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**GRANTSVILLE CITY CORPORATION  
GRANTSVILLE, UTAH  
BASIC FINANCIAL STATEMENTS**

**For The Year Ended June 30, 2020**

**Together with Independent Auditor's Report**



# GRANTSVILLE CITY CORPORATION

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**GILBERT & STEWART**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of City Council  
Grantsville City, Utah

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

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

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Grantsville City, as of June 30, 2020 and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, 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 the required supplementary information regarding pensions, as noted in the table of contents, 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.

### *Supplementary and 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. Supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 City's internal control over financial reporting and compliance.

***Gilbert & Stewart***

GILBERT & STEWART, CPA, PC  
Provo, Utah  
December 11, 2020

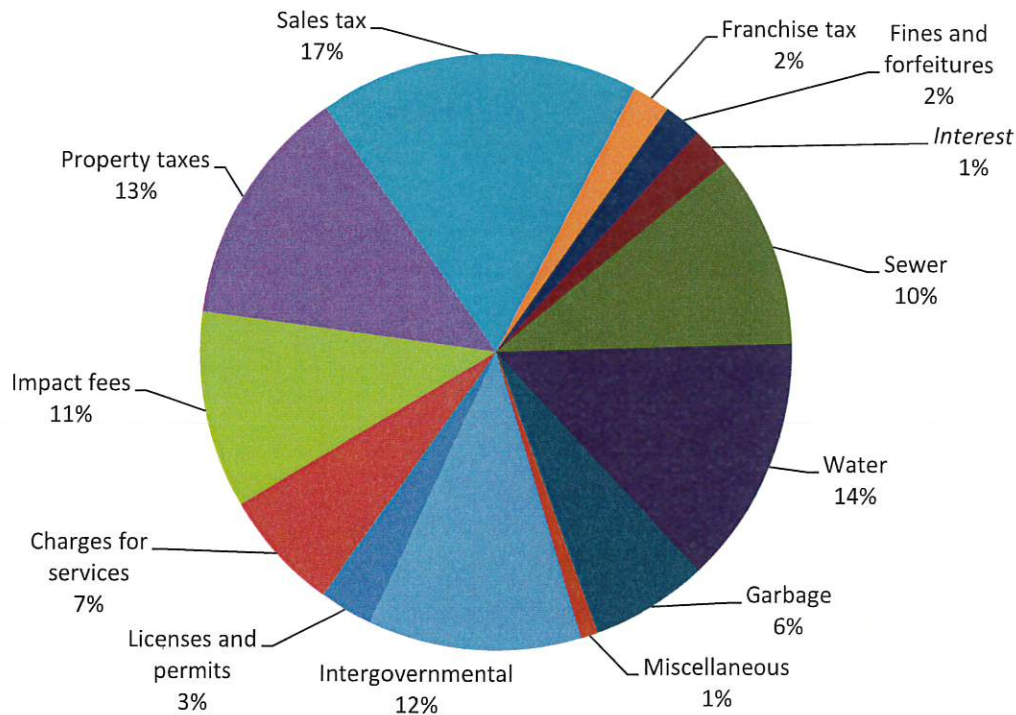
**GRANTSVILLE CITY CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2020**

As management of Grantsville City Corporation, we offer readers of the Grantsville City financial statements this narrative overview and analysis of the financial activities of Grantsville City for the fiscal year ended June 30, 2020.

**Financial Highlights**

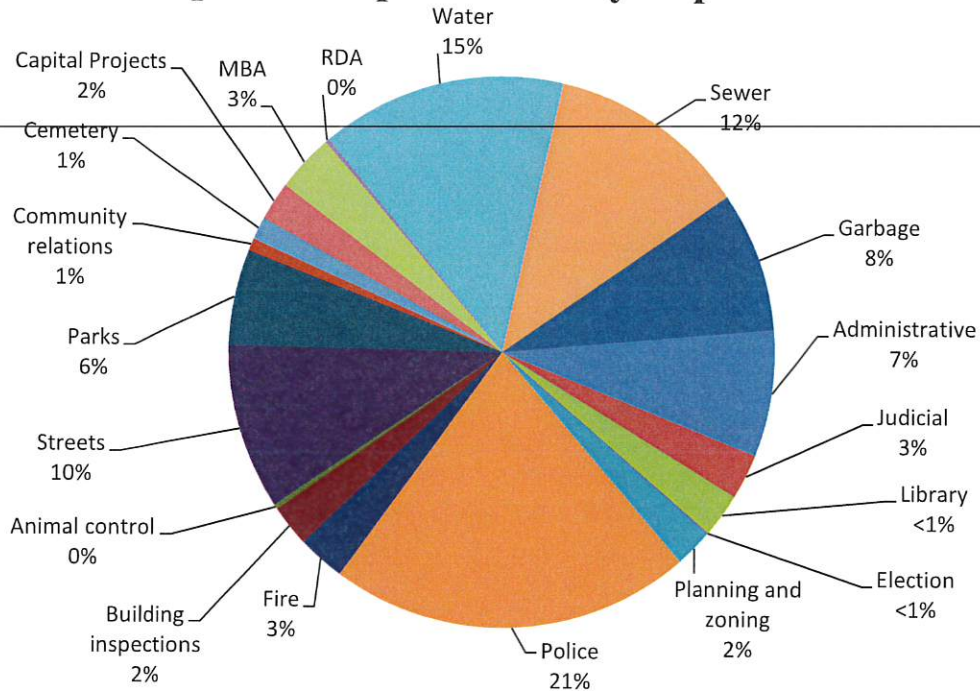
- Total net position increased by \$5,094,282.
- Total general fund revenues, including taxes, exceeded total general fund expenditures by \$1,073,515; before transfers and proceeds from the sale of assets.
- Total net position in the business-type activities increased by \$3,346,218.
- Total revenues of both governmental and business-type activities were \$15,818,183.
- Actual revenues received in the general fund were \$961,951 more than budgeted while actual expenditures were \$328,764 less than budgeted.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$1,599,490.
- The Water, and Sewer enterprise funds reported increases in net position of \$2,452,713, and \$962,633 respectively, while the Garbage enterprise fund reported a decrease in net position of \$69,128.

**Revenue by Source**



**GRANTSVILLE CITY CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2020**

**Expenses/Expenditures by Department**



**Overview of the financial Statements**

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of Grantsville City's finances, in a manner similar to private-sector business. The statements consist of the Statement of Net Position and the Statement of Activities.

The statement of net position presents information on all of Grantsville City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Grantsville City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Grantsville City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Grantsville City include general government, public safety, highways and public works, and parks and recreation. The business-type activities of Grantsville City include water, sewer, and garbage utilities.

The government-wide financial statements are found immediately following this discussion and analysis.



**GRANTSVILLE CITY CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2020**

***Fund financial statements.*** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Grantsville City, like any other state and local government, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of Grantsville City can be divided into two categories: governmental funds and proprietary funds.

***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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

Grantsville City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Redevelopment Agency Fund, and Municipal Building Authority, which are considered to be major funds.

Grantsville City adopts an annual appropriated budget for all its fund types. A budgetary comparison statement has been provided for the general, capital projects, redevelopment agency, and municipal building authority funds to demonstrate compliance with this budget.

***Proprietary funds.*** Grantsville City maintains only one type of proprietary fund – enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Grantsville City uses enterprise funds to account for its Water Utility, Sewer Utility, and Garbage Utility Funds. Each of the City's proprietary funds are considered to be major funds.

***Notes to the financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Grantsville City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50,692,267 at the close of the most recent fiscal year.

By far the largest portion of Grantsville City's net position (71.6%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Grantsville City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Grantsville City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**GRANTSVILLE CITY CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2020**

**Grantsville City's Net Position**

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 10,632,446	\$ 9,753,143	\$ 7,986,046	\$ 11,415,086	\$ 18,618,492	\$ 21,168,229
Capital assets	19,807,265	19,117,655	30,516,558	24,852,073	50,323,823	43,969,728
Total assets	30,439,711	28,870,798	38,502,604	36,267,159	68,942,315	65,137,957
Deferred outflows of resources	331,607	625,625	79,427	188,775	411,034	814,400
Total assets and deferred outflows of resources	30,771,318	29,496,423	38,582,031	36,455,934	69,353,349	65,952,357
Long-term debt outstanding	6,766,534	7,487,447	8,617,634	8,828,525	15,384,168	16,315,972
Other liabilities	327,435	426,656	1,002,910	2,122,512	1,330,345	2,549,168
Total liabilities	7,093,969	7,914,103	9,620,544	10,951,037	16,714,513	18,865,140
Total deferred inflows of resources	1,833,179	1,486,214	113,390	3,018	1,946,569	1,489,232
Net position:						
Net investment in capital asset	13,920,753	13,024,143	22,382,781	23,078,154	36,303,534	36,102,297
Restricted	1,381,383	1,567,658	294,445	187,099	1,675,828	1,754,757
Unrestricted	6,542,034	5,504,305	6,170,871	2,236,626	12,712,905	7,740,931
Total net position	\$ 21,844,170	\$ 20,096,106	\$ 28,848,097	\$ 25,501,879	\$ 50,692,267	\$ 45,597,985

Included in Grantsville City's net position is \$1,675,828 which represents resources that are subject to external restrictions on how they may be used, including unspent bond proceeds. The unrestricted net position \$12,712,905 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Grantsville City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its business-type activities.

There was an increase of \$5,094,282 in total net position in the current year. This increase is comprised of a \$1,748,064 increase in governmental activities and a \$3,346,218 increase in business-type activities.

A summary of the City's Change in Net Position is found on the following page.

**GRANTSVILLE CITY CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2020**

**Grantsville City's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 2,079,370	\$ 1,657,660	\$ 3,964,428	\$ 3,210,605	\$ 6,043,798	\$ 4,868,265
Operating grants and contributions	1,499,653	780,266	-	-	1,499,653	780,266
Capital grants and contributions	591,357	213,789	3,102,283	1,746,713	3,693,640	1,960,502
General revenues:						
Property taxes	1,703,610	1,596,056	-	-	1,703,610	1,596,056
Sales tax	2,282,614	2,086,310	-	-	2,282,614	2,086,310
Franchise tax	274,884	242,965	-	-	274,884	242,965
Unrestricted investment earnings	204,523	215,382	79,300	134,101	283,823	349,483
Gain on sale of assets	32,741	3,282	3,420	6,564	36,161	9,846
Total revenues	8,668,752	6,795,710	7,149,431	5,097,983	15,818,183	11,893,693
Program expenses:						
General government	1,728,779	1,582,617	-	-	1,728,779	1,582,617
Public safety	3,366,066	3,122,683	-	-	3,366,066	3,122,683
Highway and public works	1,115,977	1,069,126	-	-	1,115,977	1,069,126
Parks and recreation	515,886	484,301	-	-	515,886	484,301
Redevelopment	29,939	-	-	-	29,939	-
Interest on long term debt	164,041	169,710	-	-	164,041	169,710
Water	-	-	1,593,692	1,363,894	1,593,692	1,363,894
Sewer	-	-	1,307,250	1,383,289	1,307,250	1,383,289
Garbage	-	-	902,271	807,127	902,271	807,127
Total expenses	6,920,688	6,428,437	3,803,213	3,554,310	10,723,901	9,982,747
Increase (Decrease) in Net Position	\$ 1,748,064	\$ 367,273	\$ 3,346,218	\$ 1,543,673	\$ 5,094,282	\$ 1,910,946

**Governmental activities.** Governmental activities increased Grantsville City's net position by \$1,748,064. The increase in governmental activities is primarily explained by the following:

- An increase in federal grant revenues received as part of the federal CARES Act.
- Increases in charges for services and capital assets contributed to the City by developers.

**Business-type activities.** Business-type activities increased Grantsville City's net position by \$3,346,218. The increase in business-type activities is primarily due to:

- Increases in charges for services revenues, as a result of recent utility rate changes, as well as growth within the City.
- Increase in capital asset infrastructure contributed to the City by developers and other new home construction.

**Financial Analysis of the Government's Funds**

As noted earlier, Grantsville City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Grantsville City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Grantsville City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Grantsville City's governmental funds reported combined ending fund balances of \$7,143,031. Approximately 22% of this total amount, or \$1,599,490, constitutes unassigned fund balance, which is available for spending at the government's discretion. Nonspendable amounts, consisting of inventory and prepaid expenditures, make up 1.4%, or \$97,931, of total fund balance. The remainder of the fund balance, 76% or \$5,445,610, is restricted or assigned to indicate that it is not available for new spending because it has already been committed for or restricted for a variety of purposes.

**GRANTSVILLE CITY CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2020**

The general fund is the chief operating fund of Grantsville City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,599,490, while total fund balance reached \$3,057,753. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25% of total general fund expenditures (excluding transfer out), while total fund balance represents 47% of that amount.

*Proprietary funds.* Grantsville City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Utility Fund at the end of the year amounted to \$3,071,367; for the Sewer Utility Fund, unrestricted net position amounted to \$2,782,750; and for the Garbage Utility Fund, unrestricted net position amounted to \$316,754.

**General Fund Budgetary Highlights**

Revenues in the General Fund came in \$961,951 higher than anticipated. The increases were most notably from Coronavirus Relief Funds received, and sales and other taxes.

Due to conservative budgeting and conscientious spending, expenditures in the General Fund were \$328,764 less than budgeted.

**Capital Assets and Debt Administration**

*Capital assets.* Grantsville City's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amount to \$50,323,823 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads. The total net increase in Grantsville City's investment in capital assets was primarily the result of water and sewer projects completed during the year.

**Grantsville City's Capital Assets**  
**(Net of Accumulated Depreciation)**

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 614,132	\$ 614,132	\$ -	\$ -	\$ 614,132	\$ 614,132
Water rights	-	-	5,441,704	3,810,489	5,441,704	3,810,489
Buildings	7,720,073	7,912,636	117,650	143,101	7,837,723	8,055,737
Utility distribution and collection systems	-	-	24,774,350	14,311,788	24,774,350	14,311,788
Improvements	577,190	277,406	-	-	577,190	277,406
Machinery and equipment	1,133,858	1,077,428	182,854	169,168	1,316,712	1,246,596
Infrastructure	9,709,581	9,236,053	-	-	9,709,581	9,236,053
Construction in progress	52,431	-	-	6,417,527	52,431	6,417,527
	<u>\$ 19,807,265</u>	<u>\$ 19,117,655</u>	<u>\$ 30,516,558</u>	<u>\$ 24,852,073</u>	<u>\$ 50,323,823</u>	<u>\$ 43,969,728</u>

Additional information on Grantsville City's capital assets can be found at Note 6.

**GRANTSVILLE CITY CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2020**

**Long-term debt.** At the end of the current fiscal year, Grantsville City had total bonded debt outstanding of \$5,886,512. All of Grantsville City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**Grantsville City's Outstanding Debt**  
**Revenue Bonds**

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Revenue bonds	\$ 5,886,512	\$ 6,093,512	\$ 8,380,000	\$ 8,380,000	\$ 14,266,512	\$ 14,473,512

Grantsville City's total debt decreased by \$207,000 during the current fiscal year as a result of bond payments being made.

Additional information on Grantsville City's long-term debt can be found in Note 8.

**Economic Factors and Next Year's Budget**

Grantsville City continues to approach budgeting for revenues conservatively with a focus on long-term sustainability, especially as the long-term economic impact of the global COVID-19 pandemic on the City is uncertain.

**Requests for Information**

This financial report is designed to provide a general overview of Grantsville City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Finance Director, 429 East Main Street, Grantsville, Utah 84029.



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## **BASIC FINANCIAL STATEMENTS**

**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,140,369	\$ 6,724,415	\$ 11,864,784
Receivables:			
Accounts, net	-	411,171	411,171
Taxes	2,054,446	-	2,054,446
Grant receivable	260,033	-	260,033
Inventory	27,492	99,035	126,527
Note receivable	1,688,358	-	1,688,358
Prepaid items	70,439	62,598	133,037
Restricted assets:			
Cash and cash equivalents	1,296,419	688,827	1,985,246
Receivables: Class "C" road funds receivable	94,890	-	94,890
Capital assets not being depreciated:			
Land	614,132	-	614,132
Construction in progress	52,431	-	52,431
Water rights	-	5,441,704	5,441,704
Capital assets, net of accumulated depreciation:			
Buildings	7,720,073	117,650	7,837,723
Utility distribution and collection systems	-	24,774,350	24,774,350
Improvements	577,190	-	577,190
Machinery and equipment	1,133,858	182,854	1,316,712
Infrastructure	9,709,581	-	9,709,581
<b>Total Assets</b>	<u>30,439,711</u>	<u>38,502,604</u>	<u>68,942,315</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources relating to pensions	<u>331,607</u>	<u>79,427</u>	<u>411,034</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>\$ 30,771,318</u></u>	<u><u>\$ 38,582,031</u></u>	<u><u>\$ 69,353,349</u></u>

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

**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF NET POSITION (Continued)**  
**June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Liabilities:</b>			
Accounts payable	\$ 120,369	\$ 453,750	\$ 574,119
Accrued liabilities	119,714	39,861	159,575
Accrued interest payable	77,426	114,917	192,343
Retention payable - from restricted assets	-	394,382	394,382
Liabilities payable from restricted assets	9,926	-	9,926
Noncurrent liabilities:			
Due within one year	294,600	338,480	633,080
Due in more than one year	5,693,912	8,119,620	13,813,532
Net pension liability	778,022	159,534	937,556
<b>Total Liabilities</b>	<b>7,093,969</b>	<b>9,620,544</b>	<b>16,714,513</b>
<b>Deferred Inflows of Resources:</b>			
Property tax	1,496,596	-	1,496,596
Deferred inflows of resources relating to pensions	336,583	113,390	449,973
<b>Total Deferred Inflows of Resources</b>	<b>1,833,179</b>	<b>113,390</b>	<b>1,946,569</b>
<b>Net Position:</b>			
Net investment in capital assets	13,920,753	22,382,781	36,303,534
Restricted for:			
Roads	535,807	-	535,807
Impact fees	519,110	216,487	735,597
Debt service	326,466	77,958	404,424
Unrestricted	6,542,034	6,170,871	12,712,905
<b>Total Net Position</b>	<b>21,844,170</b>	<b>28,848,097</b>	<b>50,692,267</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 30,771,318</b>	<b>\$ 38,582,031</b>	<b>\$ 69,353,349</b>

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

**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

					Net (Expense) Revenue and Changes in Net Position		
		Program Revenues					
			Operating Grants and Contributions	Capital Grants and Contributions			
	Expenses	Charges for Services			Governmental Activities	Business-type Activities	Total
Functions/Programs							
Government Activities:							
General government	\$ 1,728,779	\$ 902,862	\$ -	\$ -	\$ (825,917)	\$ -	\$ (825,917)
Public safety	3,366,066	827,139	934,131	-	(1,604,796)	-	(1,604,796)
Highway and public works	1,115,977	154,385	565,522	591,357	195,287	-	195,287
Parks and recreation	515,886	194,984	-	-	(320,902)	-	(320,902)
Redevelopment	29,939	-	-	-	(29,939)	-	(29,939)
Interest on long-term debt	164,041	-	-	-	(164,041)	-	(164,041)
Total Governmental Activities	6,920,688	2,079,370	1,499,653	591,357	(2,750,308)	-	(2,750,308)
Business-type Activities:							
Water	1,593,692	1,763,303	-	2,240,647	-	2,410,258	2,410,258
Sewer	1,307,250	1,367,982	-	861,636	-	922,368	922,368
Garbage	902,271	833,143	-	-	-	(69,128)	(69,128)
Total Business-type Activities	3,803,213	3,964,428	-	3,102,283	-	3,263,498	3,263,498
Total Government	\$10,723,901	\$ 6,043,798	\$ 1,499,653	\$ 3,693,640	(2,750,308)	3,263,498	513,190
General Revenues:							
Property tax					1,703,610	-	1,703,610
Sales tax					2,282,614	-	2,282,614
Franchise tax					274,884	-	274,884
Unrestricted investment earnings					204,523	79,300	283,823
Gain on sale of assets					32,741	3,420	36,161
Transfers					-	-	-
Total General Revenues and Transfers					4,498,372	82,720	4,581,092
Changes in Net Position					1,748,064	3,346,218	5,094,282
Net Position, Beginning					20,096,106	25,501,879	45,597,985
Net Position, Ending					\$21,844,170	\$28,848,097	\$50,692,267

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

**GRANTSVILLE CITY CORPORATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2020**

			Special Revenue		
	General	Capital Projects	Redevelopment Agency	Municipal Building Authority	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,358,584	\$ 3,537,440	\$ 23,537	\$ 220,808	\$ 5,140,369
Receivables, net:					
Taxes	2,054,446	-	-	-	2,054,446
Grant receivable	260,033	-	-	-	260,033
Inventories	27,492	-	-	-	27,492
Note receivable	95,302	-	-	1,593,056	1,688,358
Prepaid items	70,439	-	-	-	70,439
Restricted assets:					
Cash and cash equivalents	969,953	-	-	326,466	1,296,419
Receivables: Intergovernmental	94,890	-	-	-	94,890
<b>Total Assets</b>	<b>\$ 4,931,139</b>	<b>\$ 3,537,440</b>	<b>\$ 23,537</b>	<b>\$ 2,140,330</b>	<b>\$ 10,632,446</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 97,396	\$ 22,576	\$ 397	\$ -	\$ 120,369
Accrued liabilities	119,714	-	-	-	119,714
Liabilities payable from restricted assets	9,926	-	-	-	9,926
<b>Total Liabilities</b>	<b>227,036</b>	<b>22,576</b>	<b>397</b>	<b>-</b>	<b>250,009</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - property tax	1,551,048	-	-	-	1,551,048
Unavailable revenue - note receivable	95,302	-	-	1,593,056	1,688,358
<b>Total Deferred Inflows of Resources</b>	<b>1,646,350</b>	<b>-</b>	<b>-</b>	<b>1,593,056</b>	<b>3,239,406</b>
<b>Fund Balances:</b>					
Nonspendable:					
Inventories	27,492	-	-	-	27,492
Prepaid	70,439	-	-	-	70,439
Restricted:					
Roads	535,807	-	-	-	535,807
Impact fees	519,110	-	-	-	519,110
Debt service	-	-	-	326,466	326,466
Assigned:					
Cemetery care	305,415	-	-	-	305,415
Municipal Building Authority	-	-	-	220,808	220,808
Redevelopment Agency	-	-	23,140	-	23,140
Capital projects	-	3,514,864	-	-	3,514,864
Unassigned:	1,599,490	-	-	-	1,599,490
<b>Total Fund Balances</b>	<b>3,057,753</b>	<b>3,514,864</b>	<b>23,140</b>	<b>547,274</b>	<b>7,143,031</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,931,139</b>	<b>\$ 3,537,440</b>	<b>\$ 23,537</b>	<b>\$ 2,140,330</b>	<b>\$ 10,632,446</b>

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

**GRANTSVILLE CITY CORPORATION**  
**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

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

<b>Total fund balance - governmental funds</b>	<b>\$ 7,143,031</b>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	19,807,265
Notes receivable and the accrued interest are not current financial resources and are therefore reported as deferred inflows of resources in the funds.	1,688,358
Some of the City's property taxes (delinquent taxes) will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are not recorded in the funds. Receivables and revenues are recorded on the accrual basis in the statement of activities.	54,452
Pension liabilities, assets, deferred inflows, and deferred outflows are not due and payable in the current period and, therefore, are not recorded in the governmental funds.	
Deferred outflows of resources relating to pensions	331,607
Net pension liability	(778,022)
Deferred inflows of resources relating to pensions	(336,583)
Accrued Interest payable is not due and payable in the current period and, therefore, is not recorded in the funds.	(77,426)
Long-term liabilities are not due and payable in the current period and, therefore, are not recorded in the funds.	(5,988,512)
<b>Total net position - governmental activities</b>	<b><u>\$ 21,844,170</u></b>

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

**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

			Special Revenue		
	General	Capital Projects	Redevelopment Agency	Municipal Building Authority	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 4,315,293	\$ -	\$ -	\$ -	\$ 4,315,293
Licenses and permits	383,836	-	-	-	383,836
Intergovernmental	1,519,653	-	-	-	1,519,653
Charges for services	509,866	-	-	346,800	856,666
Impact fees	379,662	-	-	-	379,662
Fines and forfeitures	268,228	-	-	-	268,228
Interest	137,820	2,780	-	64,165	204,765
Miscellaneous	84,593	-	-	-	84,593
<b>Total Revenues</b>	<b>7,598,951</b>	<b>2,780</b>	<b>-</b>	<b>410,965</b>	<b>8,012,696</b>
<b>Expenditures:</b>					
Current:					
General government	1,647,216	-	-	-	1,647,216
Public safety	2,920,113	-	-	-	2,920,113
Highway and public works	775,599	37,129	-	-	812,728
Parks and recreation	434,966	-	-	-	434,966
Redevelopment	-	-	29,939	-	29,939
Debt service:					
Principal	-	-	-	207,000	207,000
Interest	-	-	-	166,668	166,668
Capital outlay:					
General government	5,250	-	-	-	5,250
Public safety	39,118	-	-	-	39,118
Highway and public works	294,998	216,595	-	-	511,593
Parks and recreation	408,176	-	-	-	408,176
<b>Total Expenditures</b>	<b>6,525,436</b>	<b>253,724</b>	<b>29,939</b>	<b>373,668</b>	<b>7,182,767</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b>1,073,515</b>	<b>(250,944)</b>	<b>(29,939)</b>	<b>37,297</b>	<b>829,929</b>
<b>Other Financing Sources (Uses):</b>					
Transfer in (out)	(890,000)	840,000	50,000	-	-
Proceeds from sale of assets	32,741	-	-	-	32,741
Insurance proceeds	-	154,385	-	-	154,385
<b>Total Other Financing Sources (Uses)</b>	<b>(857,259)</b>	<b>994,385</b>	<b>50,000</b>	<b>-</b>	<b>187,126</b>
<b>Net Change in Fund Balances</b>	<b>216,256</b>	<b>743,441</b>	<b>20,061</b>	<b>37,297</b>	<b>1,017,055</b>
<b>Fund Balance, Beginning</b>	<b>2,841,497</b>	<b>2,771,423</b>	<b>3,079</b>	<b>509,977</b>	<b>6,125,976</b>
<b>Fund Balance, Ending</b>	<b>\$ 3,057,753</b>	<b>\$ 3,514,864</b>	<b>\$ 23,140</b>	<b>\$ 547,274</b>	<b>\$ 7,143,031</b>

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

**GRANTSVILLE CITY CORPORATION**  
**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:

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 1,017,055</b>
Governmental funds have reported capital outlays, past and present, 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.	
Capital Outlay	1,555,494
Depreciation Expense	(859,641)
Disposal of assets	(6,243)
Accrued interest on note receivables is recorded as revenue in the statement of activities but deferred until available in the governmental funds.	(242)
Principal amounts received on the note receivable balance is recognized as revenue in the governmental funds but deferred until available in the governmental funds.	(68,000)
Compensated absences do not require current financial resources and therefore are not recorded as an expenditure in the governmental funds.	16,300
Property taxes levied in prior years but not yet collected are not recognized in the governmental funds because they are not available. They are, however, recorded as revenues in the statement of activities. During the year, the net effect of delinquent taxes during the year was:	(54,185)
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	207,000
Pension liabilities do not require current financial resources and therefore are not recorded in the governmental funds.	(62,101)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expense is reported when due and paid.	2,627
<b>Change in net position of governmental activities</b>	<b><u>\$ 1,748,064</u></b>

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



**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For the Year Ended June 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>final budget</b>
<b>Revenues:</b>				
Taxes	\$ 3,952,500	\$ 4,125,000	\$ 4,315,293	\$ 190,293
Licenses and permits	327,000	515,000	548,462	33,462
Intergovernmental	818,000	850,000	1,499,653	649,653
Charges for services	293,700	315,000	332,001	17,001
Fines and forfeitures	181,000	260,000	268,228	8,228
Other revenue	357,000	357,000	381,762	24,762
Miscellaneous	215,000	215,000	253,552	38,552
<b>Total Revenues</b>	<b>6,144,200</b>	<b>6,637,000</b>	<b>7,598,951</b>	<b>961,951</b>
<b>Expenditures:</b>				
General government:				
Administrative	824,500	824,500	815,262	9,238
Judicial	294,000	304,000	291,677	12,323
Library	297,150	297,150	285,634	11,516
Election	12,500	12,500	7,476	5,024
Planning and zoning	215,400	245,400	252,417	(7,017)
Public safety:				
Police	2,176,250	2,286,250	2,350,035	(63,785)
Fire	345,800	345,800	307,517	38,283
Building inspections	284,050	284,050	269,785	14,265
Animal control	47,300	47,300	31,894	15,406
Highway and public works:				
Streets	348,900	378,900	238,131	140,769
Class "C" roads	795,000	870,000	832,466	37,534
Parks and recreation:				
Parks	575,700	675,700	617,115	58,585
Community relations	115,250	115,250	81,746	33,504
Cemetery	167,400	167,400	144,281	23,119
<b>Total Expenditures</b>	<b>6,499,200</b>	<b>6,854,200</b>	<b>6,525,436</b>	<b>328,764</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(355,000)</b>	<b>(217,200)</b>	<b>1,073,515</b>	<b>1,290,715</b>
<b>Other Financing Uses:</b>				
Sale of capital assets	139,000	139,000	32,741	(106,259)
Transfers in (out)	-	(890,000)	(890,000)	-
<b>Total Other Financing Uses</b>	<b>139,000</b>	<b>(751,000)</b>	<b>(857,259)</b>	<b>(106,259)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (216,000)</b>	<b>\$ (968,200)</b>	<b>216,256</b>	<b>\$ 1,184,456</b>
<b>Fund Balance, Beginning</b>			<b>2,841,497</b>	
<b>Fund Balance, Ending</b>			<b>\$ 3,057,753</b>	

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

**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – REDEVELOPMENT AGENCY**  
**SPECIAL REVENUE FUND**  
**For the Year Ended June 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>final budget</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-	-
<b>Expenditures:</b>				
Redevelopment	-	30,000	29,939	61
<b>Total Expenditures</b>	-	30,000	29,939	61
<b>Excess of Revenues Over Expenditures</b>	-	(30,000)	(29,939)	61
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	-	50,000	50,000	-
<b>Total Other Financing Sources (Uses)</b>	-	50,000	50,000	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 20,000</u>	20,061	<u>\$ 61</u>
<b>Fund Balance, Beginning</b>			3,079	
<b>Fund Balance, Ending</b>			<u>\$ 23,140</u>	

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

**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – MUNICIPAL BUILDING AUTHORITY**  
**SPECIAL REVENUE FUND**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>final budget</u>
<b>Revenues:</b>				
Charges for services	\$ 278,800	\$ 278,800	\$ 278,800	\$ -
Intergovernmental	116,700	\$ 116,700	68,000	
Interest	14,400	14,400	64,165	49,765
<b>Total Revenues</b>	<u>409,900</u>	<u>409,900</u>	<u>410,965</u>	<u>49,765</u>
<b>Expenditures:</b>				
Debt:				
Interest	166,930	184,900	166,668	18,232
Principal	207,000	225,000	207,000	18,000
<b>Total Expenditures</b>	<u>373,930</u>	<u>409,900</u>	<u>373,668</u>	<u>36,232</u>
<b>Net Change in Fund Balance</b>	<u>\$ 35,970</u>	<u>\$ -</u>	<u>37,297</u>	<u>\$ 85,997</u>
<b>Fund Balance, Beginning</b>			<u>509,977</u>	
<b>Fund Balance, Ending</b>			<u>\$ 547,274</u>	

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

**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2020**

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Garbage	Totals
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 3,064,807	\$ 3,346,684	\$ 312,924	\$ 6,724,415
Accounts receivable, net	184,733	155,953	70,485	411,171
Inventory of supplies	68,403	6,405	24,227	99,035
Prepaid expenses	30,855	31,743	-	62,598
<b>Total Current Assets</b>	<u>3,348,798</u>	<u>3,540,785</u>	<u>407,636</u>	<u>7,297,219</u>
<b>Noncurrent Assets:</b>				
Restricted cash and cash equivalents	419,035	269,792	-	688,827
Capital assets not being depreciated:				
Water rights	5,441,704	-	-	5,441,704
Capital assets, net of accumulated depreciation:				
Utility distribution and collection systems	11,194,478	13,579,872	-	24,774,350
Buildings	10,866	106,784	-	117,650
Equipment	76,979	85,600	20,275	182,854
<b>Total Noncurrent Assets</b>	<u>17,143,062</u>	<u>14,042,048</u>	<u>20,275</u>	<u>31,205,385</u>
<b>Total Assets</b>	<u>20,491,860</u>	<u>17,582,833</u>	<u>427,911</u>	<u>38,502,604</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources relating to pensions	39,143	35,112	5,172	79,427
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 20,531,003</u>	<u>\$ 17,617,945</u>	<u>\$ 433,083</u>	<u>\$ 38,582,031</u>

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

**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**June 30, 2020**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	<b>Totals</b>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 76,776	\$ 307,755	\$ 69,219	\$ 453,750
Accrued liabilities	20,979	15,817	3,065	39,861
Interest payable	46,964	67,953	-	114,917
Retention payable - from restricted assets	171,948	222,434	-	394,382
Compensated absences	33,120	25,600	3,760	62,480
Bonds payable	151,000	125,000	-	276,000
<b>Total Current Liabilities</b>	<b>500,787</b>	<b>764,559</b>	<b>76,044</b>	<b>1,341,390</b>
<b>Noncurrent Liabilities:</b>				
Compensated absences	8,280	6,400	940	15,620
Bonds payable	3,349,000	4,755,000	-	8,104,000
Net pension liability	75,169	75,090	9,275	159,534
<b>Total Noncurrent Liabilities</b>	<b>3,432,449</b>	<b>4,836,490</b>	<b>10,215</b>	<b>8,279,154</b>
<b>Total Liabilities</b>	<b>3,933,236</b>	<b>5,601,049</b>	<b>86,259</b>	<b>9,620,544</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources relating to pensions	55,215	48,380	9,795	113,390
<b>Net Position:</b>				
Net investment in capital assets	13,224,098	9,138,408	20,275	22,382,781
Restricted for capital projects	216,487	-	-	216,487
Restricted for debt service	30,600	47,358	-	77,958
Unrestricted	3,071,367	2,782,750	316,754	6,170,871
<b>Total Net Position</b>	<b>16,542,552</b>	<b>11,968,516</b>	<b>337,029</b>	<b>28,848,097</b>
<b>Total Liabilities Deferred Inflows of Resources, and Net Position</b>	<b>\$ 20,531,003</b>	<b>\$ 17,617,945</b>	<b>\$ 433,083</b>	<b>\$ 38,582,031</b>

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

**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2020**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	<b>Totals</b>
<b>Operating Revenues:</b>				
Charges for services	\$ 1,636,592	\$ 1,310,966	\$ 833,143	\$ 3,780,701
Connection fees	20,125	-	-	20,125
Other	106,586	57,016	-	163,602
<b>Total Operating Revenues</b>	<b>1,763,303</b>	<b>1,367,982</b>	<b>833,143</b>	<b>3,964,428</b>
<b>Operating Expenses:</b>				
Salaries and wages	359,885	315,784	54,259	729,928
Employee benefits	192,028	170,693	27,749	390,470
Professional services	156,197	99,901	12,730	268,828
Materials and supplies	262,505	97,129	39,976	399,610
Depreciation	434,744	464,409	7,920	907,073
Utilities	168,117	154,320	3,260	325,697
Waste collection and disposal	-	-	756,377	756,377
Other operating expenses	9,427	-	-	9,427
<b>Total Operating Expenses</b>	<b>1,582,903</b>	<b>1,302,236</b>	<b>902,271</b>	<b>3,787,410</b>
<b>Operating Income (Loss)</b>	<b>180,400</b>	<b>65,746</b>	<b>(69,128)</b>	<b>177,018</b>
<b>Nonoperating Revenues (Expenses):</b>				
Capital contributions	1,754,124	330,600	-	2,084,724
Investment earnings	40,530	38,770	-	79,300
Impact fees	486,523	531,036	-	1,017,559
Interest expense	(10,789)	(5,014)	-	(15,803)
Gain (loss) on disposal of assets	1,925	1,495	-	3,420
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,272,313</b>	<b>896,887</b>	<b>-</b>	<b>3,169,200</b>
<b>Changes in Net Position</b>	<b>2,452,713</b>	<b>962,633</b>	<b>(69,128)</b>	<b>3,346,218</b>
<b>Net Position, Beginning</b>	<b>14,089,839</b>	<b>11,005,883</b>	<b>406,157</b>	<b>25,501,879</b>
<b>Net Position, Ending</b>	<b>\$ 16,542,552</b>	<b>\$ 11,968,516</b>	<b>\$ 337,029</b>	<b>\$ 28,848,097</b>

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

**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2020**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	<b>Totals</b>
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers and users	\$ 1,698,072	\$ 1,314,025	\$ 829,234	\$ 3,841,331
Payments to suppliers	(1,637,411)	(465,258)	(828,572)	(2,931,241)
Payments to employees and related benefits	(542,365)	(480,430)	(80,813)	(1,103,608)
<b>Net cash flows from operating activities</b>	<b>(481,704)</b>	<b>368,337</b>	<b>(80,151)</b>	<b>(193,518)</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Impact fees	486,523	531,036	-	1,017,559
Bond proceeds	2,035,000	2,576,000	-	4,611,000
Interest paid	(11,950)	(15,344)	-	(27,294)
Purchases of capital assets	(1,066,219)	(3,416,057)	(4,558)	(4,486,834)
<b>Net cash flows from (used by) capital and related financing activities</b>	<b>1,443,354</b>	<b>(324,365)</b>	<b>(4,558)</b>	<b>1,114,431</b>
<b>Cash Flows From Investing Activities:</b>				
Interest on investments	40,530	38,770	-	79,300
Proceeds from sale of assets	1,925	1,495	-	3,420
<b>Net cash flows from investing activities</b>	<b>42,455</b>	<b>40,265</b>	<b>-</b>	<b>82,720</b>
<b>Net Increase (Decrease) In Cash</b>	<b>1,004,105</b>	<b>84,237</b>	<b>(84,709)</b>	<b>1,003,633</b>
<b>Cash At Beginning Of Year</b>	<b>2,479,737</b>	<b>3,532,239</b>	<b>397,633</b>	<b>6,409,609</b>
<b>Cash At End Of Year</b>	<b>\$ 3,483,842</b>	<b>\$ 3,616,476</b>	<b>\$ 312,924</b>	<b>\$ 7,413,242</b>
<b>As reported on the Statement of Net Position</b>				
Cash and cash equivalents	\$ 3,064,807	\$ 3,346,684	\$ 312,924	\$ 6,724,415
Restricted cash and cash equivalents	419,035	269,792	-	688,827
	<b>\$ 3,483,842</b>	<b>\$ 3,616,476</b>	<b>\$ 312,924</b>	<b>\$ 7,413,242</b>

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

**GRANTSVILLE CITY CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2020**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Garbage</b>	<b>Totals</b>
<b>Reconciliation of operating income to net cash flows from operating activities:</b>				
Operating income (loss)	\$ 180,400	\$ 65,746	\$ (69,128)	\$ 177,018
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation expense	434,744	464,409	7,920	907,073
Pension expense adjustment	(831)	(1,170)	(370)	(2,371)
(Increase) Decrease in assets and deferred outflows				
Accounts receivable	(65,231)	(53,957)	(3,909)	(123,097)
Inventory	2,096	899	4,373	7,368
Prepaid expenses	(30,855)	(31,743)	-	(62,598)
Increase (Decrease) in liabilities and deferred inflows				
Accounts payable	(1,026,336)	(220,668)	(20,602)	(1,267,606)
Accrued liabilities	5,079	2,017	865	7,961
Retention payable	13,930	137,604	-	151,534
Compensated absences	5,300	5,200	700	11,200
<b>Net cash flows from operating activities</b>	<b>\$ (481,704)</b>	<b>\$ 368,337</b>	<b>\$ (80,151)</b>	<b>\$ (193,518)</b>
Value of assets contributed from developers	\$ 1,754,124	\$ 330,600	\$ -	\$ 2,084,724

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



## GRANTSVILLE CITY CORPORATION NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grantsville City Corporation (the City) operates under a council form of government and provides the following services as authorized by its charter: public safety, highways, recreation, water, sewer, and garbage.

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

#### The Reporting Entity

In evaluating how to define the City 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 in the related GASB pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The Municipal Building Authority was created by the City during fiscal year 1996. The Authority used the proceeds of tax exempt bonds to acquire capital assets for the City. The bonds are secured by a lease agreement with the City and have been retired through lease payments from the City. The Municipal Building Authority is governed by the City Council. Because the Authority's governing body is substantially the same as the City's, the financial data is included in the reporting entity using the blended method.

The City's Redevelopment Agency uses tax increment financing to support redevelopment projects within the City. The Agency is governed by the City's Mayor and City Council. Because the Agency's governing body is the same as the City's, the financial data is included in the reporting entity using the blended method.

The City's basic financial statements include all City operations.

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*, as are internally dedicated resources.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except for those required to be accounted for in another fund.

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by proprietary or special revenue funds).

The Redevelopment Agency accounts for revenues derived from specific taxes which are to finance particular functions of the City.

Municipal Building Authority Special Revenue Fund accounts for the rental revenues from the City Building and the related bond payments.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The City reports the following major proprietary funds:

The Water Fund accounts for the activities of the City's water distribution system.

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

The Garbage Fund accounts for the activities of the City's solid waste collection of the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. The general fund's general government, fire, and parks and recreation departments use significant utility services provided by the water fund, and therefore is charged for those utilities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Budgetary Data

The City Council follows these procedures in establishing the budgetary data reflected in the financial statement –

- (1) Prior to May 1, the City Recorder submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted in the City to obtain taxpayer comments.
- (3) Prior to June 22, the budget is formally adopted after a public hearing.
- (4) The City Council is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that increase the total expenditures of any fund must be approved at a public hearing.

Budgeted amounts are as originally adopted, or as amended by the City Council

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalents accounts and the restricted cash and cash equivalents accounts.

Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market. In the governmental fund financial statements, expenditures are recorded as inventory is used (consumption method).

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Pension Asset and Net Pension Liability

In the governmental and business-type activities, the City reports Net Pension Asset and Net Pension Liability. The net pension asset and liability is the City's proportionate share of the Utah Retirement Systems Pension Plan's (URS) funding or shortfall in relation to the City's proportionate share of the calculated retirement benefits for the retirement plans offered by the URS. See Note 9 for more information on the URS Pension Plan.

Capital Assets

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased, or estimated historical cost if constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, equipment and infrastructure are depreciated using the straight line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Utility distribution and collection systems	10-50
Infrastructure	10-30
Vehicles	5-10
Equipment	3-30

Compensated Absences

All vacation pay and compensation time is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Sick pay amounts are charged as wages when used.

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.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deferred Outflows/Inflows of Resources

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

Equity Classifications

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

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

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

- (1) Nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- (2) Restricted fund balance classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditor, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- (3) Committed fund balance classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, which is the government’s highest level of decision making authority.
- (4) Assigned fund balance classification includes amounts that are constrained by the government’s intent to use the funds for specific purposes, but are neither restricted nor committed, as established by the City Finance Director. Also includes all remaining amounts that are reported in governmental funds, other than the General Fund that are not classified as nonspendable, restricted, or committed, that are intended to be used for specific purposes.
- (5) Unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Proprietary Fund equity is classified the same as in the government-wide statements.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Property Taxes

Property taxes attach as an enforceable lien on property as of the first of January. Taxes are levied on October 1 and are due and payable at November 30.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 CASH AND CASH EQUIVALENTS**

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 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.

*Custodial credit risk – deposits* is the risk that in the event of bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. As of June 30, 2020, \$1,009,400 of the local government's bank balances of \$1,306,351 was uninsured and uncollateralized.

*Custodial credit risk – investments* is the risk that in the event of the failure of the counterparty, the local government will not be able to recover the value of its investment that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk of investments. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

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



**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 2 CASH AND CASH EQUIVALENTS (Continued)**

The City is authorized to invest in the PTIF, an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

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 by Level		
	6/30/2020	Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
Utah Public Treasurer's Investment Fund	\$ 12,572,173	\$ -	\$ 12,572,173	\$ -
Total investments by fair value level	\$ 12,572,173	\$ -	\$ 12,572,173	\$ -

For the year ended June 30, 2020, the City had deposits of \$12,541,466 with the PTIF, with the fair value of these investments being \$12,572,173. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

All cash and cash equivalent balances approximate their fair value. As of June 30, 2020, the City had the following cash and cash equivalents:

Cash on hand	\$ 700
Cash on deposit	1,307,864
Utah State Treasurer's investment pool account	<u>12,541,466</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 13,850,030</u></b>

*Interest rate risk* is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

*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 investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 3 RESTRICTED CASH AND CASH EQUIVALENTS**

Certain cash and cash equivalent amounts are restricted to use as follows as of June 30, 2020, which are reported in the aggregate in the Statement of Net Position:

	Governmental Activities	Business-type Activities	Totals
Restricted for bond payments	\$ 326,466	\$ -	\$ 326,466
Restricted for repair and replacement	-	77,958	77,958
Restricted for unspent class "C" road monies	440,917	-	440,917
Restricted revenue for future construction - impact fees	519,110	216,487	735,597
Restricted for retainage payable amounts	-	394,382	394,382
Restricted for court bail held	9,926	-	9,926
<b>Total restricted cash and cash equivalents</b>	<b>\$ 1,296,419</b>	<b>\$ 688,827</b>	<b>\$ 1,985,246</b>

**NOTE 4 ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The allowance for doubtful accounts receivable at June 30, 2020 for all funds is \$10,000.

**NOTE 5 NOTE RECEIVABLE**

Grantsville City has two notes receivable:

- 1) Amounts due from an entity as a result of a land sale in 2006. The original amount of the note is \$82,725. This note bears interest at 1%. The principal and all accrued interest is due on April 12, 2035. Accrued interest as of June 30, 2020 is \$12,577.
- 2) As a result of an agreement in 2011, the Tooele City RDA agreed to pay Grantsville City a total of \$2,917,300 over 25 years to help finance Grantsville City's Series 2011 MBA Lease Revenue Bond which paid for the Grantsville City library. The effective interest on the note is 3.14% on an agreed principal amount of \$2,000,000. Payments are to be made annually, and are scheduled to end in October 2037. As of June 30, 2020, the note carried a balance of \$1,557,600 and accrued interest of \$35,455.



**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 6 CAPITAL ASSETS AND DEPRECIATION**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 614,132	\$ -	\$ -	\$ 614,132
Construction in progress	-	693,813	(641,382)	52,431
<b>Total capital assets, not being depreciated</b>	<u>614,132</u>	<u>693,813</u>	<u>(641,382)</u>	<u>666,563</u>
<b>Capital assets, being depreciated:</b>				
Buildings	9,400,342	60,240	(9,244)	9,451,338
Improvements	613,697	337,266	-	950,963
Machinery and equipment	2,581,098	239,941	(41,643)	2,779,396
Infrastructure	11,754,991	865,616	-	12,620,607
<b>Total capital assets being depreciated</b>	<u>24,350,128</u>	<u>1,503,063</u>	<u>(50,887)</u>	<u>25,802,304</u>
<b>Less accumulated depreciation for:</b>				
Buildings	1,487,706	246,560	(3,001)	1,731,265
Improvements	336,291	37,482	-	373,773
Machinery and equipment	1,503,670	183,511	(41,643)	1,645,538
Infrastructure	2,518,938	392,088	-	2,911,026
<b>Total accumulated depreciation</b>	<u>5,846,605</u>	<u>859,641</u>	<u>(44,644)</u>	<u>6,661,602</u>
<b>Total capital assets, being depreciated, net</b>	<u>18,503,523</u>	<u>643,422</u>	<u>(6,243)</u>	<u>19,140,702</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 19,117,655</u>	<u>\$ 1,337,235</u>	<u>\$ (647,625)</u>	<u>\$ 19,807,265</u>

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

<b>Governmental activities:</b>	
General government	\$ 77,396
Public safety	252,226
Highway and public works	446,475
Parks and recreation	83,544
<b>Total depreciation expense - governmental activities</b>	<u>\$ 859,641</u>

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 6 CAPITAL ASSETS AND DEPRECIATION (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Water rights	\$ 3,810,489	\$ 1,631,215	\$ -	\$ 5,441,704
Construction in progress	6,417,527	4,377,675	(10,795,202)	-
<b>Total capital assets, not being depreciated</b>	10,228,016	6,008,890	(10,795,202)	5,441,704
<b>Capital assets, being depreciated:</b>				
Buildings	806,211	-	-	806,211
Utility distribution and collection systems	26,934,683	11,296,272	-	38,230,955
Machinery and equipment	821,518	61,598	(47,397)	835,719
<b>Total capital assets being depreciated</b>	28,562,412	11,357,870	(47,397)	39,872,885
<b>Less accumulated depreciation for:</b>				
Buildings	663,110	25,451	-	688,561
Utility distribution and collection systems	12,622,895	833,710	-	13,456,605
Machinery and equipment	652,350	47,912	(47,397)	652,865
<b>Total accumulated depreciation</b>	13,938,355	907,073	(47,397)	14,798,031
<b>Total capital assets, being depreciated, net</b>	14,624,057	10,450,797	-	25,074,854
<b>Business-type activities capital assets, net</b>	<u>\$ 24,852,073</u>	<u>\$ 16,459,687</u>	<u>\$ (10,795,202)</u>	<u>\$ 30,516,558</u>

Depreciation expenses were charged to functions/programs of the primary government as follows:

<b>Business-type activities:</b>	
Water	\$ 434,744
Sewer	464,409
Garbage	7,920
<b>Total depreciation expense - business-type activities</b>	<u>\$ 907,073</u>

**NOTE 7 DEFERRED OUTFLOWS/ INFLOW OF RESOURCES**

The governmental funds report unavailable revenues from long-term notes receivable of \$1,688,357 which will be recognized as an inflow of resources in the period in which the amounts become available.

The governmental funds also report unavailable resources from property taxes of \$1,551,048 as a deferred inflows of resources due to the property taxes being recognized as receivables prior to the period for which the taxes are levied. These amounts are also reported as deferred inflows of resources on the government-wide statement of net position.

As a result of implementing GASB 68, the governmental and business-type activities also report deferred outflows of resources and deferred inflows of resources relating to pensions. See Note 9 for more information.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 8 LONG-TERM DEBT**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
<b>Governmental Activities:</b>					
Revenue bonds - direct placements					
Library	\$ 2,021,512	\$ -	\$ 85,000	\$ 1,936,512	\$ 87,000
Fire Station	1,433,000	-	59,000	1,374,000	61,000
Justice Center	2,639,000	-	63,000	2,576,000	65,000
Compensated absences	118,300	94,935	111,235	102,000	81,600
<b>Total governmental activity long-term liabilities</b>	<b>\$ 6,211,812</b>	<b>\$ 94,935</b>	<b>\$ 318,235</b>	<b>\$ 5,988,512</b>	<b>\$ 294,600</b>
<b>Business-type Activities:</b>					
Revenue Bonds - direct placements					
Water	\$ 3,500,000	\$ -	\$ -	\$ 3,500,000	\$ 151,000
Sewer	4,880,000	-	-	4,880,000	125,000
Compensated absences	66,900	48,766	37,566	78,100	62,480
<b>Total business-type activity long-term liabilities</b>	<b>\$ 8,446,900</b>	<b>\$ 48,766</b>	<b>\$ 37,566</b>	<b>\$ 8,458,100</b>	<b>\$ 338,480</b>

Compensated absences in the governmental activities are generally liquidated by the general fund.

***Governmental Activities***

**MBA Lease Revenue Bonds, Series 2016**

The MBA Lease Revenue Bond, Series 2016 was issued in December 2016 for \$2,700,000. This bond was issued to construct the justice center. The bond has an interest rate of 2.5 percent and matures in October 2047. The MBA has pledged the base rental as security to the bond.

This bond contains a provision that in the event of a failure to pay the scheduled principal and interest payments, the outstanding principal and any outstanding interest on these bonds may become immediately due and payable.

**MBA Lease Revenue Bonds, Series 2011**

The MBA Lease Revenue Bond, Series 2011 was issued in February 2012 for \$2,500,000. This bond was issued to construct the municipal library. The bond has an interest rate of 2.5 percent and matures in October 2037. The MBA has pledged the base rental as security to the bond.

This bond contains a provision that in the event of a failure to pay the scheduled principal and interest payments, the outstanding principal and any outstanding interest on these bonds may become immediately due and payable.

**MBA Lease Revenue Bonds, Series 2006**

The MBA Lease Revenue Bond, Series 2006 was issued in May 2006 for \$2,000,000. This bond was issued to construct the municipal fire station. The bond has an interest rate of 3.5 percent and matures in January 2037. The MBA has pledged the base rental as security to the bond.

This bond contains a provision that in the event of a failure to pay the scheduled principal and interest payments, the outstanding principal and any outstanding interest on these bonds become immediately due and payable.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 8 LONG-TERM DEBT (Continued)**

*Business-type Activities*

Water Revenue Bonds, Series 2018

The Water Revenue Bond, Series 2018 was issued in December 2018 for \$2,700,000. This bond was issued to finance all or portions of improvements to the City's water system. The bond has an interest rate of 1.5 percent and matures in August 2039. The City has pledged the net revenues of the water fund as security for the bonds.

This bond contains a provision that in the event of a failure to pay the scheduled principal and interest payments, the outstanding principal and any outstanding interest on these bonds may become immediately due and payable.

Sewer Revenue Bonds, Series 2018

The Sewer Revenue Bonds, Series 2018 was issued in December 2018 for \$4,880,000. This bond was issued to finance all or a portion of the costs of the City's sewer system. The bond has an interest rate of 1.75 percent and matures in August 2049. The City has pledged the net revenues of the sewer fund as security for these bonds.

This bond contains a provision that in the event of a failure to pay the scheduled principal and interest payments, the outstanding principal and any outstanding interest on these bonds may become immediately due and payable.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 8 LONG-TERM DEBT (Continued)**

The following is a schedule of the future minimum payments for the governmental activities debt:

Fiscal Year Ended June 30	Governmental Activities					
	Revenue Bonds - Direct Placements					
	Library		Fire Station		Justice Center	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 87,000	\$ 48,675	\$ 61,000	\$ 48,090	\$ 65,000	\$ 64,400
2022	89,000	46,500	63,000	45,955	66,000	62,775
2023	91,000	44,275	65,000	43,750	68,000	61,125
2024	94,000	42,000	67,000	41,475	70,000	59,425
2025	96,000	39,650	70,000	39,130	71,000	57,675
2026	98,000	37,250	72,000	36,680	73,000	55,900
2027	101,000	34,800	75,000	34,160	75,000	54,075
2028	103,000	32,275	77,000	31,535	77,000	52,200
2029	106,000	29,700	80,000	28,840	79,000	50,275
2030	109,000	27,050	83,000	26,040	81,000	48,300
2031	111,000	24,325	86,000	23,135	83,000	46,275
2032	114,000	21,550	89,000	20,125	85,000	44,200
2033	117,000	18,700	92,000	17,010	87,000	42,075
2034	120,000	15,775	95,000	13,790	89,000	39,900
2035	123,000	12,775	98,000	10,465	91,000	37,675
2036	126,000	9,700	102,000	7,035	94,000	35,400
2037	129,000	6,550	99,000	3,465	96,000	33,050
2038	122,512	3,225	-	-	98,000	30,650
2039	-	-	-	-	101,000	28,200
2040	-	-	-	-	103,000	25,675
2041	-	-	-	-	106,000	23,100
2042	-	-	-	-	109,000	20,450
2043	-	-	-	-	111,000	17,725
2044	-	-	-	-	114,000	14,950
2045	-	-	-	-	117,000	12,100
2046	-	-	-	-	120,000	9,175
2047	-	-	-	-	122,000	6,175
2048	-	-	-	-	125,000	3,125
2049	-	-	-	-	-	-
2050	-	-	-	-	-	-
	<u>\$1,936,512</u>	<u>\$ 494,775</u>	<u>\$1,374,000</u>	<u>\$ 470,680</u>	<u>\$2,576,000</u>	<u>\$ 1,036,050</u>
	Interest Rate: 2.50%		Interest Rate: 3.50%		Interest Rate: 2.50%	

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 8 LONG-TERM DEBT (Continued)**

The following is a schedule of the future minimum payments for the business-type activities debt:

<b>Fiscal Year Ended June 30</b>	<b>Business-type Activities</b>			
	<b>Revenue Bonds - Direct Placements</b>			
	<b>Water</b>		<b>Sewer</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 151,000	\$ 52,500	\$ 125,000	\$ 85,400
2022	154,000	50,235	127,000	83,213
2023	156,000	47,925	130,000	80,990
2024	158,000	45,585	132,000	78,715
2025	161,000	43,215	134,000	76,405
2026	163,000	40,800	136,000	74,060
2027	165,000	38,355	139,000	71,680
2028	168,000	35,880	141,000	69,247
2029	171,000	33,360	144,000	66,780
2030	173,000	30,795	146,000	64,260
2031	176,000	28,200	149,000	61,705
2032	178,000	25,560	151,000	59,098
2033	181,000	22,890	154,000	56,455
2034	184,000	20,175	157,000	53,760
2035	186,000	17,415	159,000	51,012
2036	189,000	14,625	162,000	48,230
2037	192,000	11,790	165,000	45,395
2038	195,000	8,910	168,000	42,508
2039	198,000	5,985	171,000	39,567
2040	201,000	3,015	174,000	36,575
2041	-	-	177,000	33,530
2042	-	-	180,000	30,433
2043	-	-	183,000	27,282
2044	-	-	186,000	24,080
2045	-	-	190,000	20,825
2046	-	-	193,000	17,500
2047	-	-	196,000	14,123
2048	-	-	200,000	10,692
2049	-	-	203,000	7,193
2050	-	-	208,000	3,640
	<u>\$3,500,000</u>	<u>\$ 577,215</u>	<u>\$4,880,000</u>	<u>\$ 1,434,353</u>
	Interest Rate: 1.50%		Interest Rate: 1.75%	

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 9 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 Benefit Plans**

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's 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/general/publications](http://www.urs.org/general/publications).

Benefits Provided

URS provides retirement, disability, and death benefits.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 9 PENSION PLAN (Continued)**

Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending upon employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 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%

\* Actuarial reductions are applied.

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

Contribution Rate Summary

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

	Employee	Employer	Employer 401(k)
Contributory System			
111 Local Governmental Div - Tier 2	N/A	15.66%	1.03%
Noncontributory System			
15 Local Governmental Div - Tier 1	N/A	18.47%	N/A
Public Safety Retirement System			
Contributory			
122 Tier 2 DB Hybrid Public Safety	N/A	24.29%	0.70%
Noncontributory			
75 Other Div A with 4% COLA	N/A	35.71%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	12.99%	12.00%

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



**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 9 PENSION PLAN (Continued)**

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 126,098	N/A
Public Safety System	148,824	-
Tier 2 Public Employees System	111,322	-
Tier 2 Public Safety and Firefighter	86,448	-
Tier 2 DC Only System	12,210	N/A
Tier 2 DC Public Safety and Firefighter	7,118	N/A
Total Contributions	\$ 492,020	\$ -

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.

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

At June 30, 2020, we reported a net pension asset of \$0 and a net pension liability of \$937,556.

System	(Measurement Date): December 31, 2019				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2018	Change (Decrease)
Noncontributory System	\$ -	\$ 353,588	0.0938180%	0.1066429%	-0.0128249%
Public Safety System	-	551,282	0.3433458%	0.3298798%	0.0134660%
Tier 2 Public Employees System	-	10,004	0.0444805%	0.0426390%	0.0018415%
Tier 2 Public Safety and Firefighter	-	22,682	0.2411333%	0.2021772%	0.0389561%
Total Net Pension Asset / Liability	\$ -	\$ 937,556			

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2020 we recognized pension expense of \$551,079.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 9 PENSION PLAN (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,331	\$ 20,290
Changes in assumptions	65,918	492
Net difference between projected and actual earnings on pension plan investments	-	380,322
Changes in proportion and differences between contributions and proportionate share of contributions	56,514	48,869
Contributions subsequent to the measurement date	237,271	-
Total	<u>\$ 411,034</u>	<u>\$ 449,973</u>

\$237,271 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	(51,616)
2021	(99,672)
2022	(1,083)
2023	(142,708)
2024	2,072
Thereafter	16,797

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 9 PENSION PLAN (Continued)**

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

For the year ended June 30, 2020, we recognized pension expense of \$154,548.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,163	\$ 5,079
Changes in assumptions	37,449	-
Net difference between projected and actual earnings on pension plan investments	-	178,812
Changes in proportion and differences between contributions and proportionate share of contributions	587	48,869
Contributions subsequent to the measurement date	60,783	-
Total	<u>\$ 130,982</u>	<u>\$ 232,760</u>

\$60,783 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	(33,888)
2021	(57,844)
2022	(2,848)
2023	(67,981)
2024	-
Thereafter	-

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 9 PENSION PLAN (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 \$273,308.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,588	\$ 11,771
Changes in assumptions	18,810	-
Net difference between projected and actual earnings on pension plan investments	-	188,245
Changes in proportion and differences between contributions and proportionate share of contributions	44,077	-
Contributions subsequent to the measurement date	74,980	-
Total	<u>\$ 147,455</u>	<u>\$ 200,016</u>

\$74,980 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	(16,248)
2021	(40,593)
2022	827
2023	(71,527)
2024	-
Thereafter	-

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 9 PENSION PLAN (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 \$56,305.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,799	\$ 3,433
Changes in assumptions	4,272	287
Net difference between projected and actual earnings on pension plan investments	-	7,690
Changes in proportion and differences between contributions and proportionate share of contributions	8,487	-
Contributions subsequent to the measurement date	61,513	-
Total	<u>\$ 77,071</u>	<u>\$ 11,410</u>

\$61,513 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	(1,005)
2021	(855)
2022	459
2023	(2,006)
2024	1,071
Thereafter	6,484

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 9 PENSION PLAN (Continued)**

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

For the year ended June 30, 2020, we recognized pension expense of \$66,918.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,781	\$ 7
Changes in assumptions	5,387	205
Net difference between projected and actual earnings on pension plan investments	-	5,575
Changes in proportion and differences between contributions and proportionate share of contributions	3,363	-
Contributions subsequent to the measurement date	39,995	-
Total	<u>\$ 55,526</u>	<u>\$ 5,787</u>

\$39,995 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	(475)
2021	(379)
2022	480
2023	(1,194)
2024	1,001
Thereafter	10,311

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 approved by the Society of Actuaries.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 9 PENSION PLAN (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, 2016.

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

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

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

**Discount Rate**

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

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 9 PENSION PLAN (Continued)**

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate  
The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.95 percent) or 1 percentage point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,104,378	\$ 353,588	\$ (272,563)
Public Safety System	1,428,035	551,282	(161,248)
Tier 2 Public Employees System	86,269	10,004	(48,935)
Tier 2 Public Safety and Firefighter	80,127	22,682	(19,961)
Total	\$ 2,698,809	\$ 937,556	\$ (502,707)

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.

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

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

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

	2020	2019	2018
401(k) Plan			
Employer Contributions	\$ 109,522	\$ 86,667	\$ 79,210
Employee Contributions	129,301	107,986	94,565
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	150	850	3,825
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 11,805	\$ 9,050	\$ 6,550
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 2,016	\$ 2,184	\$ 1,372



**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 10 REDEVELOPMENT AGENCY**

In accordance with Utah Code Section 17B-4-1305(2), the City's Redevelopment Agency is required to disclose the following information for fiscal year 2020:

- A. The tax increment collected by the Agency for each project area is as follows:

<u>Project Area</u>	<u>2020</u>
Industrial Park	\$ -
<b>TOTAL INCREMENT RECEIVED</b>	<b>\$ -</b>

- B. There were no amounts of tax increment paid to any taxing agency during the year.
- C. There were no outstanding bonds associated with the project area at June 30, 2020.
- D. The agency expended the following during the year:

	<u>2020</u>
Tax increment payments	\$ -
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

The City believes that possible contingencies (contingencies incurred but not reported) where the loss cannot be reasonably estimated are immaterial to the financial statements of the City.

The City has the following commitments at June 30, 2020:

<u>Project</u>	<u>Approved</u>	<u>Paid to Date</u>	<u>Remaining</u>
Durfee Sidewalk 2020-2021	\$ 40,460	\$ 2,256	\$ 38,204
Website	10,500	5,250	5,250
Cemetery fence	7,700	3,850	3,850
<b>Total Commitments</b>	<b>\$ 58,660</b>	<b>\$ 11,356</b>	<b>\$ 47,304</b>

**NOTE 12 RISK MANAGEMENT**

The City, as a provider of municipal services, is exposed to a number of risks. Among these are: police enforcement liability, auto liability, road maintenance exposure, public official's errors and omissions, and property losses. The City has determined that the inherent risk of providing services necessitates implementing risk management policies and purchasing commercial liability insurance. This combination has resulted in fewer claims against the City and sufficient protection when claims occur. The City has not incurred any claims in excess of its coverage for any of the past three years.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**NOTE 13 TRANSFERS**

During the year, transfers were made which will not be repaid. These transfers occurred primarily to finance future capital project needs within the city.

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 890,000
Redevelopment Agency	50,000	-
Capital Projects	840,000	-
	<u>\$ 890,000</u>	<u>\$ 890,000</u>

**NOTE 14 TAX ABATEMENT AGREEMENTS**

In October 2016 Tooele County (the County) entered into an agreement with WonderGel, LLC dba Purple (the Company), located in Grantsville City, to return to the Company a certain portion of property taxes. The City's portion of the property tax amounts that were abated for the fiscal year ended June 30, 2020 are approximately \$35,000.

The City is not aware of any other tax abatement agreements affecting the City's property or other tax revenues.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**GRANTSVILLE CITY CORPORATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Utah Retirement Systems**  
**June 30, 2020**  
**Measurement Date of December 31**  
**Last 10 Fiscal Years\***

For the year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a % of its covered- employee payroll	Plan fiduciary net position as a % of the total pension liability (asset)
<b>Noncontributory Retirement System</b>					
2019	0.0938180%	\$ 353,588	\$ 660,550	53.53%	93.7%
2018	0.1066429%	785,289	820,883	95.66%	87.0%
2017	0.1081083%	473,655	894,236	52.97%	91.9%
2016	0.1070105%	687,138	917,067	74.93%	87.3%
2015	0.1071196%	606,135	889,139	68.17%	87.8%
2014	0.1128161%	489,874	938,533	52.20%	90.2%
<b>Public Safety System</b>					
2019	0.3433458%	\$ 551,282	\$ 382,564	144.10%	90.9%
2018	0.3298798%	848,644	376,205	225.58%	84.7%
2017	0.2836970%	445,024	320,046	139.05%	90.2%
2016	0.2807970%	569,815	310,650	183.43%	86.5%
2015	0.2930256%	524,882	346,266	151.58%	87.1%
2014	0.3203390%	402,853	390,094	103.27%	90.5%
<b>Tier 2 Public Employees Retirement System</b>					
2019	0.0444805%	\$ 10,004	\$ 617,685	1.62%	96.5%
2018	0.0426390%	18,261	497,427	3.67%	90.8%
2017	0.0309949%	2,733	302,631	0.90%	97.4%
2016	0.0188019%	2,097	154,191	1.36%	95.1%
2015	0.0209987%	(46)	135,666	-0.03%	100.2%
2014	0.0159796%	(484)	78,361	-0.62%	103.5%
<b>Tier 2 Public Safety and Firefighters Retirement</b>					
2019	0.2411333%	\$ 22,682	\$ 397,457	5.71%	89.6%
2018	0.2021772%	5,066	269,254	1.88%	95.6%
2017	0.2086810%	(2,415)	220,287	-1.10%	103.0%
2016	0.2396518%	(2,080)	198,006	-1.05%	103.6%
2015	0.2188118%	(3,197)	130,209	-2.46%	110.7%
2014	0.2401135%	(3,552)	99,322	-3.58%	120.5%

\* This schedule will be built out prospectively to show a 10-year history.

**GRANTSVILLE CITY CORPORATION**  
**SCHEDULE OF CONTRIBUTIONS\*\***  
**Utah Retirement Systems**

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered Payroll	Contributions as a % of covered- payroll
<b>Noncontributory System</b>					
2020	\$ 126,098	\$ 126,098	\$ -	\$ 701,227	17.98%
2019	127,312	127,312	-	707,793	17.99%
2018	155,754	155,754	-	860,280	18.11%
2017	165,145	165,145	-	911,110	18.13%
2016	165,602	165,602	-	912,608	18.15%
2015	162,322	162,322	-	886,795	18.30%
2014	169,228	169,228	-	978,767	17.29%
<b>Public Safety System</b>					
2020	\$ 148,824	\$ 148,824	\$ -	\$ 468,974	31.73%
2019	125,890	125,890	-	354,688	35.49%
2018	129,875	129,875	-	363,693	35.71%
2017	99,885	99,885	-	290,973	34.33%
2016	114,520	114,520	-	320,694	35.71%
2015	134,180	134,180	-	375,748	35.71%
2014	138,805	138,805	-	406,218	34.17%
<b>Tier 2 Public Employees System*</b>					
2020	\$ 111,322	\$ 111,322	\$ -	\$ 713,121	15.61%
2019	81,370	81,370	-	528,305	15.40%
2018	62,620	62,620	-	414,429	15.11%
2017	29,106	29,106	-	195,214	14.91%
2016	21,379	21,379	-	143,386	14.91%
2015	15,489	15,489	-	103,673	14.94%
2014	10,676	10,676	-	76,308	13.99%
<b>Tier 2 Public Safety and Firefighter System*</b>					
2020	\$ 86,448	\$ 86,448	\$ -	\$ 354,685	24.37%
2019	87,435	87,435	-	360,780	24.23%
2018	51,193	51,193	-	216,606	23.63%
2017	49,769	49,769	-	210,350	23.66%
2016	38,868	38,868	-	164,864	23.58%
2015	27,656	27,656	-	116,644	23.71%
2014	23,477	23,477	-	104,948	22.37%
<b>Tier 2 Public Employees DC Only System*</b>					
2020	\$ 12,210	\$ 12,210	\$ -	\$ 182,517	6.69%
2019	8,343	8,343	-	124,710	6.69%
2018	2,188	2,188	-	32,703	6.69%
2017	5,262	5,262	-	78,661	6.69%
2016	6,014	6,014	-	92,255	6.52%
2015	5,865	5,865	-	87,277	6.72%
2014	4,642	4,642	-	83,188	5.58%
<b>Tier 2 Public Safety and Firefighter DC Only System *</b>					
2020	\$ 7,118	\$ 7,118	\$ -	\$ 54,811	12.99%
2019	6,456	6,456	-	49,699	12.99%
2018	9,458	9,458	-	72,813	12.99%
2017	10,736	10,736	-	82,653	12.99%
2016	10,970	10,970	-	84,449	12.99%
2015	10,179	10,179	-	78,361	12.99%
2014	6,316	6,316	-	55,112	11.46%

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

\*\* This schedule will be built out prospectively to show a 10-year history. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.

**GRANTSVILLE CITY CORPORATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2020**

**Changes in Assumption**

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 I public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

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## **SUPPLEMENTARY INFORMATION**

**GRANTSVILLE CITY CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**– BUDGET AND ACTUAL – CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>final budget</b>
<b>Revenues:</b>				
Interest	\$ -	\$ -	\$ 2,780	\$ 2,780
<b>Total Revenues</b>	-	-	2,780	2,780
<b>Expenditures:</b>				
Highways and public works	185,000	330,000	253,724	76,276
<b>Total Expenditures</b>	185,000	330,000	253,724	76,276
<b>Other Financing Sources (Uses):</b>				
Transfer in	-	890,000	890,000	-
Transfer out	-	(50,000)	(50,000)	-
Insurance proceeds	-	-	154,385	(154,385)
<b>Total Other Financing Sources</b>	-	840,000	994,385	(154,385)
<b>Net Change in Fund Balance</b>	<u>\$ (185,000)</u>	<u>\$ 510,000</u>	743,441	<u>\$ (75,329)</u>
<b>Fund Balance, Beginning</b>			2,771,423	
<b>Fund Balance, Ending</b>			<u>\$ 3,514,864</u>	





**GILBERT & STEWART**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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LYNN A. GILBERT, CPA  
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BEN H PROBST, CPA  
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA  
JAMES E. STEWART, CPA

---

**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***

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

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 Grantsville City (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2020.

**Internal Control over Financial Reporting**

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 which might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

### **Purpose of this Report**

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

***Gilbert & Stewart***

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GILBERT & STEWART, CPA PC  
Provo, Utah  
December 11, 2020



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

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

***Report On Compliance with General State Compliance Requirements***

**Report On Compliance**

We have audited Grantsville City's ("the City") compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2020.

State compliance requirements were tested for the year ended June 30, 2020 in the following areas:

Budgetary Compliance  
Fund Balance  
Fraud Risk Assessment  
Justice Court  
Restricted Taxes and Related Revenues  
Open and Public Meetings Act  
Treasurer's Bond  
Cash Management

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### *Opinion on Compliance*

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

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

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

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

***Gilbert & Stewart***

December 11, 2020

**GRANTSVILLE CITY CORPORATION**

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**CORRESPONDENCE WITH THOSE  
CHARGED WITH GOVERNANCE**

**JUNE 30, 2020**



## GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
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JAMES E. STEWART, CPA

December 11, 2020

Honorable Mayor and Members of the City Council  
Grantsville City Corporation  
Grantsville, UT

We have audited the financial statements of the Grantsville City Corporation (the City) for the year ended June 30, 2020 and have issued our report thereon dated December 11, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 26, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. We noted no transactions entered by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the entity's financial statements was:

Management's estimate of the useful lives of depreciable assets, and the applicable depreciation amounts are based on estimated usefulness of the assets in question and the related wear and tear on those assets. We evaluated the key factors and assumptions used to develop these amounts in determining that they were reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a matter, whether resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, like obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We wish to express our appreciation to the City personnel for the friendly help extended to us during our examination.

This information is intended solely for the use of the City Management and is not intended to be and should not be used by anyone other than these specified parties. If you have any questions concerning the above items, we will be happy to discuss them with you.

Sincerely,

***Gilbert & Stewart***

GILBERT & STEWART  
*Certified Public Accountants*