

BEAVER CITY
FINANCIAL STATEMENTS
JUNE 30, 2020

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Kimball & Roberts

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Beaver City
Beaver, Utah 84713

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Beaver City, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of Beaver City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Beaver Valley Hospital, which represents 100 percent of the assets and revenues of the component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Beaver Valley Hospital is based on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, condition assessment of the City's infrastructure, budgetary comparison information, and Utah Retirement Systems pension liability and contribution be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2020, on our consideration of Beaver City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beaver City's internal control over financial reporting and compliance.

Kimball & Roberts, PC

Certified Public Accountants

December 17, 2020
Richfield, Utah

BEAVER CITY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

This discussion of Beaver City's financial performance provides an overview of the City's financial activities for the year ending June 30, 2020. This report is in conjunction with the City's financial statements.

The City's purpose is to provide general services to its residents which includes general government, public safety, highways and public improvements, parks and recreation and community development.

Financial Highlights

- * The assets of the City exceeded its liabilities as of the close of the most recent year by \$25,699,412 (net position). Of this amount, \$4,544,973 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The government's total net position increased by \$1,464,640. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- * At the close of the current year, the City's governmental funds reported ending fund balances of \$368,350, an increase of \$28,277 in comparison with the prior year. Approximately 44 percent of this total amount, \$163,436 is available for spending at the government's discretion (assigned & unassigned fund balance).
- * At the end of the current year, unassigned fund balance for the General Fund was \$155,991 or 4 percent of total General Fund expenditures.
- * The City's total bonded debt decreased by a net amount of \$368,000 during the current year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Beaver 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 themselves.

Government-wide 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 position 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.

BEAVER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Both of the government-wide financial statements distinguish functions of 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. The governmental activities of the City include general government, public safety, highways/public works, parks and recreation, and community development. The business-type activities of the City are the proprietary funds; water, sewer, and electric.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the 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 impact of the government'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*.

Beaver City maintains two governmental funds: the General Fund and Perpetual Care Fund.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided to demonstrate legal compliance with the adopted budget for the General Fund.

**BEAVER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

Beaver City maintains three types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and electric operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water, sewer and electric proprietary funds are considered major funds of the City.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Notes To The Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City.

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 Beaver City, assets exceeded liabilities by \$25,699,412 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (80 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are 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 sources, since the capital assets themselves cannot be used to liquidate these liabilities.

BEAVER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Beaver City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current & Other Assets	\$ 930,066	\$ 523,220	\$ 5,806,010	\$ 5,579,244	\$ 6,736,076	\$ 6,102,464
Capital Assets	7,696,080	6,265,954	18,225,765	18,922,903	25,921,845	25,188,857
Total Assets	8,626,146	6,789,174	24,031,775	24,502,147	32,657,921	31,291,321
Deferred Outflows of Resources	27,623	104,980	194,714	313,467	222,337	418,447
Long-Term Liabilities	699,445	648,399	4,890,564	5,652,395	5,590,009	6,300,794
Other Liabilities	560,173	174,075	775,257	903,487	1,335,430	1,077,562
Total Liabilities	1,259,618	822,474	5,665,821	6,555,882	6,925,439	7,378,356
Deferred Inflows of Resources	33,713	(7,993)	221,694	104,633	255,407	96,640
Net Position:						
Net Investment in Capital Assets	7,161,080	5,894,954	13,231,765	13,396,903	20,392,845	19,291,857
Restricted	182,526	77,314	579,068	333,854	761,594	411,168
Unrestricted	16,832	107,405	4,528,141	4,424,342	4,544,973	4,531,747
Total Net Position	\$ 7,360,438	\$ 6,079,673	\$ 18,338,974	\$ 18,155,099	\$ 25,699,412	\$ 24,234,772

A portion of the City's net position (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$4,544,973, may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities

Governmental activities increased the City's net position by \$1,280,765. Key elements of the changes are shown on the following page:

BEAVER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Beaver City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 468,479	\$ 618,305	\$ 4,236,270	\$ 4,242,456	\$ 4,704,749	\$ 4,860,761
Operating Grants	699,008	592,848	97,241	4,780	796,249	597,628
Capital Grants	997,176	-	-	-	997,176	-
General Revenues:						
Taxes	1,082,026	1,066,031	-	-	1,082,026	1,066,031
Other	-	-	93,771	63,591	93,771	63,591
Unrestricted Investment Earnings	9,420	13,072	102,177	138,213	111,597	151,285
Total Revenues	3,256,109	2,290,256	4,529,459	4,449,040	7,785,568	6,739,296
Expenses:						
General Government	402,461	307,487	-	-	402,461	307,487
Public Safety	47,551	194,675	-	-	47,551	194,675
Highways/Public Works	363,986	478,433	-	-	363,986	478,433
Parks and Recreation	403,896	1,239,940	-	-	403,896	1,239,940
Community Develop.	930,275	163,110	-	-	930,275	163,110
Water	-	-	1,156,114	1,163,077	1,156,114	1,163,077
Sewer	-	-	434,094	436,415	434,094	436,415
Electric	-	-	2,582,551	2,606,921	2,582,551	2,606,921
Total Expenses	2,148,169	2,383,645	4,172,759	4,206,413	6,320,928	6,590,058
Increase in Net Position Before Transfers	1,107,940	(93,389)	356,700	242,627	1,464,640	149,238
Transfers	172,825	186,000	(172,825)	(186,000)	-	-
Increase (Decrease) in Net Position	1,280,765	92,611	183,875	56,627	1,464,640	149,238
Net Position - Beginning	6,079,673	5,987,062	18,155,099	18,098,472	24,234,772	24,085,534
Net Position - Ending	\$ 7,360,438	\$ 6,079,673	\$ 18,338,974	\$ 18,155,099	\$ 25,699,412	\$ 24,234,772

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

BEAVER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Business-Type Activities

Business-type activities increased the City's net position by \$183,875. Key elements of the changes are shown on the previous page.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the end of the year, the City's governmental funds reported ending fund balances of \$368,350, an increase of \$28,277 in comparison with the prior year. Approximately 76 percent of this amount, \$163,436, constitutes *assigned and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been restricted to: 1) perpetual care, \$77,314; 2) bond reserves, \$12,890; and 3) construction, \$92,322. Fund balance in nonspendable inventory is \$22,388.

The General Fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was \$155,991, while total fund balance reached \$291,036. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4 percent of total General Fund expenditures, while total fund balance represents 8 percent of that same amount.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the proprietary funds at the end of the year were \$4,528,141. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

**BEAVER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget was a decrease of \$144,498. Revenues were \$1,667 less than budget and expenditures were \$29,944 less than expenditures, resulting in an increase in fund balance of \$28,277.

Capital Assets and Debt Administration

Capital Assets

The City's total investment in capital assets for its governmental and business-type activities as of June 30, 2020, was \$25,921,845 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads, highways and public improvements, water, sewer and electric improvements.

Beaver City's Capital Assets

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and Water	\$ 202,699	\$ 202,699	\$ 1,041,222	\$ 971,222	\$ 1,243,921	\$ 1,173,921
Construction in Progress	1,270,818	202,192	-	43,815	1,270,818	246,007
Buildings	869,262	919,627	65,754	47,202	935,016	966,829
Improvements	3,549,525	3,574,279	16,841,687	17,693,878	20,391,212	21,268,157
Furnitures and Fixtures	6,351	11,726	-	-	6,351	11,726
Machinery and Equipment	298,946	286,052	277,102	166,786	576,048	452,838
Infrastructure	1,498,479	1,069,379	-	-	1,498,479	1,069,379
Total	\$ 7,696,080	\$ 6,265,954	\$ 18,225,765	\$ 18,922,903	\$ 25,921,845	\$ 25,188,857

Additional information on the City's capital assets can be found in the notes to the financial statements.

**BEAVER CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Long -Term Debt

At the end of the current year, the City had outstanding revenue bonds payable of \$5,529,000

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue Bonds	\$ 535,000	\$ 371,000	\$ 4,994,000	\$ 5,526,000	\$ 5,529,000	\$ 5,897,000
Total Long-Term Debt	\$ 535,000	\$ 371,000	\$ 4,994,000	\$ 5,526,000	\$ 5,529,000	\$ 5,897,000

State statutes limit the amount of general obligation debt a governmental entity may issue to 4 percent of its total fair market value of taxable property in the City. The city has no general obligation debt.

Additional information on the City's long-term debt can be found in the notes of the financial statements.

Request for Information

This financial report is designed to provide a general overview of Beaver City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Beaver City Recorder, P.O. Box 271, Beaver, Utah, 84713.

BASIC FINANCIAL STATEMENTS

BEAVER CITY
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
ASSETS				
Current Assets:				
Cash and Investments:				
Unrestricted	\$ 372,842	\$ 4,527,296	\$ 4,900,138	\$ 58,534,447
Restricted	182,526	579,068	761,594	163,000
Accounts Receivable (Net)	99,478	457,960	557,438	58,505,078
Property Taxes Receivable	47,644	-	47,644	-
Due From Other Government Units	205,188	-	205,188	-
Inventory	22,388	195,492	217,880	386,562
Prepaid Expenses	-	-	-	2,303,850
Total Current Assets	930,066	5,759,816	6,689,882	119,892,937
Noncurrent Assets:				
Special Assessments Receivable	-	46,194	46,194	-
Capital Assets:				
Not Being Depreciated	1,473,517	1,041,222	2,514,739	155,971
Net of Accumulated Depreciation	6,222,563	17,184,543	23,407,106	6,265,728
Total Noncurrent Assets	7,696,080	18,271,959	25,968,039	6,421,699
TOTAL ASSETS	8,626,146	24,031,775	32,657,921	126,314,636
DEFERRED OUTFLOWS OF RESOURCES				
Related To Pensions	27,623	169,064	196,687	829,313
Deferred Charge on Refunding	-	25,650	25,650	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	27,623	194,714	222,337	829,313
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 8,653,769	\$ 24,226,489	\$ 32,880,258	\$ 127,143,949
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 400,810	\$ 68,999	\$ 469,809	\$ 11,233,247
Accrued Liabilities	114,679	9,638	124,317	17,516,553
Due to Managers	-	-	-	19,488,850
Customer Deposits	-	113,482	113,482	-
Deferred Grant Revenue	-	10,513	10,513	23,414,847
Accrued Interest Payable	2,684	28,625	31,309	-
Bond Payable - Due Within One Year	42,000	544,000	586,000	1,312,044
Total Current Liabilities	560,173	775,257	1,335,430	72,965,541
Noncurrent Liabilities:				
Bond Payable - More Than One Year	493,000	4,450,000	4,943,000	2,178,280
Other Long-Term Liabilities	-	-	-	1,191,238
Compensated Absences	65,442	201,558	267,000	-
Net Pension Liability	141,003	239,006	380,009	1,626,067
Total Noncurrent Liabilities	699,445	4,890,564	5,590,009	4,995,585
TOTAL LIABILITIES	1,259,618	5,665,821	6,925,439	77,961,126
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	46,227	-	46,227	-
Related to Pensions	(12,514)	221,694	209,180	890,256
TOTAL DEFERRED INFLOWS OF RESOURCES	33,713	221,694	255,407	890,256
NET POSITION				
Net Investment in Capital Assets	7,161,080	13,231,765	20,392,845	3,077,570
Restricted For:				
Debt Service	12,890	342,059	354,949	-
Perpetual Care	77,314	-	77,314	-
Other	92,322	237,009	329,331	-
Unrestricted	16,832	4,528,141	4,544,973	45,214,997
TOTAL NET POSITION	7,360,438	18,338,974	25,699,412	48,292,567
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 8,653,769	\$ 24,226,489	\$ 32,880,258	\$ 127,143,949

The notes to the financial statements are an integral part of this statement.

BEAVER CITY
STATEMENT OF ACTIVITIES
For The Fiscal Year Ended June 30, 2020

Function/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Primary Government		Component Unit
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$ 402,461	\$ 227,631	\$ 36,947	\$ 682,425	\$ 544,542	\$ 544,542	\$ -
Public Safety	47,551	7,688	7,944	-	(31,919)	(31,919)	-
Highways/Public Improvements	363,986	-	345,732	-	(18,254)	(18,254)	-
Parks and Recreation	397,747	233,160	308,385	314,751	458,549	458,549	-
Community Development	930,275	-	-	-	(930,275)	(930,275)	-
Interest on Long-Term Debt	6,149	-	-	-	(6,149)	(96,460)	-
Total Governmental Activities	2,148,169	468,479	699,008	997,176	16,494	(96,460)	-
Business-Type Activities:							
Water Fund	1,135,383	880,638	97,241	-	-	(157,504)	-
Sewer Fund	428,550	442,810	-	-	-	14,260	-
Electric Fund	2,512,366	2,912,822	-	-	-	400,456	-
Total Business-Type Activities	4,076,299	4,236,270	97,241	-	-	257,212	-
Total Primary Government	\$ 6,224,468	\$ 4,704,749	\$ 699,008	\$ 997,176	16,494	160,752	-
Component Units:							
Beaver Valley Hospital	\$ 354,937,043	\$ 362,852,464	\$ 592,877	\$ -	-	-	8,508,298
General Revenues:							
Property Taxes					57,373	-	-
Sales and Use Taxes					718,108	-	-
Energy Sales Taxes					232,687	-	-
Telephone Utility Tax					26,651	-	-
Other Taxes					47,207	-	-
Unrestricted Investment Earnings					9,420	102,177	413,818
Connection Fees					-	17,341	-
Impact Fees					-	22,700	-
Water Acquisition					-	53,730	-
Transfers In (Out)					172,825	(172,825)	-
Total General Revenues and Transfers					1,284,271	23,123	413,818
Change in Net Position					1,280,765	183,875	8,922,116
Net Position - Beginning					6,079,673	18,155,099	39,370,451
Net Position - Ending					\$ 7,360,438	\$ 18,338,974	\$ 48,292,567

The notes to the financial statements are an integral part of this statement.

**BEAVER CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

	General Fund	Non-Major Perpetual Care Permanent Fund	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 372,842	\$ -	\$ 372,842
Restricted Cash and Investments	105,212	77,314	182,526
Accounts Receivable (Net)	99,478	-	99,478
Property Taxes Receivable	47,644	-	47,644
Due From Other Government Units	205,188	-	205,188
Inventory	22,388	-	22,388
TOTAL ASSETS	\$ 852,752	\$ 77,314	\$ 930,066
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 400,810	\$ -	\$ 400,810
Accrued Liabilities	114,679	-	114,679
TOTAL LIABILITIES	515,489	-	515,489
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue:			
Property Taxes	46,227	-	46,227
TOTAL DEFERRED INFLOWS OF RESOURCES	46,227	-	46,227
FUND BALANCES			
Nonspendable:			
Inventory	22,388	-	22,388
Restricted For:			
Bond Reserves	12,890	-	12,890
Construction	92,322	-	92,322
Perpetual Care	-	77,314	77,314
Assigned	7,445	-	7,445
Unassigned	155,991	-	155,991
Total Fund Balance	291,036	77,314	368,350
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 852,752	\$ 77,314	\$ 930,066

The notes to the financial statements are an integral part of this statement.

BEAVER CITY
GOVERNMENTAL BALANCE SHEET RECONCILIATION TO THE STATEMENT OF NET POSITION
June 30, 2020

Total Fund Balances - Governmental Fund Types	\$ 368,350
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Land	\$ 202,699	
Buildings	869,262	
Improvements	3,549,525	
Furniture and Fixtures	6,351	
Machinery and Equipment	298,946	
Infrastructure	1,498,479	
Construction in Progress	<u>1,270,818</u>	
 Total		 7,696,080

To recognize resources associated with pension assets and deferred outflows of pension resources:

Deferred Outflows of Resources Related to Pensions	27,623
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To recognize obligations associated with pension liabilities which are not current obligations and not recorded in the fund statements:

Net Pension Liability	\$ (141,003)	
Deferred Inflows of Resources Related to Pensions	<u>12,514</u>	
 Total Pension Liability and Deferred Inflows of Resources		 (128,489)

Long-term liabilities, including bonds payable, bond interest payable, and compensated absences, are not due payable or consumed in the current period and, therefore, are not reported in the funds:

Bond Interest Payable	\$ (2,684)	
Revenue Bonds	(535,000)	
Compensated Absences	<u>(65,442)</u>	
 Total		 <u>(603,126)</u>

Net Position of Government Activities	<u><u>\$ 7,360,438</u></u>
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The notes to the financial statements are an integral part of this statement.

BEAVER CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2020

	General Fund	Non-Major Perpetual Care Permanent Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 1,082,026	\$ -	\$ 1,082,026
Licenses and Permits	109,670	-	109,670
Intergovernmental Revenue	1,505,399	-	1,505,399
Charges for Services	324,509	10,755	335,264
Interest	7,741	1,678	9,419
Miscellaneous Revenues	214,330	-	214,330
 Total Revenues	 <u>3,243,675</u>	 <u>12,433</u>	 <u>3,256,108</u>
Expenditures:			
Current:			
General Government	356,523	-	356,523
Public Safety	47,421	-	47,421
Highways and Public Improvements	697,018	-	697,018
Parks and Recreation	1,332,130	-	1,332,130
Economic Development	1,131,564	-	1,131,564
Debt Service:			
Principal	36,000	-	36,000
 Total Expenditures	 <u>3,600,656</u>	 <u>-</u>	 <u>3,600,656</u>
 Excess Revenues Over (Under) Expenditures	 <u>(356,981)</u>	 <u>12,433</u>	 <u>(344,548)</u>
Other Financing Sources (Uses):			
Operating Transfers In	185,258	-	185,258
Operating Transfers Out	-	(12,433)	(12,433)
Bond Proceeds	200,000	-	200,000
 Total Other Financing Sources (Uses)	 <u>385,258</u>	 <u>(12,433)</u>	 <u>372,825</u>
 Net Change In Fund Balance	 28,277	 -	 28,277
 Fund Balance - Beginning	 <u>262,759</u>	 <u>77,314</u>	 <u>340,073</u>
 Fund Balance - Ending	 <u>\$ 291,036</u>	 <u>\$ 77,314</u>	 <u>\$ 368,350</u>

The notes to the financial statements are an integral part of this statement.

BEAVER CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Fiscal Year Ended June 30, 2020

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 28,277
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The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown on the fund statements.	5,409
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	\$ 1,865,004	
Depreciation Expense	<u>(434,878)</u>	
Total		1,430,126

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

Increase in Compensated Absences	\$ (17,519)	
Bond Proceeds	(200,000)	
Principal Payment on Long-Term Debt	36,000	
Decrease in Interest Payable	<u>(1,528)</u>	
Total		<u>(183,047)</u>

Changes In Net Position of Governmental Activities	<u><u>\$ 1,280,765</u></u>
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The notes to the financial statements are an integral part of this statement.

BEAVER CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

Business-Type Activities
Enterprise Funds

ASSETS:

Current Assets:

Cash and Investments	\$ 865,925	\$ 1,229,476	\$ 2,431,895	\$ 4,527,296
Accounts Receivable (Net)	82,896	39,475	335,589	457,960
Inventory	36,016	1,517	157,959	195,492
Total Current Assets	984,837	1,270,468	2,925,443	5,180,748

Noncurrent Assets:

Special Assessment Receivable	-	46,194	-	46,194
Restricted Cash and Investments	516,764	44,320	17,984	579,068
Capital Assets:				
Not Being Depreciated	953,738	4,863	82,621	1,041,222
Net of Accumulated Depreciation	7,530,129	2,064,216	7,590,198	17,184,543

Total Noncurrent Assets	9,000,631	2,159,593	7,690,803	18,851,027
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TOTAL ASSETS	9,985,468	3,430,061	10,616,246	24,031,775
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DEFERRED OUTFLOWS OF RESOURCES:

Related to Pensions	47,546	19,683	101,835	169,064
Deferred Charge on Refunding	-	1,524	24,126	25,650

TOTAL DEFERRED OUTFLOWS OF RESOURCES	47,546	21,207	125,961	194,714
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 10,033,014	\$ 3,451,268	\$ 10,742,207	\$ 24,226,489
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LIABILITIES:

Current Liabilities:

Accounts Payable	\$ 8,165	\$ 1,820	\$ 59,014	\$ 68,999
Accrued Liabilities	-	-	9,638	9,638
Customer Deposits Payable	-	1,490	111,992	113,482
Accrued Interest Payable	9,676	1,170	17,779	28,625
Deferred Grant Revenue	10,513	-	-	10,513
Bonds Payable - Current Portion	124,500	117,000	302,500	544,000
Total Current Liabilities	152,854	121,480	500,923	775,257

Noncurrent Liabilities:

Bonds Payable - Long-Term Portion	2,238,500	-	2,211,500	4,450,000
Compensated Absences	70,055	22,632	108,871	201,558
Net Pension Liability	66,921	27,743	144,342	239,006

Total Noncurrent Liabilities	2,375,476	50,375	2,464,713	4,890,564
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TOTAL LIABILITIES	2,528,330	171,855	2,965,636	5,665,821
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DEFERRED INFLOWS OF RESOURCES:

Related to Pensions	57,256	22,464	141,974	221,694
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NET POSITION:

Net Investment in Capital Assets	6,120,867	1,952,079	5,158,819	13,231,765
Restricted - Debt Service	324,075	-	17,984	342,059
Restricted - Other Purposes	192,689	44,320	-	237,009
Unrestricted	809,797	1,260,550	2,457,794	4,528,141

TOTAL NET POSITION	7,447,428	3,256,949	7,634,597	18,338,974
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 10,033,014	\$ 3,451,268	\$ 10,742,207	\$ 24,226,489
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The notes to the financial statements are an integral part of this statement.

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

	Business-Type Activities Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Totals
Operating Revenues:				
Charges for Sales and Services:	\$ 866,687	\$ 441,966	\$2,791,124	\$ 4,099,777
Penalties	-	-	18,775	18,775
Other Revenue	13,951	844	102,923	117,718
Total Operating Revenues	880,638	442,810	2,912,822	4,236,270
Operating Expenses:				
Purchased Power	-	-	725,464	725,464
Salaries and Wages	421,625	169,051	983,317	1,573,993
Operations and Maintenance	170,019	85,607	293,356	548,982
Equipment Repairs and Maintenance	3,925	-	-	3,925
Depreciation	480,559	143,482	461,378	1,085,419
Administrative Expense	45,000	30,000	1,750	76,750
Professional Services	10,896	-	34,825	45,721
Supplies	-	-	954	954
Travel and Training	-	-	3,859	3,859
Assessments	2,520	-	-	2,520
Miscellaneous	839	410	7,463	8,712
Total Operating Expenses	1,135,383	428,550	2,512,366	4,076,299
Operating Income	(254,745)	14,260	400,456	159,971
Nonoperating Revenues (Expenses):				
Connection Fees	7,436	(2,850)	12,755	17,341
Impact Fees	10,350	12,350	-	22,700
Water Acquisition	53,730	-	-	53,730
Interest Income	30,806	26,765	44,606	102,177
Grant Revenue	97,241	-	-	97,241
Transfers In (Out)	-	-	(172,825)	(172,825)
Interest Expense	(20,731)	(5,544)	(70,185)	(96,460)
Total Nonoperating Revenues (Expenses)	178,832	30,721	(185,649)	23,904
Change in Net Position	(75,913)	44,981	214,807	183,875
Net Position - Beginning	7,523,341	3,211,968	7,419,790	18,155,099
Net Position - Ending	<u>\$7,447,428</u>	<u>\$3,256,949</u>	<u>\$7,634,597</u>	<u>\$18,338,974</u>

The notes to the financial statements are an integral part of this statement.

BEAVER CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Total
Cash Flows From Operating Activities:				
Receipts From Customers	\$ 880,753	\$ 445,126	\$ 2,808,135	\$ 4,134,014
Payments to Suppliers	(274,885)	(114,791)	(1,033,901)	(1,423,577)
Payments to Employees	(417,452)	(167,818)	(980,306)	(1,565,576)
Net Cash Provided by Operating Activities	188,416	162,517	793,928	1,144,861
Cash Flows From Capital and Related Financing Activities:				
Amortization of Refunding Debt	-	1,524	8,043	9,567
Water Acquisition	53,730	-	-	53,730
Transfers In (Out)	-	-	(172,825)	(172,825)
Principal Paid on Capital Debt	(122,500)	(114,000)	(295,500)	(532,000)
Capital Outlay	(222,888)	(35,000)	(130,393)	(388,281)
Interest Paid on Capital Debt	(22,423)	(6,897)	(72,727)	(102,047)
Net Cash Provided (Used) by Capital and Related Financing Activities	(314,081)	(154,373)	(663,402)	(1,131,856)
Cash Flows from Investing Activities:				
Interest on Investments	30,806	26,765	44,606	102,177
Connection and Impact Fees	17,786	9,500	12,755	40,041
Net Cash Provided (Used) by Investing Activities	48,592	36,265	57,361	142,218
Net Increase (Decrease) in Cash and Investments	(77,073)	44,409	187,887	155,223
Cash and Investments - Beginning	1,459,762	1,229,387	2,261,992	4,951,141
Cash and Investments - Ending	\$ 1,382,689	\$ 1,273,796	\$ 2,449,879	\$ 5,106,364
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:				
Operating Income (Loss)	\$ (254,745)	\$ 14,260	\$ 400,456	\$ 159,971
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:				
Depreciation	480,559	143,482	461,378	1,085,419
Increase (Decrease) in Operating Assets				
Accounts Receivable	115	2,316	(104,687)	(102,256)
Inventory	10,243	(232)	20,700	30,711
Accounts Payable	(51,929)	(32)	4,425	(47,536)
Accrued Liabilities	-	1,490	8,645	10,135
Net Pension, Benefit Expense	(2,567)	(991)	(6,722)	(10,280)
Compensated Absences Payable	6,740	2,224	9,733	18,697
Total Adjustments	443,161	148,257	393,472	984,890
Net Cash Provided by Operating Activities	\$ 188,416	\$ 162,517	\$ 793,928	\$ 1,144,861

The notes to the financial statements are an integral part of this statement.

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Beaver City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2020.

The following is a summary of the more significant policies:

A. Reporting Entity

Beaver City is a municipal corporation in Beaver County, Utah. It is governed by an elected Mayor and a five-member council. As required by generally accepted accounting principles, these financial statements are of the primary government, Beaver City, the reporting entity. The City has no component units.

B. Discretely Presented Component Unit

Beaver Valley Hospital (Component Unit) - The Hospital Board consists of seven (7) members, one (1) of whom shall be the Mayor of Beaver City. (By acclimation, the Mayor of Beaver City serves as Chairman of the Board), the remaining members of the Board consist of one (1) member of the medical staff, one (1) member of the Beaver City Council, and four (4) members of the community. The City Council representative and the four (4) community members are appointed by the Chairman of the board and are ratified by the City Council of Beaver City. In addition, Beaver City owns the Hospital's buildings through the Municipal Building Authority of Beaver City (the Authority). The Authority was formally recognized by the State of Utah as an incorporated entity in 1999. The Authority was formed for the purpose of acquiring; improving or extending any improvements, facility or properties, specifically, hospital and related facilities and the original Board of Trustees consists of the mayor and city council members of the City.

C. Government-Wide and Fund Financial Statements

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

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The government reports the following major governmental funds:

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

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government also reports the following other governmental fund:

The Perpetual Care Permanent Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

The government reports the following enterprise funds:

The Water, Sewer, and Electric Funds account for the activities of the City's utility operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of water, sewer, landfill and refuse collection are charges to customers for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

E. Assets, Liabilities and Net Position or Equity

Deposits and Investments:

The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The City's investments are reported at amortized cost, which approximates fair value at year-end. The Utah Public Treasurers' Investment Fund (PTIF) operates in accordance with appropriate Utah state laws. Investments are recorded at amortized cost, which approximates fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The value of the City's position in the PTIF investment pool is the same as the value of the pool shares. Changes in the fair value in investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to funds based on the average earnings of each participating fund.

Cash and Investments:

The City considers cash and cash equivalents to be cash on hand and demand deposits, and considers investments to be short-term investments with original maturities of three months or less from the date of acquisition, including the PTIF.

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 - 40 Years
Furniture and Fixtures	7 - 10 Years
Automobiles and Trucks	5 - 10 Years
Machinery and Equipment	5 - 15 Years
Distribution System	10 - 50 Years
Hydro Plant	40 Years
Infrastructure	40 Years

Long-Term Obligations:

In the government-wide financial statements, governmental long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications:

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

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

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

Nonspendable Fund Balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance classification are restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. It also includes all remaining amounts that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, or committed, and are intended to be used for specific purposes.

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

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

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes

Property taxes are assessed and collected for the City by Beaver County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

G. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department in accordance with State law by the Mayor and City council on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 25% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the City council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

H. 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 reporting period. Actual results could differ from those estimates.

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Date of Subsequent Event Evaluation

Beaver City's subsequent events have been evaluated through the day of the financial statement issuance of December 17, 2020.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one type of item that qualifies for reporting in this category, deferred outflows as relating to pensions as described in Note 15.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. The Town reports unavailable revenues from property taxes and deferred inflows as relating to pensions as described in Note 15. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

K. Pensions

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

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS

Deposits:

Deposits and Investments are carried at amortized cost, which approximates fair value. A reconciliation of cash and investments at June 30, 2020, as shown on the financial statements is as follows:

	<u>Carrying at Fair Value</u>
Cash on Hand	\$ 1,000
Demand Deposits	636,108
Investments - PTIF	<u>5,024,624</u>
Total Cash and Investments	<u><u>\$ 5,661,732</u></u>
Governmental Activities - Unrestricted	\$ 372,842
Governmental Activities - Restricted	182,526
Business-Type Activities - Unrestricted	4,527,296
Business-Type Activities - Restricted	<u>579,068</u>
Total Cash and Investments	<u><u>\$ 5,661,732</u></u>

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 to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2020, \$303,219 of the City's bank balances of \$674,501 was uninsured and uncollateralized.

Investments:

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

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

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

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

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

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

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Fair Value of Investments

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

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

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

<u>Investments By Fair Value Level</u>	June 30, 2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities:				
Utah Public Treasurers' Investment Fund	\$5,036,878	\$ -	\$5,036,878	\$ -
Zions Escrow Accounts - PTIF	49	-	49	-
Total Investments by Fair Value Level	\$5,036,927	\$ -	\$5,036,927	\$ -

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

- * Utah Public Treasurers' Investment Fund: application of the June 30, 2020 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

Interest Rate Risk

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

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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

<u>Investment Type</u>	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Utah Public Treasurers'					
Investment Fund	\$5,036,878	\$5,036,878	\$ -	\$ -	\$ -
Zions Escrow A/CS - PTIF	49	49	-	-	-
Total	\$5,036,927	\$5,036,927	\$ -	\$ -	\$ -

Credit Risk

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

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

<u>Investment Type</u>	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Utah Public Treasurers'					
Investment Fund	\$5,036,878	\$ -	\$ -	\$ -	\$5,036,878
Zions Escrow A/CS - PTIF	49	-	-	-	49
Total	\$5,036,927	\$ -	\$ -	\$ -	\$5,036,927

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments with a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. The City places no other limits on the amount it may invest in any one issuer.

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 policy for custodial credit risk. As of June 30, 2020, the City had \$5,036,927 in debt security investments, level 2, which were held by the investment's counterparty. The City places no other limits on the amount of investments to be held by counterparties.

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 3 - WATER SHARES

The Water Fund has water shares and water rights which are shown on the balance sheet at a cost of \$796,260. The current value of the water shares and water rights is in excess of the cost.

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 202,699	\$ -	\$ -	\$ 202,699
Construction In Progress	202,192	1,224,422	155,796	1,270,818
 Total Capital Assets Not Being Depreciated	 404,891	 1,224,422	 155,796	 1,473,517
Capital Assets Being Depreciated:				
Buildings	1,761,404	-	-	1,761,404
Improvements	6,641,178	245,417	-	6,886,595
Furniture and Fixtures	97,597	-	-	97,597
Machinery and Equipment	963,124	65,408	8,313	1,020,219
Infrastructure	1,328,379	485,553	-	1,813,932
 Total Capital Assets Being Depreciated	 10,791,682	 796,378	 8,313	 11,579,747
Less Accumulated Depreciation:				
Buildings	841,777	50,365	-	892,142
Improvements	3,066,899	270,171	-	3,337,070
Furniture and Fixtures	85,871	5,375	-	91,246
Machinery and Equipment	677,072	52,514	8,313	721,273
Infrastructure	259,000	56,453	-	315,453
 Total Accumulated Depreciation	 4,930,619	 434,878	 8,313	 5,357,184
 Total Capital Assets Being Depreciated (Net)	 5,861,063	 361,500	 -	 6,222,563
 Governmental Activities Capital Assets, Net	 \$ 6,265,954	 \$ 1,585,922	 \$ 155,796	 \$ 7,696,080

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 244,962	\$ -	\$ -	\$ 244,962
Water Shares	726,260	70,000	-	796,260
Construction In Progress	43,815	-	43,815	-
Total Capital Assets Not Being Depreciated	1,015,037	70,000	43,815	1,041,222
Capital Assets Being Depreciated:				
Buildings	191,312	23,220	-	214,532
Machinery and Equipment	882,934	173,431	585	1,055,780
Vehicles	641,212	-	-	641,212
Distribution System	27,378,335	153,832	6,320	27,525,847
Hydro Plant	5,988,619	11,613	-	6,000,232
Total Capital Assets Being Depreciated	35,082,412	362,096	6,905	35,437,603
Less Accumulated Depreciation For:				
Buildings	144,110	4,668	-	148,778
Machinery and Equipment	816,632	31,887	585	847,934
Vehicles	540,728	31,228	-	571,956
Distribution System	14,641,938	806,576	6,324	15,442,190
Hydro Plant	1,031,189	211,012	(1)	1,242,202
Total Accumulated Depreciation	17,174,597	1,085,371	6,908	18,253,060
Total Capital Assets Being Depreciated (Net)	17,907,815	(723,275)	(3)	17,184,543
Business-Type Activities Capital Assets, Net	18,922,852	(653,275)	43,812	18,225,765
Total Capital Assets	\$25,188,806	\$ 932,647	\$ 199,608	\$25,921,845

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	Governmental Activities
General Government	\$ 74,616
Public Safety	130
Public Works	208,189
Parks and Recreation	93,821
Community Development	58,122
	<u>58,122</u>
Total Depreciation Expense	<u>\$ 434,878</u>

Component Unit:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 155,971	\$ -	\$ -	\$ 155,971
	<u>155,971</u>	<u>-</u>	<u>-</u>	<u>155,971</u>
Total Capital Assets Not Being Depreciated	<u>155,971</u>	<u>-</u>	<u>-</u>	<u>155,971</u>
Capital Assets Being Depreciated:				
Buildings	8,096,120	101,073	-	8,197,193
Machinery and Equipment	13,019,376	693,900	-	13,713,276
	<u>21,115,496</u>	<u>794,973</u>	<u>-</u>	<u>21,910,469</u>
Total Capital Assets Being Depreciated	<u>21,115,496</u>	<u>794,973</u>	<u>-</u>	<u>21,910,469</u>
Less Accumulated Depreciation:				
Buildings	4,203,618	350,286	-	4,553,904
Machinery and Equipment	10,161,880	928,957	-	11,090,837
	<u>14,365,498</u>	<u>1,279,243</u>	<u>-</u>	<u>15,644,741</u>
Total Accumulated Depreciation	<u>14,365,498</u>	<u>1,279,243</u>	<u>-</u>	<u>15,644,741</u>
Total Capital Assets Being Depreciated (Net)	<u>6,749,998</u>	<u>(484,270)</u>	<u>-</u>	<u>6,265,728</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,905,969</u>	<u>\$ (484,270)</u>	<u>\$ -</u>	<u>\$ 6,421,699</u>

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT

Primary Government:

Long-term debt for the primary government at June 30, 2020 is comprised of the following issues:

General Obligation Bonds:

Governmental Activities

Excise Tax Revenue Refunding Bonds, Series 2016, due in annual principal and interest installments ranging from \$37,949 to \$39,710 through November 7, 2027, with interest ranging from 1.27% to 2.03%.	\$ 247,000
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Total General Obligation Bonds	<u>247,000</u>
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Revenue Bonds:

Governmental Activities

CIB Library Improvement Bonds, annual principal payments of \$3,000 to \$4,000 bearing interest at 0%, beginning October 1, 2016, maturing on October 1, 2045.	88,000
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CIB Opera House Improvement Bonds, annual principal payments of \$6,000 to \$8,000 bearing interest at 1%, beginning October 1, 2020, maturing on October 1, 2050.	200,000
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Business-Type Activities

Water Revenue Bonds, Taxable Series 2010A, due in annual installments at varying amounts starting January 1, 2011, maturing January 1, 2030 with a 2.62% interest rate, payable from water fund revenues.	534,000
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Water Revenue Bonds, Taxable Series 2010E, due in annual installments at varying amounts starting January 1, 2012, maturing January 1, 2041 with a 2.99% interest rate, payable from water fund revenues.	590,000
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CIB Water System Improvement Bonds, annual principal payments of \$36,000 to \$44,000 bearing interest at 0%, beginning January 1, 2015, maturing on January 1, 2044.	\$ 1,043,000
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BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Electric Refunding Bonds, Series 2017, due in annual installments at varying amounts through September 1, 2032 at 2.63% interest, payable from electric fund revenues.	\$ 2,318,000
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Irrigation Water Revenue Refunding Bonds, Series 2016, due in annual installments at varying amounts through January 1, 2033 at 0% interest payable from water and electric fund revenues.	392,000
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Sewer Revenue Refunding Bonds, Series 2012, due in annual installments at varying amounts through February 1, 2021 at 1% to 2.4% interest, payable from sewer fund revenues.	<u>117,000</u>
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Total Revenue Bonds	<u>5,282,000</u>
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Other Long-Term Liabilities:

Governmental Activities

Compensated Absences	65,442
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Net Pension Liability	141,003
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Business-Type Activities

Compensated Absences	201,558
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Net Pension Liability	<u>239,006</u>
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Total Long-Term Debt	6,176,009
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Less: Current Portion

Governmental-Type Activities	(42,000)
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Business-Type Activities	<u>(544,000)</u>
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Net Long-Term Debt	<u><u>\$ 5,590,009</u></u>
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BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize bonds at June 30, 2020 are as follows:

Fiscal Year End June 30	Governmental Activities					
	Excise Tax Revenue Refunding Bonds		Revenue Bonds Library		Excise Tax Revenue Bonds Opera House	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	33,000	4,168	3,000	-	6,000	2,000
2022	35,000	3,669	3,000	-	6,000	1,940
2023	35,000	3,103	3,000	-	6,000	1,880
2024	35,000	2,493	3,000	-	6,000	1,820
2025	35,000	1,840	3,000	-	6,000	1,760
2026	37,000	1,127	3,000	-	6,000	1,700
2027	37,000	376	3,000	-	6,000	1,640
2028	-	-	3,000	-	6,000	1,580
2029	-	-	3,000	-	6,000	1,520
2030	-	-	3,000	-	6,000	1,460
2031	-	-	3,000	-	6,000	1,400
2032	-	-	3,000	-	6,000	1,340
2033	-	-	3,000	-	6,000	1,280
2034	-	-	3,000	-	7,000	1,220
2035	-	-	3,000	-	7,000	1,150
2036	-	-	3,000	-	7,000	1,080
2037	-	-	4,000	-	7,000	1,010
2038	-	-	4,000	-	7,000	940
2039	-	-	4,000	-	7,000	870
2040	-	-	4,000	-	7,000	800
2041	-	-	4,000	-	7,000	730
2042	-	-	4,000	-	7,000	660
2043	-	-	4,000	-	7,000	590
2044	-	-	4,000	-	7,000	520
2045	-	-	4,000	-	7,000	450
2046	-	-	4,000	-	7,000	380
2047	-	-	-	-	7,000	310
2048	-	-	-	-	8,000	240
2049	-	-	-	-	8,000	160
2050	-	-	-	-	8,000	80
Totals	<u>\$ 247,000</u>	<u>\$ 16,776</u>	<u>\$ 88,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 32,510</u>

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize bonds at June 30, 2020 are as follows:

Fiscal Year End June 30	Business-Type Activities					
	Water Revenue Bonds		Sewer Revenue Bonds		Electric Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	137,000	31,632	117,000	2,808	290,000	57,150
2022	139,000	29,772	-	-	297,000	49,431
2023	141,000	27,861	-	-	306,000	41,501
2024	149,000	25,893	-	-	127,000	35,807
2025	152,000	23,899	-	-	129,000	32,441
2026	154,000	21,823	-	-	132,000	29,009
2027	156,000	19,690	-	-	137,000	25,472
2028	158,000	17,502	-	-	140,000	21,829
2029	160,000	15,260	-	-	144,000	18,094
2030	163,000	12,964	-	-	149,000	14,241
2031	104,000	10,585	-	-	152,000	10,283
2032	104,000	9,747	-	-	156,000	6,233
2033	102,000	8,910	-	-	159,000	2,091
2034	74,000	8,043	-	-	-	-
2035	75,000	7,146	-	-	-	-
2036	76,000	6,219	-	-	-	-
2037	77,000	5,263	-	-	-	-
2038	78,000	4,276	-	-	-	-
2039	79,000	3,259	-	-	-	-
2040	80,000	2,213	-	-	-	-
2041	82,000	1,136	-	-	-	-
2042	44,000	-	-	-	-	-
2043	39,000	-	-	-	-	-
2044	36,000	-	-	-	-	-
Totals	<u>\$2,559,000</u>	<u>\$ 293,093</u>	<u>\$ 117,000</u>	<u>\$ 2,808</u>	<u>\$2,318,000</u>	<u>\$ 343,582</u>

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service to maturity:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Direct Placement</u>			
	<u>Bonds</u>		<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 42,000	\$ 6,168	\$ 544,000	\$ 91,590
2022	44,000	5,609	436,000	79,203
2023	44,000	4,983	447,000	69,362
2024	44,000	4,313	276,000	61,700
2025	44,000	3,600	281,000	56,340
2026-2030	119,000	9,403	1,493,000	195,884
2031-2035	47,000	6,390	926,000	63,038
2036-2040	54,000	4,700	390,000	21,230
2041-2045	55,000	2,950	201,000	1,136
2046-2050	42,000	1,170	-	-
Total	<u>\$ 535,000</u>	<u>\$ 49,286</u>	<u>\$ 4,994,000</u>	<u>\$ 639,483</u>

The City's outstanding bonds from direct placements relating to governmental activities of \$535,000 and business-type activities of \$4,994,000 contain provisions that in the event of default, outstanding amounts become immediately due if the City is unable to make payments.

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 280,000	\$ -	\$ 33,000	\$ 247,000	\$ 33,000
Revenue Bonds	91,000	200,000	3,000	288,000	9,000
Net Pension Liability	265,476	-	124,473	141,003	-
Accrued Compensated Absences	47,923	17,519	-	65,442	-
Total	684,399	217,519	160,473	741,445	42,000
Business-Type Activities:					
Revenue Bonds	5,526,000	-	532,000	4,994,000	544,000
Net Pension Liability	475,535	-	236,529	239,006	-
Accrued Compensated Absences	182,860	18,698	-	201,558	-
Total	6,184,395	18,698	768,529	5,434,564	544,000
Total Long-Term Debt	\$ 6,868,794	\$ 236,217	\$ 929,002	\$ 6,176,009	\$ 586,000

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Component Unit:

Business-Type Activities:

Bonds Payable

The annual requirements to amortize bonds at June 30, 2020 are as follows:

Fiscal Year End June 30	Component Unit	
	Bonds Payable	
	Principal	Interest
2021	\$ 1,312,044	\$ 96,154
2022	496,280	77,905
2023	382,000	64,649
2024	397,000	51,331
2025	408,000	37,175
2026-2028	495,000	22,123
Total	<u>\$ 3,490,324</u>	<u>\$ 349,337</u>

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

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Revenue Bonds	\$ 2,703,000	\$ -	\$ 344,000	\$ 2,359,000	\$ 310,000
PPP Loan	-	1,131,324	-	1,131,324	1,002,044
Employer Payroll Tax Deferral	-	1,191,238	-	1,191,238	-
Net Pension Liability	<u>3,208,955</u>	<u>-</u>	<u>1,582,888</u>	<u>1,626,067</u>	<u>-</u>
Total	<u>\$ 5,911,955</u>	<u>\$ 2,322,562</u>	<u>\$ 1,926,888</u>	<u>\$ 6,307,629</u>	<u>\$ 1,312,044</u>

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 6 - BOND RESERVES

Governmental Funds:

	<u>Issue Date</u>	<u>Maximum Required</u>	<u>Balance June 30, 2019</u>	<u>Annual Deposit</u>	<u>Balance June 30, 2020</u>
Bond Reserve	2020	\$ 8,240	\$ -	\$ 8,240	\$ 8,240
Sinking Fund	2020	<u>4,650</u>	<u>-</u>	<u>4,650</u>	<u>4,650</u>
Total Bond Reserves Governmental		<u>\$ 12,890</u>	<u>\$ -</u>	<u>\$ 12,890</u>	<u>\$ 12,890</u>

Business-Type Funds:

	<u>Issue Date</u>	<u>Maximum Required</u>	<u>Balance June 30, 2019</u>	<u>Annual Deposit</u>	<u>Balance June 30, 2020</u>
Bond Reserve	2010A	\$ 62,000	\$ 62,000	\$ -	\$ 62,000
Sinking Fund	2010A	30,598	30,598	(101)	30,497
Capital Replace	2010A	-	46,130	43,234	89,364
Bond Reserve	2010E	39,000	39,000	-	39,000
Sinking Fund	2010E	19,120	19,120	111	19,231
Bond Reserve	2014	44,000	44,000	-	44,000
Sinking Fund	2014	22,000	22,000	-	22,000
Bond Reserve	2016	32,000	17,067	6,400	23,467
Sinking Fund	2016	<u>12,500</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Total Bond Reserves Business-Type		<u>\$ 261,218</u>	<u>\$ 292,415</u>	<u>\$ 49,644</u>	<u>\$ 342,059</u>

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - CLASS C ROAD FUND

The following schedule is a statement of revenues, expenditures and changes in the Class C Road Fund:

Balance - Beginning of Year		\$ -
Revenues:		
Class C Road Allotment	<u>\$ 287,209</u>	
Total Revenues		287,209
Expenditures:		
Streets and Highways	<u>\$ 287,209</u>	
Total Expenditures		<u>(287,209)</u>
Balance - End of Year		<u><u>\$ -</u></u>

NOTE 8 - CEMETERY PERPETUAL CARE FUND

The following schedule is a statement of revenues, expenses and changes in fund balances:

Balance - Beginning of Year		\$ 77,314
Operating Revenues:		
Perpetual Care	\$ 10,755	
Interest	<u>1,678</u>	
Total Operating Revenues		12,433
Expenditures:		
Transfer to General Fund	<u>\$ 12,433</u>	
Total Expenditures		<u>(12,433)</u>
Balance - End of Year		<u><u>\$ 77,314</u></u>

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 9 - TRANSFERS

<u>Description:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 185,258	\$ -
Electric Fund	-	172,825
Perpetual Care Fund	-	12,433
	<u> </u>	<u> </u>
Totals	<u>\$ 185,258</u>	<u>\$ 185,258</u>

Transfers were made for the following purposes:

- * The Electric Fund transferred \$172,825 to the General Fund for Capital Improvements.
- * The Perpetual Care Fund transferred \$12,433 to the General Fund for Capital Improvements.

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. Risk financing activities are accounted for in various operating fund, with unallocated or City-wide activities being accounted for in the general fund.

The City maintains insurance for general liability, auto liability, elected officials, and staff insurances through Olympus Insurance. Worker's compensation coverage is carried through the State Fund of Utah. Claims have not exceeded coverage in any of the last three calendar years.

NOTE 11 - CONTINGENCIES

The component unit purchases professional and general liability insurance to cover medical malpractice claims. From time to time, there are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. After consultation with legal counsel, management estimates that that these matters will be resolved without material adverse effect on the component unit's future financial position or results from operations.

NOTE 12 - CITY APPROPRIATIONS TO BEAVER VALLEY HOSPITAL

The citizens of the City approved a 1% sales and use tax on all taxable sales and services within the City, expiring December 31, 2025. The appropriations may be used primarily for debt service payments; capital assets; and, in limited circumstances, operating activities. The Hospital received approximately 0.18% (4.9% excluding LTC operations) of its financial support from City appropriations related to the sales and use tax in 2019. Revenues from the sales and use tax is recognized in the year for which the taxes are levied.

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - ELECTRIC REVENUE REFUNDING BOND ISSUANCE

The City issued \$1,482,000 of Revenue Refunding Bonds Series 2017. The proceeds were used to refund \$1,022,000 of outstanding Series 2011 revenue refunding bonds which had an interest rate of 2.8% and \$631,000 of outstanding Series 2012 revenue bonds which had an interest rate of .85%-5.0%. As a result, those portions of the 2011 and 2012 Series revenue bonds are considered defeased and the liabilities for those bonds have been removed from the statement of net position.

The City refunded the 2011 and 2012 Series revenue bonds to reduce its future debt service payments by \$267,984 and to obtain an economic gain (difference between the present values of the debt services payments on the old and new debt) of \$54,032.

NOTE 14 - ROUNDING CONVENTION

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 15 - PENSION PLAN

General Information about the Pension Plan

Plan Description:

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

Defined Benefit Plans:

Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employee retirement system.

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employee retirement system.

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

The Utah retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah, 84102 or visiting the website: www.urs.org.

Benefits Provided:

URS provides retirement, disability, and death benefits. Retirement benefits are as shown on the following page.

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 15 - PENSION PLAN (CONTINUED)

Summary of Benefits By System:

<u>System</u>	<u>Final Average Salary</u>	<u>Years of Service Required and/or Age Eligible for Benefit</u>	<u>Benefit Percent Per Year of Service</u>	<u>COLA**</u>
Noncontributory System	Highest 3 years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

Contribution Rate Summary:

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

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k) Plan</u>
Contributory System:			
111 - Local Government Division - Tier 2	N/A	15.66%	1.03%
Noncontributory System:			
15 - Local Government Division - Tier 1	N/A	18.47%	N/A
Tier 2 DC Only:			
211 - Local Government	N/A	6.69%	10.00%

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

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 15 - PENSION PLAN (CONTINUED)

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

	Employer Contributions	Employee Contributions
Noncontributory System	\$ 155,798	N/A
Tier 2 Public Employees System	56,172	-
Tier 2 DC Only System	3,617	N/A
Total Contributions	<u>\$ 215,587</u>	<u>\$ -</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2020, we reported a net pension asset of \$0 and a net pension liability of \$380,009.

	(Measurement Date): December 31, 2019				
	Net Pension Asset	Net Pension Liability	Proportionate Share - 2019	Proportionate Share - 2018	Change (Decrease)
Noncontributory System	\$ -	\$ 374,314	0.0993172%	0.0989431%	0.0003741%
Tier 2 Public Employees System	-	5,695	0.0253226%	0.0290020%	-0.0036794%
Total	<u>\$ -</u>	<u>\$ 380,009</u>			

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

For the year ended June 30, 2020, we recognized pension expense of \$199,750.

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 15 - PENSION PLAN (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 35,641	\$ 7,332
Changes in assumptions	42,076	164
Net difference between projected and actual earnings on pension plan investments	-	193,672
Changes in proportion and differences between contributions and proportionate share of contributions	11,285	8,012
Contributions subsequent to the measurement date	<u>107,686</u>	<u>-</u>
Total	<u><u>\$ 196,688</u></u>	<u><u>\$ 209,180</u></u>

\$107,686 was reported as deferred outflows of resources to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

Year Ended December 31,	<u>Deferred Outflows (Inflows) of Resources (Net)</u>
2020	\$ (18,831)
2021	\$ (37,549)
2022	\$ 5,983
2023	\$ (73,179)
2024	\$ 540
Thereafter	\$ 2,859

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 15 - PENSION PLAN (CONTINUED)

Actuarial Assumptions:

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 15 - PENSION PLAN (CONTINUED)

Discount Rate:

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

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

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

<u>System</u>	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
Noncontributory System	\$ 1,169,111	\$ 374,313	\$ (288,540)
Tier 2 Public Employees System	49,113	5,695	(27,858)
	<u>\$ 1,218,224</u>	<u>\$ 380,008</u>	<u>\$ (316,398)</u>

Pension Plan Fiduciary Net Position:

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

Defined Contribution Savings Plans:

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

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 15 - PENSION PLAN (CONTINUED)

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

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

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

	2020	2019	2018
401(K) Plan:			
Employer Contributions	\$ 66,846	\$ 63,963	\$ 71,961
Employee Contributions	\$ 28,205	\$ 22,885	\$ 26,626
457(b) Plan:			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 8,759	\$ 7,599	\$ 7,331
Roth IRA Plan:			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 14,410	\$ 12,710	\$ 10,965

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 16 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNIT

Condensed Financial Statements for the discretely presented component unit for the fiscal year ended June 30, 2020, are as follows:

Condensed Statement of Net Position:

	Business-Type Activities Beaver Valley Hospital
Current Assets	\$ 119,729,937
Noncurrent Assets:	
Restricted Cash	163,000
Net Pension Asset	
Capital Assets (Net)	6,421,699
Total Assets	<u>126,314,636</u>
Deferred Outflows of Resources	<u>829,313</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 127,143,949</u></u>
Liabilities:	
Current Liabilities	\$ 72,965,541
Noncurrent Liabilities:	
Other Long-Term Liabilities	1,191,238
Net Pension Liability	1,626,067
Revenue Bonds Payable	<u>2,178,280</u>
Total Liabilities	<u>77,961,126</u>
Deferred Inflows of Resources	<u>890,256</u>
Net Position:	
Net Investment in Capital Assets	3,077,570
Unrestricted	<u>45,214,997</u>
Net Position	<u>48,292,567</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 127,143,949</u></u>

BEAVER CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 16 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNIT
Condensed Statement of Revenues, Expenses and Changes in Net Position:

	Business-Type Activities <u>Beaver Valley Hospital</u>
Operating Revenues	\$ 362,800,532
Operating Expenses:	
Depreciation	(1,279,243)
Other	<u>(353,586,947)</u>
Operating Income (Loss)	<u>7,934,342</u>
Non-Operating Revenues (Expense):	
Operating Grants and Intergovernmental	592,877
Other Income (Expense)	51,932
Interest Expense	(70,853)
Interest Income	<u>413,818</u>
Total Non-Operating Revenues	<u>987,774</u>
Change in Net Position	8,922,116
Net Position - Beginning	<u>39,370,451</u>
Net Position - Ending	<u><u>\$ 48,292,567</u></u>

Condensed Statements of Cash Flows:

Cash Flows From Operating Activities	\$ (612,079)
Cash Flows Provided (Used) in Noncapital Financing Activities	25,168,008
Cash Flows Provided (Used) by Capital and Related Financing Activities	(1,234,279)
Cash Flows From Investing Activities	<u>413,818</u>
Net Increase (Decrease) in Cash and Cash Equivalents	23,735,468
Cash and Cash Equivalents - Beginning of Year	<u>34,961,979</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 58,697,447</u></u>

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

BEAVER CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS
For The Fiscal Year Ended June 30, 2020

Budgetary Comparison Schedules:

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual presented in this section of the report is for the City's General Fund.

Budgeting and Budgetary Control:

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Budgetary Compliance:

For the year ended June 30, 2020, all spending was within the approved budgets.

BEAVER CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For The Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budgetary Basis	Final Budget
Revenues:				
General Property Taxes	\$ 46,227	\$ 46,227	\$ 43,345	\$ (2,882)
Property Tax Redemptions	5,000	5,000	2,939	(2,061)
UPP Car and Bus	20,000	20,000	11,089	(8,911)
Sales and Use Taxes	550,000	550,000	692,634	142,634
Sales Tax Vendor Discount	24,000	24,000	25,474	1,474
Municipal Energy Taxes	230,000	230,000	232,687	2,687
TV Miscellaneous Income	4,000	4,000	3,014	(986)
Communications Tax	24,000	24,000	26,651	2,651
Transient Room Tax	35,000	35,000	44,193	9,193
Licenses, Permits and Fees	91,650	91,650	109,670	18,020
Intergovernmental Revenue	1,536,400	1,536,400	1,505,399	(31,001)
Charges for Services	330,200	330,200	324,509	(5,691)
Investment Earnings	1,525	1,525	7,741	6,216
Other Revenues	138,600	283,098	214,330	(68,768)
Transfers In	449,500	449,500	185,258	(264,242)
Bond Proceeds	-	-	200,000	200,000
Total Revenue	3,486,102	3,630,600	3,628,933	(1,667)
Expenditures:				
Current:				
General Government	374,307	358,000	356,523	1,477
Public Safety	48,525	47,700	47,421	279
Highways and Public Improvements	567,240	691,500	697,018	(5,518)
Parks, Recreation and Cemetery	1,319,810	1,290,500	1,368,130	(77,630)
Community Development	1,108,545	1,132,900	1,131,564	1,336
Transfers Out	67,675	110,000	-	110,000
Total Expenditures	3,486,102	3,630,600	3,600,656	29,944
Excess Revenues Over (Under) Expenditures	-	-	28,277	28,277
Net Change in Fund Balance	\$ -	\$ -	\$ 28,277	\$ 28,277
Fund Balance - Beginning of Year			262,759	
Fund Balance - End of Year			\$ 291,036	

BEAVER CITY
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
Measurement Date of December 31, 2019
June 30, 2020
Last 10 Fiscal Years*

	Primary Government		Component Unit	
	Noncontributory Retirement System	Contributory Retirement System	Noncontributory Retirement System	Contributory Retirement System
Proportion of the Net Pension Liability (Asset)				
2014	0.1217590%	0.0197237%	0.4037509%	0.0513264%
2015	0.1179560%	0.0263241%	0.4081075%	0.5689020%
2016	0.0950453%	0.0213560%	0.3994626%	0.7437230%
2017	0.0954284%	0.0301537%	0.4350810%	0.0880432%
2018	0.0989431%	0.0290020%	0.4304154%	0.9092220%
2019	0.0993172%	0.0253226%	0.4262540%	0.0870269%
Proportionate Share of the Net Pension Liability (Asset)				
2014	\$ 528,706	\$ (598)	\$ 1,753,181	\$ (1,555)
2015	\$ 667,452	\$ (57)	\$ 2,309,271	\$ (124)
2016	\$ 610,307	\$ 3,250	\$ 2,565,039	\$ 8,296
2017	\$ 418,100	\$ 2,659	\$ 1,906,220	\$ 7,763
2018	\$ 728,590	\$ 12,421	\$ 3,169,460	\$ 39,495
2019	\$ 374,313	\$ 5,695	\$ 1,606,495	\$ 19,572
Covered Employee Payroll				
2014	\$ 1,050,821	\$ 97,013	\$ 3,505,704	\$ 251,951
2015	\$ 995,733	\$ 170,052	\$ 3,541,816	\$ 495,474
2016	\$ 812,335	\$ 238,937	\$ 3,489,784	\$ 609,911
2017	\$ 799,151	\$ 294,887	\$ 3,763,566	\$ 860,761
2018	\$ 840,879	\$ 339,042	\$ 3,742,950	\$ 1,075,371
2019	\$ 862,082	\$ 351,991	\$ 3,744,077	\$ 1,209,432
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll				
2014	50.31%	-0.62%	50.01%	-0.62%
2015	67.03%	-0.03%	65.20%	-0.03%
2016	75.13%	1.36%	73.50%	1.36%
2017	52.32%	0.90%	50.65%	0.90%
2018	86.65%	3.66%	84.68%	3.67%
2019	43.42%	1.62%	42.91%	1.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability				
2014	90.20%	103.50%	90.20%	103.50%
2015	87.80%	400.20%	87.80%	100.20%
2016	87.30%	95.10%	87.30%	95.10%
2017	91.90%	97.40%	91.90%	97.40%
2018	87.00%	90.80%	87.00%	90.80%
2019	93.70%	96.50%	93.70%	95.50%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. This schedule will need to be built prospectively. The schedule above is for 2014 through 2018.

BEAVER CITY
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
June 30, 2020

Primary Government	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to The Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions As Percentage of Covered Employee Payroll
<hr/>						
Noncontributory System	2011	\$ 133,182	\$ 133,182	\$ -	\$ 1,006,135	13.24%
	2012	\$ 142,919	\$ 142,919	\$ -	\$ 1,054,077	13.56%
	2013	\$ 171,824	\$ 171,824	\$ -	\$ 1,087,541	15.80%
	2014	\$ 184,341	\$ 184,341	\$ -	\$ 1,104,152	16.70%
	2015	\$ 181,327	\$ 181,327	\$ -	\$ 1,005,059	18.04%
	2016	\$ 162,635	\$ 162,635	\$ -	\$ 911,541	17.84%
	2017	\$ 133,954	\$ 133,954	\$ -	\$ 758,962	17.65%
	2018	\$ 151,735	\$ 151,735	\$ -	\$ 859,375	17.66%
	2019	\$ 149,926	\$ 149,926	\$ -	\$ 847,779	17.68%
	2020	\$ 155,798	\$ 155,798	\$ -	\$ 873,451	17.84%
<hr/>						
Contributory System*	2011	\$ -	\$ -	\$ -	\$ -	0.00%
	2012	\$ -	\$ -	\$ -	\$ -	0.00%
	2013	\$ 5,206	\$ 5,206	\$ -	\$ 40,863	12.74%
	2014	\$ 8,558	\$ 8,558	\$ -	\$ 61,171	13.99%
	2015	\$ 22,364	\$ 22,364	\$ -	\$ 149,689	14.94%
	2016	\$ 27,414	\$ 27,414	\$ -	\$ 183,866	14.91%
	2017	\$ 40,026	\$ 40,026	\$ -	\$ 268,453	14.91%
	2018	\$ 50,771	\$ 50,771	\$ -	\$ 336,129	15.10%
	2019	\$ 53,440	\$ 53,440	\$ -	\$ 343,886	15.54%
	2020	\$ 56,172	\$ 56,172	\$ -	\$ 358,697	15.66%
<hr/>						
Contributory DC Only System*	2011	\$ -	\$ -	\$ -	\$ -	0.00%
	2012	\$ -	\$ -	\$ -	\$ -	0.00%
	2013	\$ -	\$ -	\$ -	\$ -	0.00%
	2014	\$ 1,582	\$ 1,582	\$ -	\$ 28,344	5.58%
	2015	\$ 2,734	\$ 2,734	\$ -	\$ 40,683	6.72%
	2016	\$ 3,031	\$ 3,031	\$ -	\$ 45,303	6.69%
	2017	\$ 3,088	\$ 3,088	\$ -	\$ 46,166	6.69%
	2018	\$ 2,696	\$ 2,696	\$ -	\$ 40,296	6.69%
	2019	\$ 2,505	\$ 2,505	\$ -	\$ 37,446	6.69%
	2020	\$ 3,617	\$ 3,617	\$ -	\$ 46,722	7.74%

BEAVER CITY
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
June 30, 2020

Component Unit	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to The Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions As Percentage of Covered Employee Payroll
Noncontributory System	2014	\$ 591,482	\$ 591,482	\$ -	\$3,471,104	17.04%
	2015	\$ 645,454	\$ 645,454	\$ -	\$3,540,308	18.23%
	2016	\$ 645,696	\$ 645,696	\$ -	\$3,535,981	18.26%
	2017	\$ 647,240	\$ 647,240	\$ -	\$3,528,181	18.34%
	2018	\$ 669,775	\$ 669,775	\$ -	\$3,675,042	18.22%
	2019	\$ 704,842	\$ 704,842	\$ -	\$3,870,752	18.21%
	2020	\$ 699,742	\$ 699,742	\$ -	\$3,806,147	18.38%
Contributory System*	2014	\$ 27,913	\$ 27,913	\$ -	\$ 199,519	13.99%
	2015	\$ 41,974	\$ 41,974	\$ -	\$ 280,949	14.94%
	2016	\$ 73,875	\$ 73,875	\$ -	\$ 495,474	14.91%
	2017	\$ 105,256	\$ 105,256	\$ -	\$ 705,944	14.91%
	2018	\$ 148,000	\$ 148,000	\$ -	\$ 979,484	15.11%
	2019	\$ 181,601	\$ 181,601	\$ -	\$1,168,604	15.54%
	2020	\$ 198,544	\$ 198,544	\$ -	\$1,267,839	15.66%
Contributory DC Only System*	2014	\$ 1,070	\$ 1,070	\$ -	\$ 19,174	5.58%
	2015	\$ 777	\$ 777	\$ -	\$ 11,569	6.72%
	2016	\$ 1,451	\$ 1,451	\$ -	\$ 21,686	6.69%
	2017	\$ 1,675	\$ 1,675	\$ -	\$ 25,042	6.69%
	2018	\$ 1,727	\$ 1,727	\$ -	\$ 25,811	6.69%
	2019	\$ 1,847	\$ 1,847	\$ -	\$ 27,606	6.69%
	2020	\$ 2,577	\$ 2,577	\$ -	\$ 38,521	6.69%

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

Paragraph 81b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

BEAVER CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
For The Fiscal Year Ended June 30, 2020

Changes In Assumptions:

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

COMPLIANCE SECTION

Kimball & Roberts

A Professional Corporation
Certified Public Accountants
176 North Main • P.O. Box 663
Richfield, Utah 84701

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

Honorable Mayor and City Council
Beaver City
Beaver, Utah 84713

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental-type activities, the business-type activities, each major fund and the aggregate remaining fund information of Beaver City, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Beaver City's financial statements, and have issued our report thereon dated December 17, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of Findings and Recommendations as items 6.20.1 to be a significant deficiency in internal control over financial reporting.

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

Compliance and Other Matters

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

Management's Response to Findings

Beaver City's response to the finding identified in our audit is described in the accompanying Finding and Recommendation. We did not audit the City's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kimball & Roberts, PC

Certified Public Accountants

December 17, 2020
Richfield, Utah

Kimball & Roberts

A Professional Corporation
Certified Public Accountants
176 North Main • P.O. Box 663
Richfield, Utah 84701

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

Honorable Mayor and City Council
Beaver City
Beaver, Utah 84713

Report on Compliance with General State Compliance Requirements

We have audited Beaver City's compliance with the applicable state 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 for the year ended June 30, 2020.

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

Budgetary Compliance	Fraud Risk Assessment
Fund Balance	Public Treasurer's Bond
Utah Retirement Systems	Impact Fees
Restricted Taxes and Related Revenues	Enterprise Fund Transfers,
Open and Public Meetings Act	Reimbursements, Loans and Services

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on General State Compliance Requirements

In our opinion, Beaver City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

Report on Internal Control Over Compliance

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

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

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

Honorable Mayor and City Council
Beaver City
Page -3-

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

Kimball & Roberts, PC

Certified Public Accountants

December 17, 2020
Richfield, Utah

Kimball & Roberts

A Professional Corporation
Certified Public Accountants
176 North Main • P.O. Box 663
Richfield, Utah 84701

FINDING AND RECOMMENDATION 6.20.1

Honorable Mayor and City Council
Beaver City
Beaver, Utah 84713

During our audit of the financial statements of Beaver City for the fiscal year ended June 30, 2020 we found a circumstance that, if improved, would strengthen the City's accounting system and control over its assets. This item is discussed below for your consideration.

Significant Deficiency Finding and Recommendation:

6.20.1 Material Misstatements

Condition:

The auditors identified several factors including various year-end adjustments and reclassifying entries had not been performed in a timely manner resulting in the need for several adjustments required to be made by management and proposed by the auditors during the audit process.

Criteria:

Management is responsible to correct material misstatements before the annual audit.

Cause:

The City's internal controls are not properly designed and implemented to prevent, detect and correct material audit adjustments prior to the annual audit.

Effect:

The lack of timely adjustments has resulted in misstatements in the general ledger and interim reports. The City's revenues and expenditures were misstated prior to adjustments made by the auditor.

Auditor's Recommendation:

We recommend that Management carefully review the audit adjustments and determine where improvements to internal control are needed. We recommend that the City develop an action plan to ensure that all account reconciliations are performed, and significant and material adjustments are posted to the general ledger before the annual audit takes place or interim reports are provided to the Mayor and City Council.

Honorable Mayor and City Council
Beaver City
Page -2-

Beaver City's Response:

Beaver City will be planning the FY2021 audit more carefully so there is time for staff to do all audit entries and adjustments before the audit takes place. We will schedule with Kimball and Roberts a later date for the yearly audit that is not on a council meeting week or a payroll week. Balance Sheets will be reviewed with the city council after each quarter so they have a better understanding of the City's financial standing.

This report is intended solely for the information and use of Management, City Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Kimball & Roberts, PC

Certified Public Accountants

December 17, 2020
Richfield, Utah

Kimball & Roberts

A Professional Corporation
Certified Public Accountants
176 North Main • P.O. Box 663
Richfield, Utah 84701

RESOLUTION OF FINDINGS AND RECOMMENDATIONS **6.19.1, 6.19.2, 6.19.3, 6.19.4, AND 6.19.5**

Honorable Mayor and City Council
Beaver City
Beaver, Utah 84713

During our audit of the financial statements of Beaver City for the fiscal year ended June 30, 2019 we found circumstances that, if improved, would strengthen the City's accounting system and control over its assets. These items are discussed below for your consideration.

Significant Deficiency Findings and Recommendations:

6.19.1 Library Accounting Records

Finding:

The library has approximately \$17,000 in outstanding fees. We noted that these fees were not recorded in the City's general ledger.

Recommendation:

We recommend that the City review the billings of the library for the existence of these fees.

Beaver City's Resolution:

Library staff has made a plan to increase deposits for cash receipting according to state compliance requirements. Every effort is being made to have the deposit equal the amount of receipts. Variances are documented carefully with a spreadsheet and actual receipts for each day. Beaver City has monitored the accuracy with deposits and actual money collected.

6.19.2 Swimming Pool Receipts

Finding:

The swimming pool does not have a point of sale cash register or established procedures to track the funds collected and ensure the register balance at the end of the day is correct.

Recommendation:

We recommend that the City implement a method to track receipts and balance the register daily.

Beaver City's Resolution:

The swimming pool has a daily spreadsheet in place that accounts for all transactions of the day. The money is counted each day and reconciled with the spreadsheet.

6.19.3 **Golf Course Voided and Adjusted Receipts**

Finding:

The golf course does not have an established procedure to review the voided or adjusted receipts.

Recommendation:

To improve internal control, we recommend that the golf course supervisor review any voided or adjusted receipts.

Beaver City's Resolution:

Training was received from the IT department on how to void receipts. Upon completion of training, procedures were set in place to have only management void receipts.

6.19.4 **Purchases Requiring Bids**

Finding:

Three of the eight expenditures over \$10,000 tested did not have the required written bids documented.

Recommendation:

We recommend that the bids be documented and saved with expenditure files as evidence of compliance with the City's purchasing policies.

Beaver City's Resolution:

Beaver City has kept a paper and electronic file of all project bids over \$10,000.

6.19.5 **Bond Reserve Requirements**

Finding:

The City has not met the bond reserve requirement in the Water Fund.

Recommendation:

We recommend that the City comply with the Water Fund bond reserve requirements.

Beaver City's Resolution:

Beaver City has reviewed the recommendations of Kimball & Roberts for the bond reserve amounts. The remainder of the bond reserve was accounted for in the Water Fund so the total bond requirements were met.

This report is intended solely for the information and use of Management, City Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Kimball & Roberts, PC

Certified Public Accountants

December 17, 2020
Richfield, Utah