

River Heights City

**** REVISED ****

COUNCIL MEETING AGENDA

Tuesday, January 28, 2020

Notice is hereby given that the River Heights City Council will hold its regular council meeting beginning at 6:30 p.m. in the River Heights City Office Building at 520 S 500 E.

Opening Remarks (Wright) and Pledge of Allegiance (Gallup)

Adoption of Previous Minutes and Agenda

Reports and Approval of Payments (Mayor, Council, Staff)

Audit Report

Public Comment

Public Hearing to Adopt an Ordinance to Change the Council Meeting Schedule

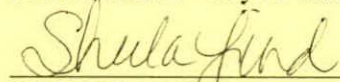
Public Hearing to Discuss a Resolution to Raise Sewer Rates to \$43.10

Discuss Changes to the Building Rental Policy

Budget Discussion - Capital Projects and Repairs

Adjourn

Posted this 27th day of January 2020



Sheila Lind, Recorder

Attachments for this meeting and previous meeting minutes can be found on the State's Public Notice Website (pmn.utah.gov).

In compliance with the American Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Sheila Lind, (435) 770-2061 at least 24 hours before the meeting.

River Heights City

Council Meeting

January 28, 2020

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8 Present: Mayor Todd Rasmussen
9 Council members: Doug Clausen
10 Sharlie Gallup
11 Chris Milbank
12 Elaine Thatcher
13 Blake Wright
14
15 Recorder Sheila Lind
16 Public Works Director Clayton Nelson
17 Finance Director Cliff Grover
18 Treasurer Wendy Wilker
19

20 Others Present: Matthew Regan, Heather Lehnig, Cindy Schaub
21
22

23 The following motions were made during the meeting:

24
25
26 Motion #1

27 Councilmember Thatcher moved to “adopt the amended minutes of the council meeting of
28 January 14, 2020 and the evening’s agenda.” Councilmember Wright seconded the motion, which
29 passed with Clausen, Gallup, Milbank, Thatcher, and Wright in favor. No one opposed.
30

31 Motion #2

32 Councilmember Clausen moved to “pay the bills as listed.” Councilmember Thatcher
33 seconded the motion, which passed with Clausen, Gallup, Milbank, Thatcher and Wright in favor. No
34 one opposed.
35

36 Motion #3

37 Councilmember Wright moved to “adopt Ordinance 1-2020, An Ordinance which changes the
38 council’s meetings to the first and third Tuesdays and the Planning Commission meetings to the
39 second and fourth Tuesdays.” Councilmember Clausen seconded the motion, which carried with
40 Clausen, Gallup, Milbank, Thatcher and Wright in favor. No one opposed.
41

42 Motion #4

43 Councilmember Clausen moved to “table the sewer raise discussion and possibly look at it
44 again for July.” Councilmember Milbank seconded the motion, which carried with Clausen, Gallup,
45 Milbank, Thatcher and Wright in favor. No one opposed.

47
48 Proceedings of the Meeting:
49

50 The River Heights City Council met at 6:30 p.m. in the Ervin R. Crosbie Council Chambers in
51 the River Heights City Building on Tuesday, January 28, 2020 for their regular council meeting.

52 Opening Remarks and Pledge of Allegiance: Councilmember Wright opened the meeting with
53 a thought and Councilmember Gallup led the group in the Pledge of Allegiance.

54 Adoption of Previous Minutes and Agenda: Minutes for the January 14, 2020 meeting were
55 reviewed with a minor change.

56 **Councilmember Thatcher moved to “adopt the amended minutes of the council meeting
57 of January 14, 2020 and the evening’s agenda.” Councilmember Wright seconded the motion,
58 which passed with Clausen, Gallup, Milbank, Thatcher, and Wright in favor. No one opposed.**

59
60 Reports and Approval of Payments (Mayor, Council, Staff):

61 Public Works Director Nelson

- 62 • He met with Dan Hogan, who said he was willing to pay for 37 feet of the 1000 Sidewalk.
63 Recorder Lind has sent him the bill. He also said he would get the bill paid for the Saddlerock
64 street sealing. He also said as soon as whether permits he will make sure the lighting in the
65 subdivision gets finished up. Mr. Hogan said he’d email his intentions. Mr. Nelson will follow
66 up with Mr. Hogan if he doesn’t receive his email soon.
- 67 • He stated that he has requested a bid for presentation equipment for the council room. He
68 hopes to have it to present to the council at their next meeting.

69
70 Finance Director Grover

- 71 • He discussed the River Heights City Financial Summary. All of the budgets are on track.

72
73 Audit Report: Auditor Matthew Regan reviewed the Financial Statement for the year ended June
74 30, 2019. He reported that River Heights has complete and accurate financial statements and they are
75 following accounting standards. He reviewed the pages and pointed out a summary on pages 4-9. He
76 also reviewed the Annual Financial Audit and Update. He praised the council and employees for their
77 good management of the city’s funds. He mentioned some local government trainings, which they
78 may be interested in to keep up with any changes. He will send a link to those trainings.

79
80 Treasurer Wilker

- 81 • She presented and answered questions regarding the list of bills to be paid.

82
83 **Councilmember Clausen moved to “pay the bills as listed.” Councilmember Thatcher
84 seconded the motion, which passed with Clausen, Gallup, Milbank, Thatcher and Wright in
85 favor. No one opposed.**

86
87 Councilmember Thatcher

- 88 • She will get with Councilmember Clausen and PWD Nelson to get up to speed on road and
89 sidewalk information.
- 90 • She met with Engineer Rasmussen, along with Councilmember Clausen and PWD Nelson to
91 discuss the 400 South road project. The bids are ready to go out. They have been set up as two

92 separate projects, so the council can decide to do one or the other, both or none, depending on
93 the costs.

94 Councilmember Clausen recommended following up with Engineer Rasmussen to make
95 sure he gets the bid notice out by the first of February. He is concerned about getting the canal
96 work done before May 15 because they will be piping part of the ditch. PWD Nelson will
97 follow up with him.

98 PWD Nelson is concerned that contractors are still extremely busy. He guesses the bids
99 might come in high because of it. If they do, the council may want to hold off until the prices
100 come down.

101
102 Councilmember Milbank didn't have anything.

103
104 Councilmember Clausen didn't have anything.

105
106 Councilmember Gallup

- 107 • She asked if the 400 South road project would be built as a collector road, as stated in the
108 General Plan. PWD Nelson stated they are not bidding for a collector road at this time. Mayor
109 Rasmussen was concerned that not doing so would prevent the city from getting COG funding.
110 He suggested working toward getting the required acquisition of properties even though they
111 don't plan on putting in the 66-foot right-of-way right away at this time. Councilmember
112 Clausen asked if it made sense to spend a bunch of money on 400 South now if, in the future,
113 they plan to request COG funds to build a collector road. No one knew at what point they
114 would want to widen the right-of-way. (It could be 5 years or 75 years.) PWD Nelson stated
115 the current design for 400 South is meant to take care of the amount of traffic of a collector
116 road.

117 Councilmember Milbank stated he'd learned from Jeff Gilbert, Transportation Planner
118 at CMPO, to be careful when thinking about roads, because things are changing rapidly. The
119 trend is to reduce transportation with smaller cars, mass transportation, etc. PWD Nelson
120 agreed that cities are cutting back on the amount of asphalt surfaces. He informed the plans for
121 400 South are a long-term design, which is the reason for the high cost.

122
123 Councilmember Wright didn't have anything.

124
125 Recorder Lind

- 126 • She informed that Nyman's Funeral Home has not renewed their business license. If someone
127 can tell they are doing business there, let her know so she can follow up on it.
- 128 • She said the county needs to know by March 1 if the city plans to raise property taxes. They
129 discussed having a discussion at their next meeting. The mayor asked for those with large
130 budgets to be prepared to give an idea of how much they are going to ask for. The council
131 decided to NOT raise taxes this year. Ms. Lind will notify the county.

132
133 Mayor Rasmussen didn't have anything.

134
135 Public Comment: There was none.

136 Public Hearing to Adopt an Ordinance to Change the Council Meeting Schedule: Mayor
Rasmussen asked for and received no comments from the public.

138 **Councilmember Wright moved to “adopt Ordinance 1-2020, An Ordinance which**
139 **changes the council’s meetings to the first and third Tuesdays and the Planning Commission**
140 **meetings to the second and fourth Tuesdays.” Councilmember Clausen seconded the motion,**
141 **which carried with Clausen, Gallup, Milbank, Thatcher and Wright in favor. No one opposed.**

142 Public Hearing to Discuss a Resolution to Raise Sewer Rates to \$43.10: Councilmember
143 Thatcher discussed the previous resolution (adopted in 2018) to increase sewer rates by 10% each year.
144 Councilmember Clausen explained that last year they raised the rate 14% because they weren’t
145 keeping up with the budget. This year he proposed raising it to \$43.10 because he thought that’s what
146 it will take to keep up with the budget.

147 Councilmember Wright asked why they were discussing raising the rate now, rather than
148 waiting until July 1, when the new budget starts. Councilmember Clausen said the sewer budget is not
149 keeping up. FD Grover suggested taking some time to do an analysis on the sewer budget. PWD
150 Nelson suggested the \$43.10 may not be enough of a raise. He said if the numbers follow the past, the
151 city will go over budget paying Logan City, but they may go under budget on other expenses. He
152 supported taking time to go through the budget to determine what is actually needed. He informed he
153 is waiting for a price on having a company come once a year to clean and camera a section of the
154 sewer line.

155 **Councilmember Clausen moved to “table the sewer raise discussion and possibly look at it**
156 **again for July.” Councilmember Milbank seconded the motion, which carried with Clausen,**
157 **Gallup, Milbank, Thatcher and Wright in favor. No one opposed.**

158 Discuss Changes to the Building Rental Policy: Councilmember Milbank addressed his
159 revision ideas to the Building Use Policy. He has had discussions with the mayor and city staff to get
160 their input. He agreed the building was built for use by citizens. However, if one group uses it to
161 excess, it ends up costing everyone. Currently, a scout group is using it weekly at no cost. Mayor
162 Rasmussen pointed out there are other groups using the building for free, which doesn’t follow the
163 current policy (Lions Club and ProLog Irrigation Company). He desired verbiage that would allow
164 these groups, as well as the scouts, to use it for free, so all would be following the same policy. Mr.
165 Milbank has checked with Cameron Reed (scout leader and city employee) and found out only one of
166 the scouts in their group is from River Heights.

167 Councilmember Thatcher wanted to support the scouts, by allowing them to use the building
168 for free.

169 Councilmember Gallup was against it being free. She wasn’t opposed to non-profit groups
170 using the building but agreed there should be a deposit.

171 Councilmember Clausen suggested leaving the policy as is, except add a phrase that anyone
172 wanting to use the building outside of the policy would need to come before the council to get approval
173 and be given conditions of use. Councilmember Wright agreed.

174 Discussion was held on how often the building policy has undergone changes, the most recent
175 of which was done in October 2019.

176 Councilmember Milbank suggested government related meetings could be held for free upon
177 approval. He asked the feelings of the group in regards to letting the scouts use it for free. PWD
178 Nelson suggested there should be something they have to sign and follow which holds them to be
179 responsible. Last week they left a mess.

180 Councilmember Milbank said each council member was agreeable to taking turns unlocking the
181 building for the rental groups.

182 Councilmember Clausen proposed revising the policy, leaving the fees as is, adding a
183 stipulation that groups who would like to use the building outside of the policy rules would need to

184 come to the city council for permission. The council would set the terms and conditions, which would
185 be signed by the renting group. Also add to the policy that use by government groups, would be
186 permitted without prior approval. The changes to the policy could be brought to the council at their
187 next meeting. In the meantime, continue to allow the scout group to use it upon signing an agreement
188 that they will clean up after themselves or lose their privilege. Councilmember Milbank agreed to edit
189 the policy for the council's consideration.

190 Mayor Rasmussen agreed to call the scout leaders and ask them to take better care of cleaning
191 up.

192 Budget Discussion - Capital Projects and Repairs: FD Grover discussed the list of capital
193 projects and asked councilmembers what they realistically planned to spend for the rest of the fiscal
194 year. Some clarifications were made on the projects listed. He would like this list finalized by the end
195 of February so it can be back on the agenda for the first meeting in March. PWD Nelson said he will
196 work on revising some of the figures.

197 Mayor Rasmussen asked Councilmember Clausen to give an update on the public works shop
198 being moved to the Old School. Mr. Clausen said he is waiting to see if the city actually ends up with
199 the building before he spends money on engineering. Mayor Rasmussen said the school district does
200 intend to hand over ownership in March. Mr. Clausen said the engineer guessed a lot could be done
201 within the budgeted \$120,000. He could go ahead with more detailed plans, if the council was okay
202 with him spending \$5,000. Councilmember Wright suggested waiting for the bid on 400 South to
203 come in.

204 Councilmember Clausen stated, once the city has actually received the building, the council
205 needs to have an in-depth discussion on what they ultimately want to use the building for. Mayor
206 Rasmussen would like to put off taking ownership of the building until they know what their plans are
207 for it. The cost of utilities is between \$18,000 and \$24,000/year. PWD Nelson pointed out the
208 summer months would not cost as much. Mayor Rasmussen said the district seemed amicable to any
209 date the city wanted.


210 Councilmember Milbank suggested getting a building maintenance summary. He is aware of
211 past water leaks they've had in the roof, the difficulties of the broiler, as well as other things.

212 The meeting adjourned at 8:20 p.m.

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Sheila Lind, Recorder



Todd A. Rasmussen, Mayor

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River Heights City Bills To Be Paid

1/28/2020

	Payee	Description	Admin.	P&Z	Parks/Rec	Pub. Safety	Com. Aff.	Roads	Water	Sewer	Total
1	Chemtech Ford	Water Analysis							\$250.00		\$250.00
2	City of Logan	Sanitation, 911, Sewer	\$14,475.81			\$2,022.00				\$14,678.75	\$31,176.56
3	Comcast Business	Internet	\$28.24						\$28.23	\$28.22	\$84.69
4	Dominion Energy	Gas	\$109.12		\$120.04			\$112.96	\$447.11	\$112.96	\$902.19
5	Forsgren & Associates	General Consult/Lower Well Improvemen	\$960.00						\$105.00		\$1,065.00
6	Gabriel Rasmussen	Newsletter Delivery	\$130.00								\$130.00
7	Kendrick Electric	Labor to replace LED light under warranty			\$150.00						\$150.00
8	Logan City	Water Consumption							\$360.45		\$360.45
9	Rocky Mountain Power	Electricity	\$89.87		\$61.73	\$25.45		\$1,179.05	\$1,709.37	\$28.66	\$3,094.13
10	Square One Printing	Utility Late Notice Door Hanger							\$63.22	\$63.22	\$126.44
11	Utah Local Government Trust	Monthly Workers Comp.	\$21.54		\$33.09			\$101.04	\$127.98	\$134.72	\$418.37
12	Watkins	Envelopes with postage	\$447.40						\$202.40	\$202.40	\$852.20
13	Whitaker Construction	Water Repairs 350 S. 705 East							\$245.38		\$245.38
14											
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19											
20	Visa Payment Made 01/24/2020	\$902.53									
21	Maverik	Fuel for City Vehicles			\$57.08			\$57.08	\$57.08	\$57.08	\$228.32
22	Café Sabor	City Christmas Dinner	\$442.50								\$442.50
23	Adobe	Monthly Fee	\$16.04								\$16.04
24	Google	Monthly Fee	\$72.00								\$72.00
25	Nextiva	City Phones & Fax	\$44.56						\$44.56	\$44.56	\$133.68
26	DRI	Crash Plan	\$9.99								\$9.99
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	Page 1 SubTotals		\$16,847.07		\$421.94	\$2,047.45		\$1,450.13	\$3,640.78	\$15,350.57	\$39,757.94

River Heights City
 Financial Summary
 December 31, 2019

Cash Balance By Fund

	11/30/19	12/31/19	Net Change	% of Total
General Fund	(124,016.86)	(29,755.82)	94,261.04	-1.52%
Capital Projects Fund	315,199.41	315,559.67	360.26	16.15%
Water Fund	721,049.92	730,677.61	9,627.69	37.40%
Sewer Fund	913,724.97	937,281.35	23,556.38	47.97%
Total Cash Balance	1,825,957.44	1,953,762.81	127,805.37	100.00%

	YTD Actual	Annual Budget	Unexpended Budget	% Of Budget Incurred	% Of Time Incurred
General Fund					
Revenue	496,371.45	809,270.00	312,898.55	61.34%	50.41%
Expenditures					
Administrative	41,415.97	164,060.00	122,644.03	25.24%	50.41%
Office	7,191.15	19,570.00	12,378.85	36.75%	50.41%
Community Affairs	9,273.74	20,750.00	11,476.26	44.69%	50.41%
Planning & Zoning	6,823.31	7,270.00	446.69	93.86%	50.41%
Public Safety	32,019.65	86,400.00	54,380.35	37.06%	50.41%
Roads	42,687.32	114,200.00	71,512.68	37.38%	50.41%
Parks & Recreation	32,121.71	90,550.00	58,428.29	35.47%	50.41%
Sanitation	72,475.56	150,000.00	77,524.44	48.32%	50.41%
Transfer To CP Fund	-	220,000.00	220,000.00	0.00%	
Total Expenditures	244,008.41	872,800.00	628,791.59	27.96%	50.41%
Net Revenue Over Expenditures	252,363.04	(63,530.00)	(315,893.04)		

Capital Projects Fund					
Revenue	1,423.31	3,000.00	1,576.69		50.41%
Reimbursement Income		234,000.00	234,000.00		
Transfer From General Fund		240,000.00	240,000.00		
Expenditures					
Administrative		-	-		50.41%
Parks & Recreation	35,907.86	85,400.00	49,492.14		50.41%
Roads	64,750.81	570,000.00	505,249.19		50.41%
	-	-	-		50.41%
Total Expenditures	100,658.67	655,400.00	554,741.33		50.41%
Net Revenue Over Expenditures	(99,235.36)	(178,400.00)	(79,164.64)		

Water Fund					
Revenue	202,108.98	361,350.00	159,241.02	55.93%	50.41%
Expenditures	87,585.40	544,200.00	456,614.60	16.09%	50.41%
Net Revenue Over Expenditures	114,523.58	(182,850.00)	(297,373.58)		

Sewer Fund					
Revenue	167,696.05	312,800.00	145,103.95	53.61%	50.41%
Expenditures	91,088.91	333,500.00	242,411.09	27.31%	50.41%
Net Revenue Over Expenditures	76,607.14	(20,700.00)	(97,307.14)		

Combined - All Funds					
Net Revenue Over Expenditures - Combined	344,258.40	(445,480.00)	(789,738.40)		

RIVER HEIGHTS CITY

Financial Statements

For the Year Ended June 30, 2019

DRAFT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
River Heights City
River Heights, Utah

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of River Heights City, Utah (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 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. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquires, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* I have also issued my report dated December 26, 2019 on my consideration of River Heights's internal control over financial reporting and on my 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 my 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 River Heights's internal control over financial reporting and compliance.

MATTHEW REGEN, CPA, PC

December 26, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of River Heights City (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position (government and business-type activities) of the City increased during fiscal year 2019 by \$296,516 to a total of \$5,998,939. The governmental net position increased by \$146,794 and the business-type net position increased by \$149,722.
- The total net position (government and business-type activities) of the City consist of \$4,313,294 in capital assets, net of related debt, \$122,289 in restricted net position, and \$1,553,356 in unrestricted net position.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The 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.

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

- *The statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, there will also be a need to consider other non-financial factors.
- *The statement of activities* presents information showing how the City's net position changed during the fiscal year reported. 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 the 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 the City include general government, public safety, parks and recreation, and public works. The business-type

activities of the City include the water and wastewater collection utilities. The government-wide financial statements can be found on pages 11 and 12 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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. The City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 financing 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 effect of the city's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Capital Projects Fund. The City has several non-major funds.

- **Proprietary funds** - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of River Heights uses enterprise funds to account for its Water Utility and Wastewater Collection Utility. As determined by generally accepted accounting principles, all enterprise funds meet the criteria of major fund classification.
- **Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City currently has no fiduciary funds.

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 the City, assets exceeded liabilities by \$5,988,939.

By far, the largest portion of the City's net position (72 percent) reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the 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 resources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedules present summarized information from the Statement of Net Position and the Statement of Activities:

STATEMENT OF NET POSITION

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 343,026	576,375	573,862	1,553,234	1,342,730	1,041,616
Capital assets	<u>2,352,116</u>	<u>1,917,530</u>	<u>1,920,608</u>	<u>1,961,178</u>	<u>2,023,585</u>	<u>2,079,669</u>
Total assets	2,695,142	2,493,905	2,494,470	3,514,412	3,366,315	3,121,285
Current liab. and deferred inflows	183,961	129,518	294,266	36,654	38,279	33,309
Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows	183,961	129,518	294,266	36,654	38,279	33,309
Invested in capital assets, net of debt	2,352,116	1,917,530	1,920,608	1,961,178	2,023,585	2,079,669
Restricted	6,618	253,079	136,196	115,671	136,196	55,539
Unrestricted	<u>152,447</u>	<u>193,778</u>	<u>182,280</u>	<u>1,400,909</u>	<u>1,168,255</u>	<u>952,768</u>
Total net position	\$ <u>2,511,181</u>	<u>2,364,387</u>	<u>2,200,204</u>	<u>3,477,758</u>	<u>3,238,036</u>	<u>3,087,976</u>

CHANGES IN NET POSITION

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 275,271	265,730	232,908	635,312	740,838	586,640
Operating grants	107,853	80,418	79,719	-	-	-
Capital grants	-	-	-	-	-	-
General revenues:						
Property taxes	124,189	106,548	109,287	-	-	-
Sales and use taxes	234,824	254,700	339,430	-	-	-
Other revenues	82,167	97,949	934	23,163	5,366	2,197
Total revenues	<u>824,304</u>	<u>805,345</u>	<u>762,278</u>	<u>658,475</u>	<u>746,204</u>	<u>588,837</u>
Expenses:						
General government	207,121	123,261	139,076	-	-	-
Public safety	84,470	85,834	100,940	-	-	-
Streets and public improvements	304,560	326,784	198,831	-	-	-
Parks and recreation	81,359	105,283	92,701	-	-	-
Water utility	-	-	-	228,028	243,783	241,439
Wastewater Collection	-	-	-	280,725	262,361	188,203
Total expenses	<u>677,510</u>	<u>641,162</u>	<u>531,548</u>	<u>508,753</u>	<u>506,144</u>	<u>429,642</u>
Transfers	-	-	-	-	-	-
Change in net position	<u>146,794</u>	<u>164,183</u>	<u>230,730</u>	<u>149,722</u>	<u>240,060</u>	<u>159,195</u>
Net position – beginning (07-01)	2,364,387	2,200,204	1,969,474	3,328,036	3,087,976	2,928,781
Net position – ending (06-30)	<u>\$ 2,511,181</u>	<u>2,364,387</u>	<u>2,200,204</u>	<u>3,477,758</u>	<u>3,328,036</u>	<u>3,087,976</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The financial reporting focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the City's financing requirements. In particular, unreserved 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, the City's governmental funds reported a combined ending fund balance of \$159,065, a decrease of \$287,792 in comparison with the prior year. Of this total amount \$152,447 constitutes unassigned fund balance, which is available to meet the future financial needs of the City. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been restricted or assigned for future capital expenditures.

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund and represent 53 percent of total general fund revenues. The two largest elements of taxes are sales taxes and property taxes. Combined, they represent 82 percent of total tax revenues and 44 percent of total general fund revenues.

The City maintains enterprise funds to account for the business-type activities of the City, namely the water and wastewater collection utilities. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the current fiscal year the General Fund budget for revenue was \$807,800. The actual revenue was \$792,360. This resulted in an unfavorable variance of \$15,440 for revenue. The General Fund budget for expenditures was \$642,500. The actual expenditures were \$605,252. This resulted in a favorable variance of \$37,248 for expenditures. Overall, the City had a favorable variance for the excess of revenues over expenditures of \$21,808.

CAPITAL ASSETS

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$4,313,294 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, roads and infrastructure (streets, sidewalks, curb and gutter, etc.). The increase in the City's investment in capital assets for the current fiscal year was \$538,650 and depreciation expense was \$170,048.

Major capital assets purchased during the fiscal year included the following:

- \$280,813 for sidewalks.
- \$133,608 for tennis court renovations.
- \$54,165 for road improvements.
- \$31,807 for a vehicle.
- \$38,257 for park & fence improvements.

Additional information on the City's capital assets can be found in the footnotes to this financial report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the 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 River Heights City, 520 South 500 East, River Heights, UT 84321.

BASIC FINANCIAL STATEMENTS

CITY OF RIVER HEIGHTS
STATEMENT OF NET POSITION
JUNE 30, 2019

<u>Assets</u>	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Pooled cash and cash equivalents	\$ 146,083	1,475,559	1,621,642
Receivables, net	196,943	77,675	274,618
Fixed assets, net	<u>2,352,116</u>	<u>1,961,178</u>	<u>4,313,294</u>
Total assets	<u>2,695,142</u>	<u>3,514,412</u>	<u>6,209,554</u>
<u>Liabilities & Deferred Inflows of Resources</u>			
Liabilities:			
Accounts payable and accrued expenses	73,071	36,654	109,725
Deferred inflows of resources	<u>110,890</u>	<u>-</u>	<u>110,890</u>
Total liabilities & deferred inflows	<u>183,961</u>	<u>36,654</u>	<u>220,615</u>
<u>Net Position</u>			
Investments in capital assets, net of related debt	2,352,116	1,961,178	4,313,294
Restricted:			
Capital outlay	6,618	-	6,618
Impact fees	-	115,671	115,671
Unrestricted	<u>152,447</u>	<u>1,400,909</u>	<u>1,553,356</u>
Total net position	<u>\$ 2,511,181</u>	<u>3,477,758</u>	<u>5,988,939</u>

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental:							
General government	\$ 207,121	64,700	-	-	(142,421)	-	(142,421)
Sanitation	170,620	176,326	-	-	5,706	-	5,706
Public safety	84,470	27,798	-	-	(56,672)	-	(56,672)
Streets and public improvements	133,940	476	104,414	-	(29,050)	-	(29,050)
Parks and recreation	81,359	5,971	3,439	-	(71,949)	-	(71,949)
Total governmental activities	<u>677,510</u>	<u>275,271</u>	<u>107,853</u>	<u>-</u>	<u>(294,386)</u>	<u>-</u>	<u>(294,386)</u>
Business-type activities:							
Water Utility	228,028	345,686	-	-	-	117,658	117,658
Wastewater Collection	280,725	289,626	-	-	-	8,901	8,901
Total business-type activities	<u>508,753</u>	<u>635,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,559</u>	<u>126,559</u>
Total primary government	\$ <u>1,186,263</u>	<u>910,583</u>	<u>107,853</u>	<u>-</u>	<u>(294,386)</u>	<u>126,559</u>	<u>(167,827)</u>
General revenues:							
Taxes:							
Property tax					124,189	-	124,189
Sales and use tax					234,824	-	234,824
Franchise and other taxes					76,759	-	76,759
Total taxes					<u>435,772</u>	<u>-</u>	<u>435,772</u>
Interest income					5,408	23,163	28,571
Total general revenues					<u>441,180</u>	<u>23,163</u>	<u>464,343</u>
Change in net position					146,794	149,722	296,516
Net position - beginning					2,364,387	3,328,036	5,692,423
Net position - ending					\$ <u>2,511,181</u>	<u>3,477,758</u>	<u>5,988,939</u>

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

CITY OF RIVER HEIGHTS
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2019

<u>Assets</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Pooled cash and cash equivalents	\$ 139,465	6,618	146,083
Receivables, net	<u>196,943</u>	<u>-</u>	<u>196,943</u>
Total assets	<u><u>336,408</u></u>	<u><u>6,618</u></u>	<u><u>343,026</u></u>
<u>Liabilities, Deferred Inflows of Resources & Fund Balance</u>			
Liabilities:			
Accounts payable and accrued liabilities	73,071	-	73,071
Deferred inflows of resources	<u>110,890</u>	<u>-</u>	<u>110,890</u>
Total liabilities & deferred inflows	<u><u>183,961</u></u>	<u><u>-</u></u>	<u><u>183,961</u></u>
Fund balance:			
Restricted for:			
Roads	-	-	-
Impact fees	-	-	-
Assigned for:			
Capital projects	-	6,618	6,618
Unassigned	<u>152,447</u>	<u>-</u>	<u>152,447</u>
Total fund balance	<u><u>152,447</u></u>	<u><u>6,618</u></u>	<u><u>159,065</u></u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 336,408</u></u>	<u><u>6,618</u></u>	<u><u>343,026</u></u>

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

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

Total fund balance for governmental funds \$ 159,065

Net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	188,719	
Buildings		1,055,583	
Equipment		265,534	
Infrastructure		1,673,207	
Accumulated depreciation		<u>(830,927)</u>	<u>2,352,116</u>

Net position of governmental activities \$ 2,511,181

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

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

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 435,772	-	435,772
Licenses	10,502	-	10,502
Intergovernmental	104,414	30,000	134,414
Charges for services	233,879	-	233,879
Fines and forfeitures	1,267	-	1,267
Miscellaneous revenues	6,526	1,945	8,471
	<u>792,360</u>	<u>31,945</u>	<u>824,305</u>
Expenditures:			
General government	195,003	-	195,003
Sanitation	170,620	-	170,620
Public safety	83,933	-	83,933
Streets and public improvements	94,761	334,980	429,741
Parks and recreation	60,935	171,865	232,800
	<u>605,252</u>	<u>506,845</u>	<u>1,112,097</u>
Excess (deficiency) of revenues over expenditures	<u>187,108</u>	<u>(474,900)</u>	<u>(287,792)</u>
Other financing sources:			
Transfers in (out)	<u>(250,000)</u>	<u>250,000</u>	<u>-</u>
Total other financing uses	<u>(250,000)</u>	<u>250,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing uses over expenditures and other financing uses	(62,892)	(224,900)	(287,792)
Fund balance - beginning of year	<u>215,339</u>	<u>231,518</u>	<u>446,857</u>
Fund balance - end of year	<u>\$ 152,447</u>	<u>6,618</u>	<u>159,065</u>

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

CITY OF RIVER HEIGHTS
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, 2019

Net change in fund balance - Total governmental funds \$ (287,792)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$506,845 exceeded depreciation expense of \$72,259 in the current year.

434,586

Change in net position of governmental activities \$ 146,794

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

CITY OF RIVER HEIGHTS
STATEMENT OF NET POSITION -
PROPRIETARY FUND
JUNE 30, 2019

<u>Assets</u>	<u>Water Utility</u>	<u>Wastewater Collection</u>	<u>Total Business- Type Activities</u>
Pooled cash and cash equivalents	\$ 614,783	860,776	1,475,559
Receivables, net	44,003	33,672	77,675
Fixed assets, net	<u>1,782,109</u>	<u>179,069</u>	<u>1,961,178</u>
Total assets	<u>2,440,895</u>	<u>1,073,517</u>	<u>3,514,412</u>
<u>Liabilities</u>			
Accounts payable and accrued liabilities	21,178	15,476	36,654
Non-current liabilities:			
Due within one year	-	-	-
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>21,178</u>	<u>15,476</u>	<u>36,654</u>
<u>Net Position</u>			
Investments in capital assets, net of related debt	1,782,109	179,069	1,961,178
Restricted:			
Impact fees	2,764	112,907	115,671
Unrestricted	<u>634,844</u>	<u>766,065</u>	<u>1,400,909</u>
Total net position	<u>\$ 2,419,717</u>	<u>1,058,041</u>	<u>3,477,758</u>

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

CITY OF RIVER HEIGHTS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Water Utility	Wastewater Collection	Total Business- Type Activities
Operating revenues:			
Services	\$ 338,809	284,715	623,524
Connection fees	2,086	1,200	3,286
Other operating revenues	212	-	212
Total operating revenues	<u>341,107</u>	<u>285,915</u>	<u>627,022</u>
Operating expenses:			
Wages and benefits	70,344	36,551	106,895
Current expenses	85,401	218,668	304,069
Depreciation	72,283	25,506	97,789
Total operating expense	<u>228,028</u>	<u>280,725</u>	<u>508,753</u>
Operating income (loss)	113,079	5,190	118,269
Non-operating income (expense):			
Interest income	9,077	14,086	23,163
Impact fee income	4,579	3,711	8,290
Total non-operating income (expense)	<u>13,656</u>	<u>17,797</u>	<u>31,453</u>
Change in net position	126,735	22,987	149,722
Net position - beginning of year	<u>2,292,982</u>	<u>1,035,054</u>	<u>3,328,036</u>
Net position - end of year	<u>\$ 2,419,717</u>	<u>1,058,041</u>	<u>3,477,758</u>

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

CITY OF RIVER HEIGHTS
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water Utility</u>	<u>Wastewater Collection</u>	<u>Total Business- Type Activities</u>
<u>Cash flows from operating activities:</u>			
Receipts from customers and users	\$ 351,361	279,903	631,264
Payments to employees	(70,344)	(36,551)	(106,895)
Payments to suppliers	(86,854)	(218,840)	(305,694)
Net cash provided by operating activities	<u>194,163</u>	<u>24,512</u>	<u>218,675</u>
<u>Cash flows from non-capital financing activities</u>			
	-	-	-
<u>Cash flows from capital and related financing activities:</u>			
Purchase of capital assets	(31,807)	-	(31,807)
Impact fee income	4,579	3,711	8,290
Net cash used in capital and related financing activities	<u>(27,228)</u>	<u>3,711</u>	<u>(23,517)</u>
<u>Cash flows from investing activities:</u>			
Interest on investments	<u>9,077</u>	<u>14,085</u>	<u>23,162</u>
Net cash provided by investing activities	<u>9,077</u>	<u>14,085</u>	<u>23,162</u>
Net increase in cash and cash equivalents	176,012	42,308	218,320
Cash and cash equivalents at beginning of year	<u>438,771</u>	<u>818,468</u>	<u>1,257,239</u>
Cash and cash equivalents at end of year	<u>\$ 614,783</u>	<u>860,776</u>	<u>1,475,559</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 113,079	5,190	118,269
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	72,283	25,506	97,789
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	10,254	(6,012)	4,242
Decrease in accounts payable	(1,453)	(172)	(1,625)
Total adjustments	<u>81,084</u>	<u>19,322</u>	<u>100,406</u>
Net cash provided by operating activities	<u>\$ 194,163</u>	<u>24,512</u>	<u>218,675</u>

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

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

River Heights City (the City) was incorporated under the laws of the state of Utah. The City operates by ordinance under the Mayor-Council form of government and provides such services as are authorized by its charter including public safety (police and fire), highway and streets, sanitation, recreation, public improvements, planning and zoning, and general administration. In addition, the City owns and operates water utilities.

The accounting and reporting policies of the City relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to December 1, 1989, which do not conflict with or contradict GASB pronouncements. The City has elected not to follow FASB pronouncements issued after November 30, 1989 in the preparation of these financial statements. The following represents the more significant accounting and reporting policies and practices used in the preparation of these financial statements:

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 City and its component units. The interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly 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: (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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. The City applies expenses for restricted resources first when both restricted and unrestricted net position is available.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recognized only when payment is due.

Property taxes, state-shared revenue, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the City.

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 general government, except those required to be accounted for in another fund.
- The Capital Project Fund is used to account for financial resources to be used for the acquisition of capital facilities and equipment by the City.

The City reports the following major proprietary funds:

- The Water Utility accounts for the activities of the City's water production, treatment, and distribution operations.
- The Wastewater Collection fund accounts for the operation and maintenance of the City-owned collection system for wastewater.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible fixed assets used is charged as an expense against the City's operations. Accumulated depreciation is reported on the financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	20 to 40 years
Water system and equipment	10 to 40 years
Machinery and equipment	5 to 10 years
Roads and Infrastructure	40 years

In the governmental fund financial statements, the acquisition or construction of capital assets is accounted for as capital outlay expenditures.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Long-term Debt

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. The long-term debt consists of bonds and notes payable.

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

Equity Classifications: Government-wide Financial Statements

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

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

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Equity Classifications: Fund Financial Statements

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

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

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

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes attached as an enforceable lien on property as of May 22. Taxes are levied on June 15 and are due November 30. Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within 60 days after year end. This policy meets the criteria of GASB. Property taxes received within thirty (30) days of the year end are recognized as revenue at year end.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not employed by the City in its governmental funds, therefore all annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, the term “cash and cash equivalents” includes all demand deposit accounts, savings accounts, or other short-term, highly-liquid investments. For the purposes of the Statement of Cash Flows, the enterprise funds consider all highly liquid investments (including restricted position) with original maturities of three months or less to be cash equivalents.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as revenue until that time. Property taxes (previously reported as deferred revenues) are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. These deferred inflows are reported on the Statement of Net Position and the Balance Sheet – Governmental Funds.

Subsequent Events

The City has evaluated all subsequent events through December 26, 2019, the date the financial statements were available to be issued.

Note 2 – Deposits and Investments

The City follows the requirements for the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This Act requires the depositing of City's 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 Utah Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City does not have a formal deposit policy for custodial credit risk. The uninsured portion of the City's bank balances on June 30, 2019 was \$263,235.

Investments

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

RIVER HEIGHTS CITY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

Note 2 – Deposits and Investments (continued)

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Service or Standards & Poor’s; bankers’ acceptances; obligations of the United States Treasury including bills, notes and bonds; bonds, notes and other evidence of indebtedness of political subdivisions of the state; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in money market mutual fund as defined by the Act; and the Utah State Public Treasurer’s Investment Fund (PTIF).

The Utah State Treasurer’s Office operates the PTIF. The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act established by the Money Management Council which oversees the activities of the state treasurer and the PTIF, and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

The City’s investments on June 30, 2019, consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u> (Less than one year)	<u>Quality Rating</u>
State of Utah PTIF	<u>\$1,181,179</u>	<u>\$1,181,179</u>	Unrated

Interest Rate Risk – Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, fixed rate negotiable deposits and fixed rate corporate obligations of 270 to 365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have remaining term to final maturity exceeding two years.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 2 – Deposits and Investments (continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s policy for reducing its exposure to credit risk is to comply with the Act as previously discussed. See the quality ratings on the investment schedules above.

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

Concentration of Credit Risk – Concentrations of credit risk is the risk of loss attributed to the magnitude of government’s investment in a single issuer. The City’s policy for reducing this risk of loss is to comply with the Rules of Money Management Council.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 3 – Legal Compliance – Budgets

On or before the first scheduled City council meeting in May, all agencies of the City submit requests for appropriation to the City's financial officer so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the City council for review at the first scheduled meeting in May. The City council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes to the budget must be within the revenues and reserves estimated as available by the City financial officer or the revenue estimates must be changed by an affirmative vote of a majority of the City council. Within 30 days of adoption, the final budget must be submitted to the State Auditor. If there is no increase to the certified tax rate, a final tax rate is adopted by June 22 and adoption of budgets is done similarly.

State statute requires that City officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or subsequently amended.

Note 4 – Interfund Activities

On June 30, 2019, no interfund balances existed.

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 5 – Receivables

The City has property and sales taxes, accounts receivable and receivables due from other governments as of June 30, 2019 as follows:

<u>Governmental Funds:</u>	
Taxes:	
Property and other taxes	\$ 110,890
Sales tax	<u>42,878</u>
Total taxes receivable	<u>153,768</u>
Class "C" roads – State of Utah	17,178
A/R Garbage	19,484
A/R 911	3,735
A/R Storm Water	2,528
A/R Court	<u>250</u>
Total other receivables	<u>43,175</u>
Total receivables – Governmental Funds	<u>\$ 196,943</u>
 <u>Water Utility:</u>	
Accounts:	
Services and fees, net of allowance for bad debt	\$ <u>44,003</u>
Total receivables – Water	<u>\$ 44,003</u>
 <u>Wastewater Collection:</u>	
Accounts:	
Services and fees, net of allowance for bad debt	\$ <u>33,672</u>
Total receivables – Wastewater	<u>\$ 33,671</u>

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6 – Capital Assets

Capital asset changes occurring for the year ended June 30, 2019, are as follows:

	July 1, 2018	Additions	Deletions	June 30, 2019
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 188,719	-	-	188,719
Total capital assets not being depreciated	188,719	-	-	188,719
Capital assets being depreciated:				
Buildings	883,718	171,865	-	1,055,583
Infrastructure	1,338,228	334,979	-	1,673,207
Machinery and equipment	265,534	-	-	265,534
Total capital assets being depreciated	2,487,480	506,844	-	2,994,324
Accumulated depreciation for:				
Buildings	(419,640)	(24,474)	-	(444,114)
Infrastructure	(122,786)	(38,579)	-	(161,365)
Machinery and equipment	(216,242)	(9,206)	-	(225,448)
Total accumulated depreciation	(758,668)	(72,259)	-	(830,927)
Total capital assets being depreciated, net	1,728,812	434,585	-	2,163,397
Total governmental activities Capital assets, net	\$ 1,917,530	434,585	-	2,352,116

Depreciation expense was charged to functions of the City as follows:

General government	\$ 12,118
Public safety	537
Streets and public improvements	39,179
Parks and recreation	20,425
Total depreciation expense	\$ 72,259

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6 – Capital Assets (continued)

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land and water rights	\$ -	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	3,480,394	16,656	-	3,497,050
Machinery and equipment	208,137	15,150	-	223,287
Total capital assets being depreciated	3,688,531	31,806	-	3,720,337
Accumulated depreciation for:				
Buildings and improvements	(1,569,242)	(71,479)	-	(1,640,721)
Machinery and equipment	(95,704)	(26,310)	-	(122,014)
Total accumulated depreciation	(1,664,946)	(97,789)	-	(1,762,735)
Total capital assets being depreciated, net	2,023,585	(65,982)	-	1,961,178
Total business-type activities capital assets, net	\$ 2,023,585	(65,982)	-	1,961,178

RIVER HEIGHTS CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 7 – Restricted Net Position/Fund Balance Classifications

Restricted net position represent amounts required to be maintained to satisfy third party agreements or legal requirements. On June 30, 2019 the Wastewater Collection Fund held \$112,907 for impact fees. On June 30, 2019 the Water Fund held \$2,764 for impact fees.

Pursuant to GASB No. 54 (see Note 1, *Equity Classifications: Fund Financial Statements*) the governmental fund balances are classified as follows:

Assigned fund balance – \$6,618 for future capital projects.

The remaining fund balance is unassigned.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVER HEIGHTS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Property tax	\$ 107,000	107,000	124,189	17,189
Sales tax	235,500	236,000	234,824	(1,176)
Franchise and other taxes	89,200	113,000	76,759	(36,241)
Licenses and permits	11,000	12,000	10,502	(1,498)
Intergovernmental	74,200	125,000	104,414	(20,586)
Charges for services	206,100	206,100	233,879	27,779
Fines and forfeitures	1,000	1,000	1,267	267
Miscellaneous revenues	33,030	7,700	6,526	(1,174)
Total revenues	<u>757,030</u>	<u>807,800</u>	<u>792,360</u>	<u>(15,440)</u>
Expenditures:				
General government	206,040	210,550	195,003	15,547
Public safety	86,400	86,400	83,933	2,467
Streets and public improvements	104,000	103,500	94,761	8,739
Sanitation	150,000	175,000	170,620	4,380
Parks and recreation	90,800	67,050	60,935	6,115
Total expenditures	<u>637,240</u>	<u>642,500</u>	<u>605,252</u>	<u>37,248</u>
Excess (deficiency) of revenues over expenditures	<u>119,790</u>	<u>165,300</u>	<u>187,108</u>	<u>21,808</u>
Other financing sources (uses):				
Increase in fund balance	210	54,700	-	-
Transfers out:	<u>(120,000)</u>	<u>(220,000)</u>	<u>(250,000)</u>	<u>30,000</u>
Total other financing uses	<u>(119,790)</u>	<u>(165,300)</u>	<u>(250,000)</u>	<u>30,000</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing sources	<u>\$ -</u>	<u>-</u>	<u>(62,892)</u>	<u>51,808</u>
Fund balance - beginning of year			<u>215,339</u>	
Fund balance - end of year	\$		<u>152,447</u>	

See Independent Auditor's Report.

GOVERNMENTAL AUDIT REPORT

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

To the Honorable Mayor and City Council
River Heights City
River Heights, Utah

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities, business-type activities, and each major fund of River Heights City (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise River Heights's basic financial statements and have issued my report thereon dated December 26, 2019.

Internal Control Over Financial Reporting

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

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion of 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.

MATTHEW REGEN, CPA, PC

December 26, 2019

Independent Auditor's Report in Accordance with the *State Compliance Audit Guide*

To the Honorable Mayor and City Council
River Heights City
River Heights, Utah

Report on Compliance with General State Compliance Requirements and for Each Major State Program

I have audited the River Heights City's (the City) compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2019.

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

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Other Related Restricted Revenue
- Open and Public Meetings Act
- Public Treasurer's Bond
- Utah Public Finance Website
- Cash Management
- Impact Fees

The City received state funding from the following programs classified as major programs for the year ended June 30, 2019:

- B&C Road Funds (Department of Transportation)

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

My responsibility is to express an opinion on the City's compliance based on my audit of the compliance requirements referred to above. I conducted my 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 I plan and perform the audit to

obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a direct and material effect on the City or its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance with general state compliance requirements and for each major state program. However, my audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In my opinion, River Heights City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City or on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program 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 of the effectiveness of internal control over compliance. Accordingly, I do not express an opinion of 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 detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program 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 general state or major state program 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.

My 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. I did not

identify any deficiencies in internal control over compliance that I consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that were not identified.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

MATTHEW REGEN, CPA, PC

December 26, 2019

River Heights City

Annual Financial Audit and Update
Fiscal Year Ended June 30, 2019



Who am I?

- Matthew Regen
 - Certified Public Accountant
 - Bachelor's & Master's Degrees in Accounting
 - Local Government Auditor
 - 20 years experience



External Reporting Requirements

- What is required by State Auditor's Office for FY 2019?
 - Budget
 - Prepared by City
 - Financial Audit Reports
 - Prepared by Auditor
 - Financial Certification
 - Prepared by City
 - Utah Public Finance Submission
 - Prepared by City
 - Impact Fee Report
 - Prepared by City
 - Deposit and Investment Form
 - Prepared by City

Independent Auditor's Report

"In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position... of the City as of
June 30, 2019."

Auditor's Report on Compliance & Internal Control

- "I did not identify any deficiencies in internal control that I consider to be material weaknesses."
- "However, material weaknesses may exist that have not been identified."

Auditor's Report on State Compliance

"In my opinion, River Heights City, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2019."

Compliance Area: Budget

- Held public hearing
- Adopted by Council
- Submitted to State Auditors Office
- Operate city services within budgeted amounts

Compliance Area: Fund Balance Limitations

- Unrestricted general fund balance cannot exceed 25% of annual general fund revenue
 - Maximum allowed for FY 2019 \$198,090
 - Actual for FY 2019 \$152,447

Compliance Area: Public Treasurer's Bond

- Bond amount to be at least \$70,000 or 6% of budgeted revenues
- Verify that bond exists and covers treasurer

Compliance Area: Impact Fees

- Separate record keeping requirements
- Used for qualifying expenses
- Used within 6 years from collection date
- Report filed with the State annually

Compliance Area: Public Meetings

- 24 hour notice was given before each meeting was held
- Minutes were posted to Utah Public Notice Website within 3 days

General Fund Overview

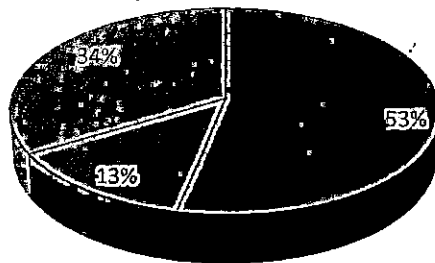
- The General Fund is used to account for the general operations and activities of the city, such as public safety, parks, snow removal, etc.
- Revenue comes from property and sales taxes, licenses, grants, etc.
- The General Fund expenses consists of salaries & wages, supplies, equipment, etc.

Financial Highlights

- Total City assets - \$6,209,554
- Total City liabilities - \$220,615
- City-wide net position (equity) increased by \$296,516 to \$5,988,939

General Fund Revenues – 2019

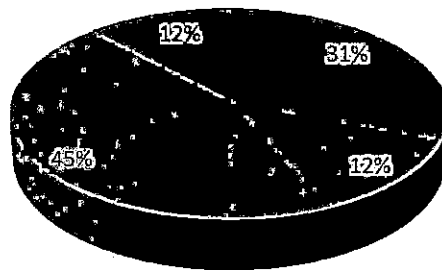
Revenues



- Taxes, Property, Sales, etc.
- Intergovernmental
- Charges for Services

General Fund Expenses - 2019

Expenses



- General Government
- Public Safety
- Streets & Public Improvements
- Parks & Recreation

General Fund Operations

	FY Ended 2019	FY Ended 2018
Revenues:		
Taxes	\$ 435,772	\$ 456,617
Charges for services	233,879	236,321
Other revenues	7,793	6,618
Licenses and permits	10,502	24,325
Intergovernmental	<u>104,414</u>	<u>80,418</u>
Total Revenues	\$ <u>792,360</u>	\$ <u>804,299</u>
Expenditures:		
General government	\$ 195,003	\$ 113,998
Public safety	83,933	83,775
Sanitation	170,620	156,829
Parks and recreations	60,935	84,510
Streets and public improvements	<u>94,761</u>	<u>92,128</u>
Total Expenditures	\$ <u>605,252</u>	\$ <u>531,240</u>
Change in fund balance	\$ <u>187,108</u>	\$ <u>273,059</u>

General Fund Budget

	Actual	Budget	Variance
Revenues:			
Taxes	\$ 435,772	\$ 456,000	\$ (20,228)
Licenses and permits	10,502	12,000	(1,498)
Intergovernmental	104,414	125,000	(20,586)
Charges for services	233,879	206,100	27,779
Fines and forfeitures	1,267	1,000	267
Miscellaneous revenues	6,526	7,700	(1,174)
Total Revenues	\$ 792,360	\$ 807,800	\$ (15,440)
Expenditures:			
General government	\$ 195,003	\$ 210,550	\$ (15,547)
Public safety	83,933	86,400	(2,467)
Streets and public improvements	94,761	103,500	(8,739)
Sanitation	170,620	175,000	(4,380)
Parks and recreation	60,935	67,050	(6,115)
Total Expenditures	\$ 605,252	\$ 642,500	\$ (37,248)
Change in fund balance	\$ 187,108	\$ 165,300	\$ 21,808

Proprietary Funds (Water and Sewer Utilities)

- The Proprietary Funds are used for services provided to the public on a user-charge basis.
- The Water Utility Fund accounts for the City's water production, treatment, and distribution activities.
- The Sewer Utility Fund accounts for the City's sewer treatment operations.
- Revenue comes from the charges to the public for services rendered.

Water Fund Operations

	FY Ended 2019	FY Ended 2018
Operating Revenues:		
Services	\$ 338,809	\$ 329,522
Connection fees	<u>2,298</u>	<u>33,034</u>
Total Operating Revenues	\$ <u>341,107</u>	\$ <u>362,556</u>
Operating Expenses:		
Wages and benefits	\$ 70,344	\$ 72,980
Current expenses	85,401	98,653
Depreciation	<u>72,283</u>	<u>72,150</u>
Total Operating Expenses:	\$ <u>228,028</u>	\$ <u>243,783</u>
Non-operating Income (Expenses):		
Interest income	\$ 9,077	\$ 1,600
Impact fee income	<u>4,579</u>	<u>60,570</u>
Change in net position	\$ <u>126,735</u>	\$ <u>180,943</u>

Sewer Fund Operations

	FY Ended 2019	FY Ended 2018
Operating Revenues:		
Services	\$ 284,715	\$ 240,752
Connection fees	<u>1,200</u>	<u>28,100</u>
Total Operating Revenues	\$ <u>285,915</u>	\$ <u>268,852</u>
Operating Expenses:		
Wages and benefits	\$ 36,551	\$ 42,862
Current expenses	218,668	191,763
Depreciation	<u>25,506</u>	<u>27,736</u>
Total Operating Expenses:	\$ <u>280,725</u>	\$ <u>262,361</u>
Non-operating Income (Expenses):		
Interest income	\$ 14,086	\$ 3,766
Impact fee income	<u>3,711</u>	<u>48,830</u>
Change in net position	\$ <u>22,987</u>	\$ <u>59,087</u>

Thank you!

If you have any questions please call me at
(435)752-4864.



Ordinance 1-2020

AN ORDINANCE TO ADOPT
CHANGES TO THE CITY CODE OF RIVER HEIGHTS CITY, UTAH

WHEREAS, the City Council prefers to hold their meetings on the 1st and 3rd Tuesdays of each month, and

WHEREAS, the Planning Commission is agreeable to hold their meetings on the 2nd and 4th Tuesdays of each month, and

Whereas, the City Council held a duly noticed public hearing on Tuesday, January 28, 2020.

Therefore, the River Heights City Council adopted the following changes to the River Heights City Code:

1-5-5:A. MEETINGS; PROCEDURE AND CONDUCT

Regular Meetings: The city council shall hold two (2) regular meetings, which shall be held on the ~~second~~ first and ~~fourth~~ third Tuesdays of each month at the city office building, . . .

Adopted this 28th day of January 2020.

Todd A. Rasmussen, Mayor

Attest:

Sheila Lind, Recorder

Tabled

RESOLUTION NO. 1-2020

A RESOLUTION TO RAISE SEWER RATES

WHEREAS, Logan City has contracted with River Heights City to process River Heights City wastewater: and

WHEREAS, Logan City is required by EPA standards to upgrade its wastewater treatment facilities at a cost of \$116 million; and

WHEREAS, River Heights City has agreed to increase rates as needed to share the cost of treating River Heights City wastewater.

THEREFORE, the River Heights City Council votes to raise the River Heights City monthly sewer rate from \$38.10 to \$43.10, to cover current costs.

The revised Sewer Rate Schedule is hereby signed and adopted this 28th day of January 2020.

Increase to be effective on February 1, 2020.

Todd A Rasmussen, Mayor

ATTEST:

Sheila Lind, Recorder

River Heights City
520 South 500 East
435-752-2646

Building Use Policy

Group Representative*:	_____	Phone #	_____
Address:	_____		
Email:	_____		
Reservation Date:**	_____	Hours:***	_____ # of People: _____ (40 max)

*Must be at least 21 years old, a resident of River Heights and be present during the entire rental time.
** The building is NOT available for rent on Thanksgiving, December 24, 25, 31 or January 1.
*** The building is available to rent between 8:00am and 9:30pm. Be specific on the hours you'd like since someone will open and close the building for you.

River Heights City is dedicated to serving its citizens and allowing them to use the City Building. In order to maintain a secure and well maintained facility the following Building Use Policy has been established and must be followed.

Deposits, Fees, and Cancellations

- Building use is for River Heights' residents wishing to use the building for personal events, such as family gatherings, socials, or private club meetings.
- Deposit and fees not paid prior to 5 days before the reservation may result in forfeiture of the reservation.
- A credit card deposit and rental fee will be required.
- A cancellation less than 3 days before reservation may result in a forfeit of the rental fee. The deposit is still refundable.
- The deposit may be returned within 10 days after the inspection verifies that no building or property damage has occurred, that no City property is missing, there has been no violation of the rental agreement rules, and the facility is left clean and in orderly condition. River Heights City reserves the right to withhold all or part of the cleaning deposit for any violation of this rental agreement or for any costs incurred to the city.
- Any damage over the deposit amount will be charged to your credit card.
- Deposit refunds will be applied back to your credit card. You will receive a receipt by email.
- Failure to be out of the building or facility on time may incur an additional fee, which will be withheld from your deposit or charged to your credit card.
- Fees will be assessed as follows (credit card only):

Deposit	\$100
Building use fee:	\$ 50 (first 5 hours)
Additional Hours	\$ 25/hour

Building Use

- No use or consumption of alcoholic beverages or illicit drugs will be permitted in or around the City Building.
- Smoking is not permitted on City property.
- Maximum Occupancy is 40 people.
- Organizations using the building must use only those areas for which pre-approval has been granted.
- Organizations are responsible to leave the building as clean and organized as when they found it.
- A vacuum will be available in the kitchen, however, cleaners and rags will not be provided.
- Children are welcome at the City Building but must be under the direct supervision of responsible adults at all times.
- Trash must be disposed of and can be placed in the dumpster at the end of the driveway, east of the tennis courts. Extra liners will be provided in the bottom of the can.

Lost or Stolen Property

- The City of River Heights will not be responsible for the loss or damage of equipment, personal belongings, or other items owned or used by the organization using the building.
- Items left for more than 60 days will be utilized or discarded as deemed proper by city staff.

IN THE EVENT OF A BUILDING ISSUE CALL CLAYTEN NELSON AT 435-213-6948.

I have read and agree to the terms and conditions listed in this policy. Failure to abide by this agreement will result in the loss of reserving privileges for the City Building in the future. I understand that River Heights City assumes no responsibility or liability for accidents or injuries arising from activities conducted at the City Building. I agree to pay for damages that occur to the facility, including costs exceeding the amount of the deposit.

I have received a copy of the Building Renting Guidelines.

Signature

Date

Staff Initials

Office Use Only

Rent Paid: _____

Date: _____

Deposit Paid: _____

Date: _____

Deposit Refund Amount: _____

Date: _____

**River Heights City
Capital Budget
Fiscal Year 2019-20**

	Parks	Roads	Water	Sewer
400 South Improvements		500,000.00		
600 South Repairs		70,000.00		
Public Works Shop			65,000.00	65,000.00
Well Engineering			15,000.00	
New Truck			15,850.00	15,850.00
Saddle Rock Park	10,000.00			
Stewart Hill Park	60,000.00			
Stewart Hill Park Right of Way	10,000.00			
Mower	5,400.00			
Upgrade Lower Well	-	-	200,000.00	-
	<u>85,400.00</u>	<u>570,000.00</u>	<u>295,850.00</u>	<u>80,850.00</u>