we reported a net pension asset of \$155,968 and a net pension liability of \$1,911,988.

(Measurement Date): December 31, 2019

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2018	Increase (Decrease)
Noncontributory System	\$ -	\$ 672,818	0.1785198%	0.1839114%	-0.0053916%
Public Safety System	-	1,206,916	0.7516830%	0.7325404%	0.0191426%
Firefighters System	155,968	-	1.2576079%	1.5966201%	-0.3390122%
Tier 2 Public Employees System	-	6,687	0.0297308%	0.0256377%	0.0040931%
Tier 2 Public Safety and Firefighter	-	25,567	0.2718030%	0.2341277%	0.0376753%
	<u>\$ 155,968</u>	<u>\$ 1,911,988</u>			

The net pension asset and liability was measure 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 \$884,878.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,010	\$ 59,550
Changes in assumptions	187,873	13,040
Net difference between projected and actual earnings on pension plan investments	-	865,942
Changes in proportion and differences between contributions and proportionate share of contributions	49,231	39,384
Contributions subsequent to the measurement date	423,151	-
Total	<u>\$ 782,265</u>	<u>\$ 977,916</u>

\$423,151 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.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (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:

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ (155,175)
2021	(199,286)
2022	34,864
2023	(315,925)
2024	3,592
Thereafter	\$ 13,127

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

For the year ended June 30, 2020, we recognized pension expense of \$325,125.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 61,201	\$ 9,665
Changes in assumptions	71,259	-
Net difference between projected and actual earnings on pension plan investments	-	340,250
Changes in proportion and differences between contributions and proportionate share of contributions	2,941	36,266
Contributions subsequent to the measurement date	137,600	-
Total	<u>\$ 273,002</u>	<u>\$ 386,181</u>

\$137,600 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:

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ (41,299)
2021	(86,706)
2022	6,584
2023	(129,358)
2024	-
Thereafter	\$ -

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (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 \$546,938.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,990	\$ 25,771
Changes in assumptions	41,181	-
Net difference between projected and actual earnings on pension plan investments	-	412,123
Changes in proportion and differences between contributions and proportionate share of contributions	27,910	-
Contributions subsequent to the measurement date	192,439	-
Total	<u>\$ 282,521</u>	<u>\$ 437,894</u>

\$192,439 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	\$ (94,247)
2021	(98,782)
2022	1,809
2023	(156,593)
2024	-
Thereafter	\$ -

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

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

For the year ended June 30, 2020, we recognized pension expense of (\$99,946).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,304	\$ 21,811
Changes in assumptions	66,506	12,617
Net difference between projected and actual earnings on pension plan investments	-	102,145
Changes in proportion and differences between contributions and proportionate share of contributions	11,312	1,172
Contributions subsequent to the measurement date	9,681	-
Total	<u>\$ 117,803</u>	<u>\$ 137,745</u>

\$9,681 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	\$ (18,120)
2021	(12,497)
2022	25,926
2023	(26,985)
2024	2,050
Thereafter	\$ 5

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

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 \$37,614.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,871	\$ 2,295
Changes in assumptions	2,855	192
Net difference between projected and actual earnings on pension plan investments	-	5,140
Changes in proportion and differences between contributions and proportionate share of contributions	5,511	-
Contributions subsequent to the measurement date	39,310	-
Total	<u>\$ 49,547</u>	<u>\$ 7,627</u>

\$39,310 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	\$ (692)
2021	(592)
2022	286
2023	(1,361)
2024	695
Thereafter	\$ 4,272

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

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

For the year ended June 30, 2020, we recognized pension expense of \$75,147.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,644	\$ 8
Changes in assumptions	6,072	231
Net difference between projected and actual earnings on pension plan investments	-	6,284
Changes in proportion and differences between contributions and proportionate share of contributions	1,555	1,947
Contributions subsequent to the measurement date	44,121	-
Total	<u>\$ 59,392</u>	<u>\$ 8,470</u>

\$44,121 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	\$ (817)
2021	(709)
2022	259
2023	(1,628)
2024	847
Thereafter	\$ 8,850

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.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

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, 2019.

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:

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	40.00%	6.15%	2.46%
Debt Securities	20.00%	0.40%	0.08%
Real Assets	15.00%	5.75%	0.86%
Private Equity	9.00%	9.95%	0.90%
Absolute Return	16.00%	2.85%	0.46%
Cash and Cash Equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

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

Discount Rate:

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

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

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

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

<u>System</u>	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 2,101,444	\$ 672,818	\$ (518,642)
Public Safety System	3,126,380	1,206,916	(353,019)
Firefighters System	318,958	(155,968)	(541,232)
Tier 2 Public Employees System	57,662	6,687	(32,708)
Tier 2 Public Safety and Firefighter	90,318	25,567	(22,500)
Total	\$ 5,694,762	\$ 1,756,020	\$(1,468,101)

***Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plans:

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

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

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

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

<u>401(k) Plan</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer Contributions	\$ 18,550	\$ 19,229	\$ 19,179
Employee Contributions	21,188	14,860	12,577
 <u>457 Plan</u>			
Employer Contributions	-	-	-
Employee Contributions	24,890	18,006	8,279
 <u>Roth IRA Plan</u>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 10,970	\$ 5,360	\$ 4,225

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – DEFERRED COMPENSATION PLAN

The City also provides through ICMA a 457 Deferred Compensation Plan to City employees and elected officials. The plan was created in accordance with Internal Revenue Code Section 457 and allows City employees and elected officials to defer a portion of their salary until future years.

NOTE 8 - RISK MANAGEMENT

Riverdale City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include automobile, general liability, property, bond (employee dishonesty), treasurer, public officials and officers, excess liability, and workman’s compensation. As of June 30, 2020, there is no anticipation of unpaid claims. Therefore, a liability is not accrued. Settlement amounts have not exceeded coverage for the current year or the three prior years.

NOTE 9 - INTER-FUND TRANSFERS AND BALANCES

Occasionally money is reallocated from one fund to another fund in order for the money to be used as it was originally intended. The transfers below took place for that very purpose and will not be repaid. Such amounts for the fiscal year ended June 30, 2020 were as follows:

	Transfers In	
Transfers Out	Capital Projects	Total
General Fund	\$ 879,440	\$ 879,440
Totals	\$ 879,440	\$ 879,440

NOTE 10 - REDEVELOPMENT AGENCY

The Redevelopment Agency (RDA) collected tax increments of \$343,221 for the 550 West area and \$234,544 for the 1050 West area. There were no tax increments paid to any other taxing agency. The RDA has entered into certain agreements with certain developers that require continuing payments to those developer from the RDA through fiscal year 2023.

The RDA expended funds in the following area:

Development payments	\$	192,613
Administrative costs		347,652
Capital outlay	\$	-

NOTE 11 - CONTINGENT LIABILITIES

Amount received or receivables 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.

RIVERDALE CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - PROPERTY TAX CALENDAR

Lien date	Jan. 1
Taxing entity notifies the county of date, time, and place of public hearing	Mar. 1
Budget officer of the entity prepares and files with the City Council a tentative budget for the next fiscal year	1 st scheduled council meeting in May
County auditor sends valuation certified tax rate and levy worksheets to each taxing entity	Jun. 8
Taxing entity must adopt a proposed tax rate, certify the rate and levy, and submit to the county auditor	Before Jun. 22
Taxing entity adopts a final tax rate if there is no increase in certified tax rate	Jun.22
Taxing entity adopts final budget if there is no increase in certified tax rate	Jun. 22
Copy of the budget is submitted to state auditor within 30 days of adoption Payment and delinquency date	Nov. 30

NOTE 13 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City is required to keep actual expenditures below budget appropriations by fund. For the year ended June 30, 2020 all funds maintained expenditures below their appropriations.

The City is also required to maintain positive fund balances in each fund and has complied with this requirement.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 21, 2021, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

RIVERDALE CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Property taxes	\$ 692,150	\$ 692,150	\$ 689,516	\$ (2,634)
Fee in lieu	48,000	48,000	46,825	(1,175)
Sales taxes	6,637,850	6,637,850	6,959,896	322,046
Transient room tax	14,000	14,000	13,867	(133)
Total taxes	7,392,000	7,392,000	7,710,104	318,104
Licenses and permits:				
Business licenses	135,000	135,000	139,365	4,365
Building permits	75,000	75,000	111,625	36,625
Building plan/development fees	40,000	40,000	65,753	25,753
Animal licenses	10,000	10,000	6,929	(3,071)
Total licenses and permits	260,000	260,000	323,672	63,672
Intergovernmental revenue:				
Grants	110,750	127,250	37,376	(89,874)
Other local governments	497,000	497,000	568,002	71,002
Class "C" roads	325,000	325,000	332,650	7,650
State liquor allotment	18,500	18,500	17,967	(533)
Total intergovernmental revenue	951,250	967,750	955,995	(11,755)
Charges for services				
Ambulance fees	240,000	240,000	251,417	11,417
Recreation and user fees	66,800	66,800	45,114	(21,686)
Senior programs	45,000	45,000	28,485	(16,515)
Interfund services	40,000	40,000	40,000	-
Other charges for services	4,000	4,000	3,818	(182)
Total charges for services	395,800	395,800	368,834	(26,966)
Fines and forfeitures	470,200	470,200	377,017	(93,183)
Other revenues:				
Lease revenue	-	-	32,805	32,805
Interest revenue	40,000	40,000	33,311	(6,689)
Sale of assets	2,000	2,000	545	(1,455)
Miscellaneous	28,500	28,500	48,536	20,036
Total other revenues	70,500	70,500	115,197	44,697
TOTAL REVENUES	9,539,750	9,556,250	9,850,819	294,569

RIVERDALE CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

EXPENDITURES	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General government:				
Legislative	148,187	148,187	129,820	18,367
Judicial	632,861	632,861	552,816	80,045
City administration	299,092	299,092	265,033	34,059
Business administration	674,344	674,344	632,601	41,743
Non-departmental	77,000	77,000	76,731	269
Total general government	1,831,484	1,831,484	1,657,001	174,483
Public safety:				
Police department	3,177,507	3,194,007	3,078,239	115,768
Fire department	1,769,266	1,769,266	1,680,326	88,940
Total public safety	4,946,773	4,963,273	4,758,565	204,708
Streets and public works	1,709,983	1,709,983	846,093	863,890
Parks and community services:				
Parks department	\$ 587,906	\$ 587,906	\$ 408,956	\$ 178,950
Community services	604,858	604,858	507,999	96,859
Total parks and community services	1,192,764	1,192,764	916,955	275,809
Community development	466,841	466,841	444,927	21,914
TOTAL EXPENDITURES	10,147,845	10,164,345	8,623,541	1,540,804
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(608,095)	(608,095)	1,227,278	1,835,373
OTHER FINANCING SOURCES (USES)				
Appropriations from fund balance	1,808,095	1,808,095	-	(1,808,095)
Operating transfers in	-	-	-	-
Operating transfers out	(1,200,000)	(1,200,000)	(879,440)	320,560
TOTAL OTHER FINANCING SOURCES (USES)	608,095	608,095	(879,440)	(1,487,535)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	347,838	347,838
Fund balance - July 1	3,002,837	3,002,837	3,002,837	-
Fund balance - June 30	\$ 3,002,837	\$ 3,002,837	\$ 3,350,675	\$ 347,838

RIVERDALE CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Property taxes	\$ 550,000	\$ 550,000	\$ 577,766	\$ 27,766
Rents	150,075	150,075	148,317	(1,758)
Sundry	-	-	500	500
Interest	93,100	93,100	85,358	(7,742)
TOTAL REVENUES	<u>793,175</u>	<u>793,175</u>	<u>811,941</u>	<u>18,766</u>
EXPENDITURES				
Community development	1,122,600	1,443,100	540,265	(902,835)
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
TOTAL EXPENDITURES	<u>1,122,600</u>	<u>1,443,100</u>	<u>540,265</u>	<u>(902,835)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(329,425)</u>	<u>(649,925)</u>	<u>271,676</u>	<u>921,601</u>
OTHER FINANCING SOURCES (USES)				
Appropriations from fund balance	329,425	649,925	-	(649,925)
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>329,425</u>	<u>649,925</u>	<u>-</u>	<u>(649,925)</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	271,676	271,676
Fund balance - July 1	<u>4,358,142</u>	<u>4,358,142</u>	<u>4,358,142</u>	<u>-</u>
Fund balance - June 30	<u>\$ 4,358,142</u>	<u>\$ 4,358,142</u>	<u>\$ 4,629,818</u>	<u>\$ 271,676</u>

RIVERDALE CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2020

		Noncontributory System	Contributory Retirement System	Public Safety System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement
Proportion of the net pension liability (asset)	2020	0.1785198%	0.0000000%	0.7516830%	1.2576079%	0.02973080%	0.2718030%
	2019	0.1839114%	0.0000000%	0.7325404%	1.5966201%	0.02563770%	0.2341277%
	2018	0.1909065%	0.0000000%	0.7315468%	1.7824474%	0.02516890%	0.2211644%
	2017	0.1873130%	0.0974195%	0.7054406%	1.9791597%	0.02073740%	0.1467836%
	2016	0.1888669%	0.1099487%	0.7300668%	2.0532168%	0.00470960%	0.0668458%
	2015	0.1862885%	0.1108293%	0.7481631%	2.1517438%	0.00812480%	0.0915134%
Proportion share of the net pension liability (asset)	2020	\$ 672,818	\$ -	\$ 1,206,916	\$ (155,968)	\$ 6,687	\$ 25,567
	2019	1,354,273	-	1,884,522	207,317	10,980	5,866
	2018	836,419	-	1,147,547	(111,323)	2,219	(2,559)
	2017	1,202,779	31,964	1,431,534	(15,603)	2,313	(1,274)
	2016	1,068,701	77,278	1,307,753	(37,188)	(1,010)	(977)
	2015	808,908	31,968	940,877	(122,787)	(246)	(1,354)
Covered employee payroll	2020	\$ 1,591,456	\$ -	\$ 1,060,296	\$ 402,657	\$ 413,025	\$ 447,984
	2019	1,621,828	-	1,018,266	496,267	300,516	312,428
	2018	1,661,467	-	1,023,780	521,492	245,884	233,417
	2017	1,636,759	23,375	1,059,333	555,688	170,063	121,277
	2016	1,654,141	46,848	1,161,250	552,574	30,431	39,775
	2015	1,647,872	59,870	1,159,107	563,736	39,676	37,806
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2020	42.28%	0.00%	113.83%	-38.73%	1.62%	5.71%
	2019	83.50%	0.00%	185.07%	41.78%	3.65%	1.88%
	2018	50.34%	0.00%	112.09%	-21.35%	0.90%	-1.10%
	2017	73.50%	136.70%	135.10%	-2.80%	1.36%	-1.00%
	2016	165.00%	164.90%	112.60%	-6.73%	-0.03%	-2.50%
	2015	49.1%	53.4%	81.2%	-21.8%	-0.6%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	2020	93.7%	0.0%	90.9%	105.0%	96.5%	89.6%
	2019	87.0%	91.2%	84.7%	94.3%	90.8%	95.6%
	2018	91.9%	98.2%	90.2%	103.0%	97.4%	103.0%
	2017	87.3%	92.9%	86.5%	100.4%	95.1%	103.6%
	2016	87.8%	85.7%	87.1%	101.0%	100.2%	110.7%
	2015	90.2%	94.0%	90.5%	103.5%	103.5%	103.5%

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

See accompanying notes to required supplementary information

**RIVERDALE CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2020**

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2016	300,490	300,490	-	1,628,476	18.45%
	2017	307,659	307,659	-	1,665,725	18.47%
	2018	302,415	302,415	-	1,643,262	18.40%
	2019	295,921	295,921	-	1,610,038	18.38%
	2020	283,640	283,640	-	1,555,771	18.23%
Contributory System	2016	6,860	6,860	-	47,438	14.46%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	-	-	-	-	0.00%
	2020	-	-	-	-	0.00%
Public Safety System	2016	381,657	381,657	-	1,185,471	32.19%
	2017	349,317	347,317	-	978,205	35.71%
	2018	370,781	370,781	-	1,038,313	35.71%
	2019	364,875	364,875	-	1,021,773	35.71%
	2020	388,942	388,942	-	1,078,179	36.07%
Firefighters System	2016	22,099	22,099	-	553,855	3.99%
	2017	20,663	20,663	-	531,169	3.89%
	2018	20,292	20,292	-	516,343	3.93%
	2019	20,057	20,057	-	435,075	4.61%
	2020	19,420	19,420	-	419,812	4.63%
Tier 2 Public Employees System**	2016	13,225	13,225	-	88,697	14.91%
	2017	29,098	29,098	-	195,159	14.91%
	2018	47,999	47,999	-	316,038	15.19%
	2019	49,500	49,500	-	318,937	15.52%
	2020	73,662	73,662	-	470,513	15.66%
Tier 2 Public Safety and Firefighter System**	2016	5,481	5,481	-	45,532	12.04%
	2017	38,088	38,088	-	200,729	18.97%
	2018	46,085	46,085	-	259,112	17.79%
	2019	69,245	69,245	-	391,639	17.68%
	2020	81,636	81,636	-	473,595	17.24%
Tier 2 Public Employees DC Only System**	2016	6,011	6,011	-	89,847	6.69%
	2017	6,162	6,162	-	92,112	6.69%
	2018	3,477	3,477	-	51,759	6.72%
	2019	4,252	4,252	-	63,558	6.69%
	2020	2,413	2,413	-	36,061	6.69%
Tier 2 Public Safety and Firefighters DC Onl System**	2016	239	239	-	1,838.00	12.99%
	2017	5,738	5,738	-	44,171	12.99%
	2018	6,150	6,150	-	47,125	13.05%
	2019	6,684	6,684	-	51,459	12.99%
	2020	7,312	7,312	-	56,286	12.99%

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

See accompanying notes to required supplementary information

RIVERDALE CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
JUNE 30, 2020

Changes in Assumptions:

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

SUPPLEMENTARY INFORMATION

RIVERDALE CITY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020

	Information Technology Fund	Motor Pool Fund	Total
ASSETS			
Cash and cash equivalents	\$ 233,109	\$ 1,923,528	\$ 2,156,637
Machinery and equipment	580,096	3,544,890	4,124,986
Accumulated depreciation	(417,333)	(1,740,069)	(2,157,402)
Total assets	<u>\$ 395,872</u>	<u>\$ 3,728,349</u>	<u>\$ 4,124,221</u>
LIABILITIES			
Accounts payable	\$ 4,621	\$ 1,476	\$ 6,097
Total liabilities	<u>4,621</u>	<u>1,476</u>	<u>6,097</u>
NET POSITION			
Net investment in capital assets	162,763	1,804,821	1,967,584
Unrestricted	228,488	1,922,052	2,150,540
Total net position	<u>\$ 391,251</u>	<u>\$ 3,726,873</u>	<u>\$ 4,118,124</u>

RIVERDALE CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Information Technology Fund	Motor Pool Fund	Total
OPERATING REVENUE			
Charges for service	\$ 149,664	\$ 376,248	\$ 525,912
Other	-	-	-
Total operating revenue	<u>149,664</u>	<u>376,248</u>	<u>525,912</u>
OPERATING EXPENSES			
Materials and supplies	115,549	6,574	122,123
Depreciation	79,453	272,485	351,938
Utilities	15,315	6,343	21,658
Total operating expenses	<u>210,317</u>	<u>285,402</u>	<u>495,719</u>
Operating income (loss)	<u>(60,653)</u>	<u>90,846</u>	<u>30,193</u>
NONOPERATING REVENUE (EXPENSES)			
Interest revenue	4,301	35,302	39,603
Interest expense	-	-	-
Gain on sale	1,175	154,655	155,830
Total nonoperating revenue	<u>5,476</u>	<u>189,957</u>	<u>195,433</u>
Change in net position	(55,177)	280,803	225,626
Net position - beginning	<u>446,428</u>	<u>3,446,070</u>	<u>3,892,498</u>
Net position - ending	<u>\$ 391,251</u>	<u>\$ 3,726,873</u>	<u>\$ 4,118,124</u>

RIVERDALE CITY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Information Technology Fund	Motor Pool Fund	Total
Cash Flows From Operating Activities			
Interfund services provided	\$ 149,664	\$ 376,248	\$ 525,912
Cash received from other activities	-	-	-
Payments to suppliers	(135,575)	(13,395)	(148,970)
Net cash provided by operating activities	<u>14,089</u>	<u>362,853</u>	<u>376,942</u>
Cash Flows From Investing Activities			
Interest earned on cash deposits	4,301	35,302	39,603
Net cash provided by investing activities	<u>4,301</u>	<u>35,302</u>	<u>39,603</u>
Cash Flows From Noncapital Financing Activities			
Operating transfers in	-	-	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(48,848)	(412,888)	(461,736)
Proceeds from sale of assets	1,175	216,756	217,931
Net cash provided (used) in capital and related financial activities	<u>(47,673)</u>	<u>(196,132)</u>	<u>(243,805)</u>
Net increase (decrease) in cash and cash equivalents	(29,283)	202,023	172,740
Cash and cash equivalents - beginning of year	<u>262,392</u>	<u>1,721,505</u>	<u>1,983,897</u>
Cash and cash equivalents - end of year	<u>\$ 233,109</u>	<u>\$ 1,923,528</u>	<u>\$ 2,156,637</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (60,653)	\$ 90,846	\$ 30,193
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expenses	79,453	272,485	351,938
(Increase) decrease in accounts receivable	-	-	-
Increase (decrease) in accounts payable	(4,711)	(478)	(5,189)
Net cash provided by operating activities	<u>\$ 14,089</u>	<u>\$ 362,853</u>	<u>\$ 376,942</u>

**AUDITORS' REPORTS & SCHEDULE OF
FINDINGS**



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

To the Mayor and City Council
Riverdale City

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Riverdale City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Riverdale City's basic financial statements, and have issued our report thereon dated March 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Riverdale City'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 Riverdale City's internal control. Accordingly, we do not express an opinion on the effectiveness of the Riverdale City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 Riverdale City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no 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.



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
Riverdale City

REPORT ON COMPLIANCE

We have audited Riverdale City'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 Riverdale City are identified as follows:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Restricted taxes and related revenues
- Open and Public Meeting Act
- Fraud Risk Assessment
- Tax Levy Revenue Recognition

Riverdale City 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, Riverdale City 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.