

**WOODS CROSS CITY CORPORATION**

**FINANCIAL STATEMENTS**

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

**Together With Independent Auditor's Report**



**Keddington & Christensen, LLC**  
Certified Public Accountants

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of City Council  
Woods Cross City  
Woods Cross City, Utah

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Woods Cross City, Utah as of June 30, 2020, and the respective changes in financial position, and the respective budgetary comparison for the general fund and the major special revenue funds, and, where applicable, cash flows thereof for the year then ended in conformity 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, schedule of proportionate share of the net pension liability, schedule of contributions, and the related notes to the required supplementary information, as noted on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Woods Cross City, Utah's basic financial statements. Combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 13, 2020 on our consideration of Woods Cross City, Utah'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woods Cross City, Utah's internal control over financial reporting and compliance.

*Keddington & Christensen, LLC*

Salt Lake City, Utah  
November 13, 2020

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

As management of Woods Cross City (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020.

**Financial Highlights**

- The assets and deferred outflows of resources of Woods Cross City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$40,756,207 (net position). Of this amount, \$2,293,127 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Woods Cross City's governmental activities reported combined ending net position of \$24,540,844. The unrestricted net position is \$982,238.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$742,514, or 10.87% of total general fund expenditures.

**Overview of the Financial Statements**

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

**Government-wide financial statements**

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

- The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- The *statement of activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

The government-wide financial statements include not only the City itself, but also Woods Cross City Redevelopment Agency (Redevelopment Agency) as a blended component unit. The Redevelopment Agency is a legally separate entity governed by a board appointed by the City Council, consisting of the City Council members. For financial reporting purposes, the Redevelopment Agency is reported as if it was a part of the City's operations because its governing board is the City Council. Therefore, the City Council is financially accountable and has significant influence over the programs, projects, activities, and level of services performed or provided by the Redevelopment Agency.

**Fund financial statements**

A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The 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 These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable* resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, and Redevelopment Agency Fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single combined column. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all its fund types. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

- Proprietary funds Woods Cross City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water utility, Garbage, and Storm Drain funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility, Garbage, and Storm Drain Funds, all of which are considered to be major funds of the City.

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

**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. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

**Other Information**

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found as listed in the table of contents.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$40,756,207 at the close of the most recent fiscal year.

By far the largest portion of Woods Cross City's net position (89%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. Woods Cross City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Woods Cross 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.

**Woods Cross City's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 6,180,128	\$ 6,228,521	\$ 2,183,000	\$ 2,090,534	\$ 8,363,128	\$ 8,319,055
Capital assets	27,224,145	27,328,631	20,975,057	21,356,361	48,199,202	48,684,992
Total assets	33,404,273	33,557,152	23,158,057	23,446,895	56,562,330	57,004,047
Total deferred outflows of resources	746,021	1,066,578	110,890	176,690	856,911	1,243,268
Long-term liabilities outstanding	5,756,249	5,929,505	6,543,664	6,999,305	12,299,913	12,928,810
Other liabilities	2,578,185	3,616,612	427,195	520,763	3,005,380	4,137,375
Total liabilities	8,334,434	9,546,117	6,970,859	7,520,068	15,305,293	17,066,185
Total deferred inflows of resources	1,275,016	877,305	82,725	7,732	1,357,741	885,037
Net position:						
Net investment in capital assets	21,765,026	21,646,752	14,479,057	14,410,361	36,244,083	36,057,113
Restricted	1,793,580	1,582,402	425,417	278,826	2,218,997	1,861,228
Unrestricted	982,238	971,154	1,310,889	1,406,598	2,293,127	2,377,752
Total net position	\$ 24,540,844	\$ 24,200,308	\$ 16,215,363	\$ 16,095,785	\$ 40,756,207	\$ 40,296,093

An additional portion of Woods Cross City's net position (\$2,218,997) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,293,127) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Woods Cross City is able to report positive balances in all three categories of net position for governmental and business-type activities.



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

**Woods Cross City's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 811,407	\$ 784,027	\$ 2,764,937	\$ 2,629,076	\$ 3,576,344	\$ 3,413,103
Operating grants and contributions	796,521	721,501	-	-	796,521	721,501
Capital grants and contributions	442,861	243,954	408,330	452,397	851,191	696,351
General revenues:						
Property taxes	1,984,698	1,759,549	-	-	1,984,698	1,759,549
Other taxes	3,886,666	3,679,759	-	-	3,886,666	3,679,759
Other	331,994	157,620	27,297	37,178	359,291	194,798
Total revenues	8,254,147	7,346,410	3,200,564	3,118,651	11,454,711	10,465,061
Expenses:						
General government	2,368,085	2,140,420	-	-	2,368,085	2,140,420
Public safety	3,220,484	3,012,657	-	-	3,220,484	3,012,657
Highways and public works	1,447,648	692,457	-	-	1,447,648	692,457
Parks and recreation	694,427	1,014,389	-	-	694,427	1,014,389
Interest on long-term debt	182,964	181,650	-	-	182,964	181,650
Water	-	-	1,921,138	1,259,972	1,921,138	1,259,972
Solid waste	-	-	819,456	694,337	819,456	694,337
Storm drain	-	-	340,392	296,554	340,392	296,554
Total expenses	7,913,608	7,041,573	3,080,986	2,250,863	10,994,594	9,292,436
Increase in net position before transfers	340,539	304,837	119,578	867,788	460,117	1,172,625
Increase (Decrease) in net position	340,539	304,837	119,578	867,788	460,117	1,172,625
Net position - beginning of year	24,200,305	23,895,471	16,095,785	15,227,997	40,296,090	39,123,468
Net position - end of year	\$ 24,540,844	\$ 24,200,308	\$ 16,215,363	\$ 16,095,785	\$ 40,756,207	\$ 40,296,093

**Governmental activities.** Woods Cross City's total governmental activities net position increased by \$340,539. The revenues and expenditures increased from the prior year. Key elements are as follows:

- Total revenues increased by \$907,737 (12.4%). The increase in revenue was largely due to an increase in capital grants and contributions and tax revenue.
- Total expenses increased by \$872,035 (12.4%). The increase in expenses was largely due to an increase in spending on highways and public works.

**Business-type activities.** Business-type activities increased Woods Cross City's net position by \$119,578. As of the end of the current fiscal year, all of the City's business-type funds reported positive net position. Key elements of this increase are as follows:

- Total revenues increased by \$81,913 (2.6%). Increase in revenue was mainly due to the increase in charges for services.
- Total expenses increased by \$830,123 (36.9%), which is largely due to an increase in water and solid waste expenses.

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

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

As noted earlier, Woods Cross 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, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Woods Cross City's governmental funds reported combined ending fund balances of \$3,566,597. The unassigned fund balance is \$742,514 or 20.82%. Assigned fund balance is \$1,006,733 or 28.23%. The assigned fund balance is assigned to the capital projects fund, redevelopment agency, and subsurface storm drain. The remainder of the fund balance is restricted for a variety of other purposes.

The general fund is the chief operating fund of Woods Cross City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$742,514, while total general fund balance was \$1,166,522. 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 10.87% of total general fund expenditures, while total fund balance represents 17.07% of that amount.

The fund balance of Woods Cross City's general fund decreased by \$253,262 during the current fiscal year. The majority of the decrease is due to an increase in highways and public works expenses.

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

Unrestricted net position of the Water Utility Fund at the end of the year amounted to \$860,467, for the Solid Waste Utility Fund, unrestricted net position amounted to \$18,718, and for the Storm Drain Fund, unrestricted net position amounted to \$431,704.

**General Fund Budgetary Highlights**

Revenue differences between the original budget and the final amended budget was \$41,200. Actual revenues were \$122,915 higher than budgeted revenues. Expenditure differences between the original budget and the final amended budget was \$439,300. Actual expenditures were \$26,177 less than budgeted expenditures. The key factors contributing to these variances are as follows:

- Sales and use tax, and property tax revenue was higher than anticipated.
- Expenditures in general government were \$62,370 less than budgeted.
- Expenditures in highways and public works were \$98,166 higher than budgeted.
- Expenditures in public safety were \$31,235 less than budgeted.

**Capital Assets and Debt Administration**

**Capital assets.** Woods Cross City's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$48,199,202 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, park facilities and roads. The total decrease in Woods Cross City's investment in capital assets for the current fiscal year was \$485,790 (net of depreciation expense). The decrease is due to depreciation expense.

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

Major capital asset events during the current fiscal year included the following:

- Snow plow
- Storm drain improvements
- 1500 south phase 3

**Woods Cross City's Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 9,083,715	\$ 9,083,715	\$ 792,321	\$ 792,321	\$ 9,876,036	\$ 9,876,036
Construction in progress	68,574	325,618	33,317	252,834	101,891	578,452
Buildings	8,323,981	8,360,020	-	-	8,323,981	8,360,020
Improvements	3,580,362	3,589,905	19,926,923	20,054,716	23,507,285	23,644,621
Machinery & equipment	934,420	751,711	222,496	256,490	1,156,916	1,008,201
Infrastructure	5,233,093	5,217,662	-	-	5,233,093	5,217,662
<b>Total</b>	<b>\$ 27,224,145</b>	<b>\$ 27,328,631</b>	<b>\$ 20,975,057</b>	<b>\$ 21,356,361</b>	<b>\$ 48,199,202</b>	<b>\$ 48,684,992</b>

Additional information on the City's capital assets can be found in Note 6.

**Long-term debt.** At the end of the current year, the City had total debt outstanding of \$11,963,137. All of Woods Cross City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**Woods Cross City's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
2014 Series Water Revenue Bonds	\$ -	\$ -	\$ 3,950,000	\$ 4,060,000	\$ 3,950,000	\$ 4,060,000
2016 Series Water Revenue Bonds	-	-	2,546,000	2,886,000	2,546,000	2,886,000
2017 Series Sales Tax Revenue Bonds	5,180,000	5,395,000	-	-	5,180,000	5,395,000
Plus: Unamortized Premium	287,137	295,113	-	-	287,137	295,113
<b>Total</b>	<b>\$ 5,467,137</b>	<b>\$ 5,690,113</b>	<b>\$ 6,496,000</b>	<b>\$ 6,946,000</b>	<b>\$ 11,963,137</b>	<b>\$ 12,636,113</b>

During the current fiscal year, the City's total debt decreased by \$672,976.

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

**Economic Factors and Next Year's Budgets and Rates**

- No increase in taxes or utility rates are planned for the next fiscal year
- Sales tax collections are anticipated to increase moderately
- Property taxes are not anticipated to increase significantly
- Building permit revenue and impact fees are anticipated to increase moderately for the next fiscal year due to the completion of the Shamrock Village Subdivision and other commercial projects under construction in the City

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

**Request for Information**

This financial report is designed to provide a general overview of Woods Cross City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Recorder, 1555 South 800 West, Woods Cross, Utah, 84087.

## **BASIC FINANCIAL STATEMENTS**

**WOODS CROSS CITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,383,403	\$ 1,205,275	\$ 2,588,678
Receivables:			
Taxes	1,524,630	-	1,524,630
Accounts - net	1,281	244,053	245,334
Prepays	23,770	110,320	134,090
Restricted assets:			
Cash and cash equivalents	3,036,229	623,352	3,659,581
Receivables	194,359	-	194,359
Note receivables	16,456	-	16,456
Capital assets not being depreciated:			
Land	9,083,715	792,321	9,876,036
Construction in progress	68,574	33,317	101,891
Capital assets, net of accumulated depreciation:			
Buildings	8,323,981	-	8,323,981
Improvements	3,580,362	19,926,923	23,507,285
Machinery, equipment, and vehicles	934,420	222,496	1,156,916
Infrastructure	5,233,093	-	5,233,093
<b>Total Assets</b>	<b>33,404,273</b>	<b>23,158,057</b>	<b>56,562,330</b>
<b>Deferred Outflows of Resources</b>			
Pensions	746,021	110,890	856,911
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 34,150,294</b>	<b>\$ 23,268,947</b>	<b>\$ 57,419,241</b>

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

**WOODS CROSS CITY**  
**STATEMENT OF NET POSITION (Continued)**  
**June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
Accounts payable	\$ 179,598	\$ 91,126	\$ 270,724
Accrued liabilities	112,607	22,725	135,332
Payable from restricted assets:			
Accounts payable	374,505	-	374,505
Unearned revenue - cares act	316,404	-	316,404
Developer and customer deposits	746,099	197,935	944,034
Noncurrent liabilities:			
Due within one year	382,516	499,727	882,243
Due in more than one year	5,373,733	6,043,937	11,417,670
Net pension liability	848,972	115,409	964,381
<b>Total Liabilities</b>	<b>8,334,434</b>	<b>6,970,859</b>	<b>15,305,293</b>
<b>Deferred Inflows of Resources</b>			
Deferred revenue - property taxes	875,265	-	875,265
Pensions	399,751	82,725	482,476
<b>Total Deferred Inflows of Resources</b>	<b>1,275,016</b>	<b>82,725</b>	<b>1,357,741</b>
<b>Net Position</b>			
Net investment in capital assets	21,765,026	14,479,057	36,244,083
Restricted for:			
Impact fees	431,620	300,617	732,237
RAP tax	937,952	-	937,952
Construction	401,026	-	401,026
Law enforcement	22,940	-	22,940
Debt service	42	124,800	124,842
Unrestricted	982,238	1,310,889	2,293,127
<b>Total Net Position</b>	<b>24,540,844</b>	<b>16,215,363</b>	<b>40,756,207</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 34,150,294</b>	<b>\$ 23,268,947</b>	<b>\$ 57,419,241</b>

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

**WOODS CROSS CITY  
STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2020**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Functions/Programs</b>							
<b>Governmental Activities</b>							
General government	\$ 2,368,085	\$ 519,092	\$ -	\$ 160,000	\$ (1,688,993)	\$ -	\$ (1,688,993)
Public safety	3,220,484	288,537	110,211	-	(2,821,736)	-	(2,821,736)
Highways and public works	1,447,648	-	686,310	104,192	(657,146)	-	(657,146)
Parks and recreation	694,427	3,778	-	178,669	(511,980)	-	(511,980)
Interest on long-term debt	182,964	-	-	-	(182,964)	-	(182,964)
<b>Total Governmental Activities</b>	<u>7,913,608</u>	<u>811,407</u>	<u>796,521</u>	<u>442,861</u>	<u>(5,862,819)</u>	<u>-</u>	<u>(5,862,819)</u>
<b>Business-type Activities</b>							
Water	1,921,138	1,523,136	-	274,743	-	(123,259)	(123,259)
Solid waste	819,456	810,180	-	-	-	(9,276)	(9,276)
Storm drain	340,392	431,621	-	133,587	-	224,816	224,816
<b>Total Business-type Activities</b>	<u>3,080,986</u>	<u>2,764,937</u>	<u>-</u>	<u>408,330</u>	<u>-</u>	<u>92,281</u>	<u>92,281</u>
<b>Total Government</b>	<u>\$ 10,994,594</u>	<u>\$ 3,576,344</u>	<u>\$ 796,521</u>	<u>\$ 851,191</u>	<u>(5,862,819)</u>	<u>92,281</u>	<u>(5,770,538)</u>
<b>General Revenues</b>							
					1,984,698	-	1,984,698
					3,158,481	-	3,158,481
					728,185	-	728,185
					57,692	24,211	81,903
					239,752	3,086	242,838
					34,550	-	34,550
					<u>6,203,358</u>	<u>27,297</u>	<u>6,230,655</u>
						340,539	460,117
						119,578	460,117
					24,200,305	16,095,785	40,296,090
					<u>\$ 24,540,844</u>	<u>\$ 16,215,363</u>	<u>\$ 40,756,207</u>

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



**WOODS CROSS CITY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 347,039	\$ 153,381	\$ 795,305	\$ 87,678	\$ 1,383,403
Receivables:					
Taxes	1,473,302	-	-	-	1,473,302
Accounts - net	1,281	-	51,328	-	52,609
Prepays	-	-	-	23,770	23,770
Restricted assets:					
Cash and cash equivalents	1,734,310	-	-	1,301,919	3,036,229
Receivables	123,806	-	-	70,553	194,359
<b>Total Assets</b>	<u>\$ 3,679,738</u>	<u>\$ 153,381</u>	<u>\$ 846,633</u>	<u>\$ 1,483,920</u>	<u>\$ 6,163,672</u>
<b>Liabilities</b>					
Accounts payable	\$ 152,699	\$ -	\$ 26,899	\$ -	\$ 179,598
Accrued liabilities	102,472	-	2,732	-	105,204
Payable from restricted assets:					
Accounts payable	371,605	-	-	2,900	374,505
Unearned revenue - cares act	316,404	-	-	-	316,404
Developer deposits	746,099	-	-	-	746,099
<b>Total Liabilities</b>	<u>1,689,279</u>	<u>-</u>	<u>29,631</u>	<u>2,900</u>	<u>1,721,810</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	823,937	-	51,328	-	875,265
<b>Fund Balances</b>					
Restricted					
Impact fees	-	-	-	431,620	431,620
RAP tax	-	-	-	937,952	937,952
Construction	401,026	-	-	-	401,026
Law enforcement	22,940	-	-	-	22,940
Unspent bond proceeds	42	-	-	-	42
Assigned					
Capital projects	-	153,381	-	-	153,381
Subsurface storm drain	-	-	-	87,678	87,678
Community development	-	-	765,674	-	765,674
RAP tax	-	-	-	23,770	23,770
Unassigned	742,514	-	-	-	742,514
<b>Total Fund Balances</b>	<u>1,166,522</u>	<u>153,381</u>	<u>765,674</u>	<u>1,481,020</u>	<u>3,566,597</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 3,679,738</u>	<u>\$ 153,381</u>	<u>\$ 846,633</u>	<u>\$ 1,483,920</u>	<u>\$ 6,163,672</u>

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

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

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

<b>Total fund balance - governmental funds</b>	\$	3,566,597
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		27,224,145
The RDA Fund's long-term notes receivable are not current financial resources and, therefore not reported in the government funds.		16,456
The net pension liability resulting from pension liabilities exceeding pension assets is not an available resource and, therefore, is not reported in the funds.		(848,972)
Deferred outflows of resources associated with the net pension liability and asset is not an available resource and, therefore, is not reported in the funds.		746,021
Deferred inflows of resources associated with the net pension liability and asset is not due and the current period and therefore are not recorded in the funds.		(399,751)
Accrued interest is not recorded in the funds.		(7,403)
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not recorded in the funds.		(5,756,249)
<b>Net position - governmental activities</b>	<b>\$</b>	<b><u>24,540,844</u></b>

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

**WOODS CROSS CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 4,777,759	\$ -	\$ 742,488	\$ 351,117	\$ 5,871,364
Licenses and permits	351,653	-	-	-	351,653
Intergovernmental	796,521	-	160,000	-	956,521
Charges for services	168,426	-	-	-	168,426
Fines and forfeitures	286,526	-	-	-	286,526
Interest	30,476	2,366	7,148	17,702	57,692
Miscellaneous	244,454	-	5,582	100	250,136
Impact fees	-	-	-	178,669	178,669
<b>Total Revenues</b>	<u>6,655,815</u>	<u>2,366</u>	<u>915,218</u>	<u>547,588</u>	<u>8,120,987</u>
<b>Expenditures</b>					
Current:					
General government	1,418,862	-	468,256	4,760	1,891,878
Public safety	3,032,442	-	-	-	3,032,442
Highways and public works	982,604	-	503,375	-	1,485,979
Parks and recreation	475,231	-	-	30,696	505,927
Debt service:					
Principal	215,000	-	-	-	215,000
Interest	183,716	-	-	-	183,716
Capital outlay:					
General government	14,768	-	-	-	14,768
Public safety	124,823	-	-	-	124,823
Highways and public works	370,662	-	-	-	370,662
Parks and recreation	15,515	-	-	-	15,515
<b>Total Expenditures</b>	<u>6,833,623</u>	<u>-</u>	<u>971,631</u>	<u>35,456</u>	<u>7,840,710</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(177,808)</u>	<u>2,366</u>	<u>(56,413)</u>	<u>512,132</u>	<u>280,277</u>
<b>Other Financing Sources (Uses)</b>					
Transfer in	-	-	110,000	-	110,000
Transfer out	(110,000)	-	-	-	(110,000)
Sale of capital assets	34,550	-	-	-	34,550
<b>Total Other Financing Sources (Uses)</b>	<u>(75,450)</u>	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>34,550</u>
<b>Net Change in Fund Balances</b>	<u>(253,258)</u>	<u>2,366</u>	<u>53,587</u>	<u>512,132</u>	<u>314,827</u>
<b>Fund Balance, Beginning</b>	<u>1,419,780</u>	<u>151,015</u>	<u>712,087</u>	<u>968,888</u>	<u>3,251,770</u>
<b>Fund Balance, Ending</b>	<u>\$ 1,166,522</u>	<u>\$ 153,381</u>	<u>\$ 765,674</u>	<u>\$ 1,481,020</u>	<u>\$ 3,566,597</u>

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

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

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

<b>Net change in fund balances - total governmental funds</b>	\$ 314,827
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(735,841)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the Statement of Net Position.	631,357
Governmental funds have proceeds from the sale of assets as revenue. However, the Statement of Activities reports the gain or loss on the sale of assets.	-
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 uses current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amounts is the net effect of these differences in the treatment of long-term debt and related items:	215,000
Amounts loaned by the RDA are recorded as expenditures in that governmental fund; however the loan is recorded as a long-term note receivable for the statement of net position	(1,572)
In the Statement of Activities, accrued interest on debt is recorded.	355
The Statement of Activities reports the amortization of bond premiums as a reduction of interest expense which is not reported on the fund statements.	7,976
The Statement of Activities reports net pension expense and benefit expense from application of GASB 68 which is not reported in the fund statements.	(41,842)
The long term portion of accrued leave does not require the use of current financial resources and therefore is not recorded as an expenditure in the governmental funds.	(49,721)
<b>Change in net position - governmental activities</b>	<b>\$ 340,539</b>

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

**WOODS CROSS CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For The Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Property	\$ 866,000	\$ 879,000	\$ 891,093	\$ 12,093
Sales and use	3,060,000	3,060,000	3,158,481	98,481
Franchise	820,000	754,000	728,185	(25,815)
Licenses and permits	289,000	343,000	351,653	8,653
Intergovernmental	714,000	757,500	796,521	39,021
Charges for services	131,000	167,000	168,426	1,426
Fines and forfeitures	420,000	306,000	286,526	(19,474)
Interest	40,100	29,400	30,476	1,076
Miscellaneous	234,000	237,000	244,454	7,454
<b>Total Revenues</b>	<u>6,574,100</u>	<u>6,532,900</u>	<u>6,655,815</u>	<u>122,915</u>
<b>Expenditures</b>				
Current:				
General government:				
Legislative	76,000	87,700	85,804	1,896
Administrative	378,700	394,500	387,976	6,524
Judicial	211,400	210,100	180,166	29,934
Data processing	69,000	100,500	95,004	5,496
Non-departmental	183,000	186,000	203,943	(17,943)
City hall	49,300	74,800	66,126	8,674
City attorney	112,400	102,900	96,597	6,303
Community development	315,700	334,000	316,511	17,489
Election	-	-	-	-
Volunteer services	5,500	5,500	1,503	3,997
<b>Total general government</b>	<u>1,401,000</u>	<u>1,496,000</u>	<u>1,433,630</u>	<u>62,370</u>
Public safety:				
Police department	2,438,700	2,363,200	2,333,715	29,485
Liquor law enforcement	14,000	14,000	5,638	8,362
Fire department	615,000	612,300	610,741	1,559
Building inspection	180,000	169,000	178,114	(9,114)
Animal control	30,000	30,000	29,057	943
<b>Total public safety</b>	<u>3,277,700</u>	<u>3,188,500</u>	<u>3,157,265</u>	<u>31,235</u>
Highways and public works:				
Streets department	462,600	334,600	321,846	12,754
City shop	80,000	71,000	49,391	21,609
Road repairs and equipment	660,000	849,500	982,029	(132,529)
<b>Total highways and public works</b>	<u>\$ 1,202,600</u>	<u>\$ 1,255,100</u>	<u>\$ 1,353,266</u>	<u>\$ (98,166)</u>

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

**WOODS CROSS CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – GENERAL FUND (Continued)**  
**For The Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (continued)</b>				
Current:				
Parks and recreation	\$ 539,200	\$ 520,200	\$ 490,746	\$ 29,454
Debt Service:				
Principal	215,000	215,000	215,000	-
Interest	185,000	185,000	183,716	1,284
<b>Total Expenditures</b>	<u>\$ 6,420,500</u>	<u>\$ 6,859,800</u>	<u>\$ 6,833,623</u>	<u>\$ 26,177</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 153,600</u>	<u>\$ (326,900)</u>	<u>\$ (177,808)</u>	<u>\$ 149,092</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	-	-
Transfer out	(120,000)	(110,000)	(110,000)	-
Sale of capital assets	(19,000)	34,000	34,550	550
<b>Total Other Financing     Sources (Uses)</b>	<u>(139,000)</u>	<u>(76,000)</u>	<u>(75,450)</u>	<u>550</u>
<b>Net Change in Fund Balance</b>	<u>\$ 14,600</u>	<u>\$ (402,900)</u>	<u>(253,258)</u>	<u>\$ 149,642</u>
<b>Fund Balance, Beginning</b>			<u>1,419,780</u>	
<b>Fund Balance, Ending</b>			<u>\$ 1,166,522</u>	

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 530,000	\$ 625,000	\$ 742,488	\$ 117,488
Intergovernmental	150,000	160,000	160,000	-
Interest	6,000	6,000	7,148	1,148
Miscellaneous	-	5,000	5,582	582
<b>Total Revenues</b>	<u>686,000</u>	<u>796,000</u>	<u>915,218</u>	<u>119,218</u>
<b>Expenditures</b>				
Current:				
General government:				
Community development	938,000	1,028,000	971,631	56,369
<b>Total Expenditures</b>	<u>938,000</u>	<u>1,028,000</u>	<u>971,631</u>	<u>56,369</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(252,000)</u>	<u>(232,000)</u>	<u>(56,413)</u>	<u>175,587</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	120,000	110,000	110,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>120,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (132,000)</u>	<u>\$ (122,000)</u>	53,587	<u>\$ 175,587</u>
<b>Fund Balance, Beginning</b>			<u>712,087</u>	
<b>Fund Balance, Ending</b>			<u>\$ 765,674</u>	

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

**WOODS CROSS CITY**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**June 30, 2020**

	<u>Water</u>	<u>Solid Waste</u>	<u>Storm Drain</u>	<u>Total Enterprise</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 24,643	\$ 61,157	\$ 5,326	\$ 91,126
Compensated absences	43,727	-	-	43,727
Accrued liabilities	5,066	815	1,992	7,873
Accrued interest payable	14,852	-	-	14,852
Revenue bonds payable	456,000	-	-	456,000
<b>Total Current Liabilities</b>	<u>544,288</u>	<u>61,972</u>	<u>7,318</u>	<u>613,578</u>
<b>Noncurrent Liabilities</b>				
Compensated absences	3,937	-	-	3,937
Payable from restricted assets:				
Customer deposits	197,935	-	-	197,935
Revenue bonds payable	6,040,000	-	-	6,040,000
Net pension liability	57,476	19,333	38,600	115,409
<b>Total Noncurrent Liabilities</b>	<u>6,299,348</u>	<u>19,333</u>	<u>38,600</u>	<u>6,357,281</u>
<b>Total Liabilities</b>	<u>6,843,636</u>	<u>81,305</u>	<u>45,918</u>	<u>6,970,859</u>
<b>Deferred Inflows of Resources</b>				
Pensions	65,196	5,496	12,033	82,725
<b>Total Liabilities and Deferred     Inflows of Resources</b>	<u>6,908,832</u>	<u>86,801</u>	<u>57,951</u>	<u>7,053,584</u>
<b>Net Position</b>				
Net investment in capital assets	9,590,647	-	4,888,410	14,479,057
Restricted for:				
Debt service	124,800	-	-	124,800
Impact fees	226,791	-	73,826	300,617
Unrestricted	860,467	18,718	431,704	1,310,889
<b>Total Net Position</b>	<u>10,802,705</u>	<u>18,718</u>	<u>5,393,940</u>	<u>16,215,363</u>
<b>Total Liabilities, Deferred Inflows of     Resources, and Net Position</b>	<u>\$ 17,711,537</u>	<u>\$ 105,519</u>	<u>\$ 5,451,891</u>	<u>\$ 23,268,947</u>

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



**WOODS CROSS CITY**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)**  
**June 30, 2020**

	<u>Water</u>	<u>Solid Waste</u>	<u>Storm Drain</u>	<u>Total Enterprise</u>
<b>Operating Revenues</b>				
Charges for services:				
Metered water sales	\$ 1,466,006	\$ -	\$ -	\$ 1,466,006
Connection and servicing fees	57,130	-	-	57,130
User fees	-	810,180	431,621	1,241,801
Miscellaneous	3,086	-	-	3,086
<b>Total Operating Revenues</b>	<u>1,526,222</u>	<u>810,180</u>	<u>431,621</u>	<u>2,768,023</u>
<b>Operating Expenses</b>				
Salaries and wages	186,649	28,474	73,330	288,453
Employee benefits	149,793	14,795	38,151	202,739
Office expense and supplies	6,442	-	2,879	9,321
Maintenance and repairs	778,802	25,049	-	803,851
General and administrative	160,508	14,000	100,912	275,420
Utilities	61,307	-	-	61,307
Professional services	39,103	1,560	3,357	44,020
Water purchases	20,720	-	-	20,720
Solid waste collection and disposal	-	735,578	-	735,578
Depreciation	411,254	-	116,357	527,611
Miscellaneous	57,397	-	5,406	62,803
<b>Total Operating Expenses</b>	<u>1,871,975</u>	<u>819,456</u>	<u>340,392</u>	<u>3,031,823</u>
<b>Operating Income (Loss)</b>	<u>(345,753)</u>	<u>(9,276)</u>	<u>91,229</u>	<u>(263,800)</u>
<b>Nonoperating Income (Expense)</b>				
Interest income	17,942	524	5,745	24,211
Interest expense	(49,163)	-	-	(49,163)
<b>Total Nonoperating Income (Expense)</b>	<u>(31,221)</u>	<u>524</u>	<u>5,745</u>	<u>(24,952)</u>
Income (loss) before capital contributions	(376,974)	(8,752)	96,974	(288,752)
<b>Capital Contributions</b>				
Impact fees	259,983	-	127,132	387,115
Developer contributions	14,760	-	6,455	21,215
<b>Change in Net Position</b>	<u>(102,231)</u>	<u>(8,752)</u>	<u>230,561</u>	<u>119,578</u>
<b>Net Position, Beginning</b>	<u>10,904,936</u>	<u>27,470</u>	<u>5,163,379</u>	<u>16,095,785</u>
<b>Net Position, Ending</b>	<u>\$ 10,802,705</u>	<u>\$ 18,718</u>	<u>\$ 5,393,940</u>	<u>\$ 16,215,363</u>

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

**WOODS CROSS CITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET**  
**POSITION – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2020**

	<u>Water</u>	<u>Solid Waste</u>	<u>Storm Drain</u>	<u>Total Enterprise</u>
<b>Operating Revenues</b>				
Charges for services:				
Metered water sales	\$ 1,466,006	\$ -	\$ -	\$ 1,466,006
Connection and servicing fees	57,130	-	-	57,130
User fees	-	810,180	431,621	1,241,801
Miscellaneous	3,086	-	-	3,086
<b>Total Operating Revenues</b>	<u>1,526,222</u>	<u>810,180</u>	<u>431,621</u>	<u>2,768,023</u>
<b>Operating Expenses</b>				
Salaries and wages	186,649	28,474	73,330	288,453
Employee benefits	149,793	14,795	38,151	202,739
Office expense and supplies	6,442	-	2,879	9,321
Maintenance and repairs	778,802	25,049	-	803,851
General and administrative	160,508	14,000	100,912	275,420
Utilities	61,307	-	-	61,307
Professional services	39,103	1,560	3,357	44,020
Water purchases	20,720	-	-	20,720
Solid waste collection and disposal	-	735,578	-	735,578
Depreciation	411,254	-	116,357	527,611
Miscellaneous	57,397	-	5,406	62,803
<b>Total Operating Expenses</b>	<u>1,871,975</u>	<u>819,456</u>	<u>340,392</u>	<u>3,031,823</u>
<b>Operating Income (Loss)</b>	<u>(345,753)</u>	<u>(9,276)</u>	<u>91,229</u>	<u>(263,800)</u>
<b>Nonoperating Income (Expense)</b>				
Interest income	17,942	524	5,745	24,211
Interest expense	(49,163)	-	-	(49,163)
<b>Total Nonoperating Income (Expense)</b>	<u>(31,221)</u>	<u>524</u>	<u>5,745</u>	<u>(24,952)</u>
Income (loss) before capital contributions	(376,974)	(8,752)	96,974	(288,752)
<b>Capital Contributions</b>				
Impact fees	259,983	-	127,132	387,115
Developer contributions	14,760	-	6,455	21,215
<b>Change in Net Position</b>	<u>(102,231)</u>	<u>(8,752)</u>	<u>230,561</u>	<u>119,578</u>
<b>Net Position, Beginning</b>	<u>10,904,936</u>	<u>27,470</u>	<u>5,163,379</u>	<u>16,095,785</u>
<b>Net Position, Ending</b>	<u>\$ 10,802,705</u>	<u>\$ 18,718</u>	<u>\$ 5,393,940</u>	<u>\$ 16,215,363</u>

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

**WOODS CROSS CITY**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2020**

	<u>Water</u>	<u>Solid Waste</u>	<u>Storm Drain</u>	<u>Total Enterprise</u>
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 1,525,830	\$ 804,050	\$ 432,587	\$ 2,762,467
Receipts from customer deposits	20,492	-	-	20,492
Payments to suppliers of goods or services	(1,114,790)	(769,342)	(108,283)	(1,992,415)
Payments to employees and related benefits	(335,698)	(42,723)	(110,377)	(488,798)
<b>Net cash flows from operating activities</b>	<u>95,834</u>	<u>(8,015)</u>	<u>213,927</u>	<u>301,746</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	-	-	(125,092)	(125,092)
Impact fees received	259,983	-	127,132	387,115
Principal paid on long-term debt	(450,000)	-	-	(450,000)
Interest paid	(51,146)	-	-	(51,146)
<b>Net cash flows from capital and related financing activities</b>	<u>(241,163)</u>	<u>-</u>	<u>2,040</u>	<u>(239,123)</u>
<b>Cash Flows From Investing Activities</b>				
Interest on investments	17,942	524	5,745	24,211
<b>Net cash flows from investing activities</b>	<u>17,942</u>	<u>524</u>	<u>5,745</u>	<u>24,211</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	(127,387)	(7,491)	221,712	86,834
<b>Cash and Cash Equivalents, Beginning</b>	<u>1,440,067</u>	<u>27,395</u>	<u>274,331</u>	<u>1,741,793</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,312,680</u>	<u>\$ 19,904</u>	<u>\$ 496,043</u>	<u>\$ 1,828,627</u>
<b>Reconciliation of operating income to net cash flows from operating activities</b>				
Earnings (loss) from operations	\$ (345,753)	\$ (9,276)	\$ 91,229	\$ (263,800)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:				
Depreciation	411,254	-	116,357	527,611
Changes in assets and liabilities				
Accounts receivable, net	(392)	(6,130)	966	(5,556)
Prepaid expenses	(76)	-	-	(76)
Accounts payable	9,565	6,845	4,271	20,681
Compensated absences	(5,641)	-	-	(5,641)
Accrued liabilities	6,385	546	1,104	8,035
Customer deposits	20,492	-	-	20,492
<b>Net cash flows from operating activities</b>	<u>\$ 95,834</u>	<u>\$ (8,015)</u>	<u>\$ 213,927</u>	<u>\$ 301,746</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets	\$ 14,760	\$ -	\$ 6,455	\$ 21,215

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

## WOODS CROSS CITY NOTES TO FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Woods Cross City Corporation is a municipal corporation governed by an elected mayor and a five member council.

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

(A) The Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

The Woods Cross City Redevelopment Agency (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the RDA have been included in the financial reporting entity as a blended component unit. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

(B) Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general fund, capital projects fund, and the RDA are classified as governmental activities. The City's Water, Solid Waste, and Storm Drain are classified as business-type activities.

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

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those which 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

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

(B) Government-Wide and Fund Financial Statements (Continued)

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, federal grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. The City has determined that the period of availability for property tax to be 30 and other taxes to be 60 days. All other revenues are considered to be measurable and available only when cash is received by the City.

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

The City reports the following major governmental funds:

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

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

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

The *Capital Projects Fund* accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by Proprietary funds and Special Revenue funds).

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

The City reports the following major proprietary funds:

The *Water Utility Fund* accounts for the activities of the water distribution system of the City.

The *Solid Waste Utility Fund* accounts for the activities of the solid waste collection system of the City.

The *Storm Drain Utility Fund* accounts for the activities of the storm drain system of the City.

Additionally, the City reports the following fund types:

Special revenue funds account for and report the proceeds of specific revenue sources that are the foundation of the fund and are restricted or committed to expenditure for specified purposes other than debt or capital projects. Accounting and financial reporting for general and special revenue funds are identical. The City accounts for the RAP Tax, Subsurface Storm Drain, and Park Development as special revenue funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and solid waste function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. General revenues include all taxes.

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

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

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

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the assets, liabilities, revenues and expense/expenditures reported on the fund financial statements and the government-wide financial statements. For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the entity-wide financial statements. As a result, there must be a reconciliation between the two statements to explain the differences. A reconciliation is included as part of the fund financial statements.

(D) Budgetary Data

Annual budgets are prepared and adopted, in accordance with the Uniform Fiscal Procedures Act adopted by the State of Utah, by the 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 several different funds, including the General Fund, Special Revenue Funds and Enterprise Funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council 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 until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 25% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the total expenditures do not exceed the total expenditures per the adopted budget, in which case a public hearing must be held. With the consent of the city manager and finance director, 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, Special Revenue Funds and Capital Projects Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable or appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

(E) Tax Revenues

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget must be done before August 17. All property taxes levied by the City are assessed and collected by Davis County. Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on the January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from each County on a monthly basis.

Transient room tax, municipal telecommunications tax, additional transit tax, and the RAP (Recreation, Arts, and Parks) tax are collected by the State Tax Commission and remitted to the City monthly.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

(F) Cash and Cash Equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

Investments, in the form of accounts at the Utah Public Treasurer's Investment Trust (the State Treasurer's Pool), of the City are stated at cost, which approximates fair value.

(G) Restricted Assets

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Additionally, the City would then use committed, assigned and lastly, unassigned amounts from the unrestricted fund balance when expending funds.

(H) 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 acquisition value at the date of donation. Amortization of capital assets acquired with a capital lease has been included in depreciation expense. Woods Cross City received \$104,192 of contributed capital assets through governmental funds and \$21,215 of contributed capital assets through enterprise funds.

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets (back to June 30, 1980) have been valued at estimated historical cost.



**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

(H) Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	15-60
Infrastructure	20-50
Machinery and Equipment	7-15
Vehicles	5
Office equipment	5

(I) Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a use of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The government reports only one item that qualifies for reporting in this category. Deferred outflows of resources relating to pensions are recorded as required by GASB 68, *Accounting and Financial Reporting for Pensions*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

(J) Compensated Absences

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Sick pay amounts are charged as wages when used. Employees may convert a portion of accrued sick leave to pay each year. If an employee retires as a member of the Utah State Retirement System, one-third of unused sick leave will be used to pay medical insurance premiums.

(K) Long-Term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

(L) Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government reports three items that qualify for reporting in this category: unavailable revenues from property taxes, unavailable revenues from Coronavirus Aid, Relief, and Economic Security (CARES) Act, and deferred inflows of resources relating to pensions. These amounts are recognized as an inflow of resources in the period that the amounts become available. The deferred inflows of resources relating to pensions are recorded as required by GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

(M) Fund equity

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

- (1) *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) *Restricted net position* – portion of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) *Unrestricted net position* – remaining portion of net position that does 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. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

- (1) *Nonspendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- (2) *Restricted fund balance* classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditor, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- (3) *Committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

(M) Fund equity (Continued)

- (4) *Assigned fund balance* Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- (5) *Unassigned fund balance* classification is the residual classification for the General Fund or funds with deficit fund balances. 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.

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

(N) Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered and for interfund loans or transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Loans are reported as receivables and payables and are classified as "advances to other funds" or "advances from other funds" on the balance sheet of the governmental fund financial statements. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation between the governmental fund statements and the government-wide columnar presentation.

(O) Estimates and Assumptions

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

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

(P) 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.

**NOTE 2 CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Investments are stated at cost, which approximates fair value. Each fund's portion of this pool is displayed on the combined balance sheet as a component of "cash and cash equivalents", "restricted cash and cash equivalents", and "investments", which includes cash accounts that are separately held by several of the City's funds.

The City's deposit and investment policy is to follow the Utah Money Management Act; however, the City does not have a separate deposit and investment policy that addresses specific types of deposit and investment risks to which the City is exposed.

Components of cash and investments (including interest earning deposits) at June 30, 2020 are as follows:

<b>Cash on hand and on deposit:</b>	
Petty cash	\$ 1,200
Cash on deposit	169,842
Bond reserve	124,800
PTIF investment	<u>5,952,417</u>
Total cash and investments	<u><u>\$ 6,248,259</u></u>
<b>Cash and investments are included in the accompanying combined statement of net position as follows:</b>	
Cash and cash equivalents	\$ 2,588,678
Restricted cash and cash equivalents	<u>3,659,581</u>
Total cash and investments	<u><u>\$ 6,248,259</u></u>

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

*Custodial credit risk – deposits* is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2020, the balance of deposit accounts exposed to custodial credit risk because it was uninsured and uncollateralized was \$51,546.

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

## WOODS CROSS CITY NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 2 CASH AND INVESTMENTS (Continued)

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

*Interest rate risk* is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City has no formal policy relating to specific investment-related interest rate risk. The City manages its exposure by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasurer's Office.

For the year ended June 30, 2020, the City had investments of \$5,952,417 with the PTIF. This investment matures in less than one year and is not rated.

#### Fair Value of Investments

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

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

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

At June 30, 2020, the City had the following cash and investments:

	<u>Carrying Value</u>	<u>Fair Value Factor</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Avg. Maturity (Years)</u>
<b>Cash on hand and on deposit:</b>					
Cash on hand	\$ 1,200	1	\$ 1,200	N/A	N/A
Cash on deposit	169,842	1	169,842	N/A	N/A
Bond reserve	124,800	1	124,800	N/A	N/A
Utah State Treasurer's investment pool accounts	<u>5,952,417</u>	1.002448	<u>5,966,991</u>	N/A	N/A
<b>Total cash on hand and deposit</b>	<u>\$ 6,248,259</u>		<u>\$ 6,262,833</u>		

The fair value measurement of the City's PTIF investments is considered level 2.

**NOTE 3 ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The allowance for doubtful accounts receivable at June 30, 2020 for all funds is \$5,252.

**NOTE 4 NOTES RECEIVABLE**

The Redevelopment Agency provided loans to pay for certain improvements. The City has two outstanding promissory notes. The City has established notes receivable for these loans on the government-wide financial statements. The total notes issued was \$18,028. First year payments of \$1,572 were made to the city in fiscal year 2020. The total notes balance was \$16,456 as of June 30, 2020. These loans will be paid back over 10 years at a 3% interest rate.

**NOTE 5 RESTRICTED ASSETS**

Certain assets are restricted to use as follows as of June 30, 2020:

Impact fees	\$ 732,237
RAP tax	870,299
Construction	648,825
Law enforcement	22,940
Developer and customer deposits	944,034
Unspent bond proceeds	42
Debt service	124,800
Cares act	<u>316,404</u>
<b>Total restricted cash</b>	<u>\$ 3,659,581</u>
Class C road/prop one accounts receivable	\$ 123,806
RAP tax accounts receivable	<u>70,553</u>
<b>Total restricted accounts receivable</b>	<u>\$ 194,359</u>

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2020, is as follows:

<b>Governmental activities:</b>	<b>Balance June 30, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2020</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 9,083,715	\$ -	\$ -	\$ 9,083,715
Construction in progress	325,618	90,144	(347,188)	68,574
<b>Total capital assets, not being depreciated</b>	<b>9,409,333</b>	<b>90,144</b>	<b>(347,188)</b>	<b>9,152,289</b>
<b>Capital assets, being depreciated:</b>				
Infrastructure	23,663,912	384,862	-	24,048,774
Buildings	9,314,764	-	-	9,314,764
Improvements other than buildings	4,978,329	131,742	-	5,110,071
Machinery and equipment	2,365,924	371,797	(164,940)	2,572,781
<b>Total capital assets, being depreciated</b>	<b>40,322,929</b>	<b>888,401</b>	<b>(164,940)</b>	<b>41,046,390</b>
<b>Less accumulated depreciation for:</b>				
Infrastructure	(18,446,250)	(369,431)	-	(18,815,681)
Buildings	(954,744)	(36,039)	-	(990,783)
Improvements other than buildings	(1,388,424)	(141,285)	-	(1,529,709.00)
Machinery and equipment	(1,614,212)	(189,089)	164,940	(1,638,361)
<b>Total accumulated depreciation</b>	<b>(22,403,630)</b>	<b>(735,844)</b>	<b>164,940</b>	<b>(22,974,534)</b>
<b>Total capital assets, being depreciated, net</b>	<b>17,919,299</b>	<b>152,557</b>	<b>-</b>	<b>18,071,856</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 27,328,632</b>	<b>\$ 242,701</b>	<b>\$ (347,188)</b>	<b>\$ 27,224,145</b>

Governmental activities depreciation expense was charged to functions/programs as follows:

<b>Governmental activities</b>	
General government	\$ 44,997
Public safety	136,387
Highways and public works	378,471
Parks and recreation	175,989
<b>Total depreciation expense - governmental activities</b>	<b>\$ 735,844</b>

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 CAPITAL ASSETS (Continued)**

The Business-type Activities property, plant and equipment consist of the following at June 30, 2020:

<b>Business-type Activities:</b>	<b>Balance June 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>
<b>Capital assets, not being depreciated</b>				
Land	\$ 792,321	\$ -	\$ -	\$ 792,321
Construction in progress	252,834	15,061	(234,578)	33,317
<b>Total capital assets, not being depreciated</b>	<u>1,045,155</u>	<u>15,061</u>	<u>(234,578)</u>	<u>825,638</u>
<b>Capital assets, being depreciated</b>				
Improvements other than buildings	28,733,900	365,824	-	29,099,724
Machinery and equipment	971,371	-	-	971,371
<b>Total capital assets, being depreciated</b>	<u>29,705,271</u>	<u>365,824</u>	<u>-</u>	<u>30,071,095</u>
<b>Less accumulated depreciation for</b>				
Improvements other than buildings	(8,679,184)	(493,617)	-	(9,172,801)
Machinery and equipment	(714,881)	(33,994)	-	(748,875)
<b>Total accumulated depreciation</b>	<u>(9,394,065)</u>	<u>(527,611)</u>	<u>-</u>	<u>(9,921,676)</u>
<b>Total capital assets, being depreciated, net</b>	<u>20,311,206</u>	<u>(161,787)</u>	<u>-</u>	<u>20,149,419</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 21,356,361</u>	<u>\$ (146,726)</u>	<u>\$ (234,578)</u>	<u>\$ 20,975,057</u>

Business-type activities depreciation expense was charged to functions/programs as follows:

<b>Business-type activities</b>	
Water	\$ 411,254
Storm drain	<u>116,357</u>
<b>Total depreciation expense - business-type activities</b>	<u>\$ 527,611</u>

**NOTE 7 DEFERRED INFLOWS**

In conjunction with GASB pronouncement 33, "Accounting and Financial Reporting for Nonexchange Transactions" the City has accrued property tax receivable and a deferred inflow in the General Fund and Redevelopment Agency in the amounts of \$823,937 and \$51,328, respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 30 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2020 was not expected to be received within 30 days after the year ended June 30, 2020, the City was required to record receivable and deferred inflow of the estimated amount of the total property tax to be levied on October 1, 2020.



**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 LONG-TERM DEBT**

The following is summary of long-term debt transactions of the City for the year ended June 30, 2020:

	Long-term debt			Long-term debt	
	payable at June 30, 2019	Additions	Deletions	payable at June 30, 2020	Due within One Year
<b>Governmental activities</b>					
2017 Sales tax revenue - direct placement	\$ 5,395,000	\$ -	\$ (215,000)	\$ 5,180,000	\$ 225,000
Plus: unamortized premium	295,113	-	(7,976)	287,137	15,952
Total bonds payable	5,690,113	-	(222,976)	5,467,137	240,952
Compensated absences	239,392	228,702	(178,982)	289,112	141,564
<b>Governmental activity long-term liabilities</b>	<b>\$ 5,929,505</b>	<b>\$ 228,702</b>	<b>\$ (401,958)</b>	<b>\$ 5,756,249</b>	<b>\$ 382,516</b>
<b>Business-type activities</b>					
2014 Water revenue - direct placement	\$ 4,060,000	\$ -	\$ (110,000)	\$ 3,950,000	\$ 110,000
2016 Water revenue refunding - direct placement	2,886,000	-	(340,000)	2,546,000	346,000
Total bonds payable	6,946,000	-	(450,000)	6,496,000	456,000
Compensated absences	53,305	37,003	(42,644)	47,664	43,727
<b>Business-type activity long-term liabilities</b>	<b>\$ 6,999,305</b>	<b>\$ 37,003</b>	<b>\$ (492,644)</b>	<b>\$ 6,543,664</b>	<b>\$ 499,727</b>

Sales Tax Revenue Bonds, Series 2017

In February 2017, the City issued \$5,810,000 in Sales Tax Revenue Bonds, Series 2017, at a premium of \$319,043. The bonds are due in annual principal installments through June 2037, with interest payments due semiannually. The bonds carry an interest rate between 2 and 4 percent. The bonds were issued for the purpose of financing the acquisition, construction, equipping and furnishing of a public works building complex. Significant events of default consist of (a) failure to pay principal or interest when due; (b) failure to fulfill all obligations; and (c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings. Upon the occurrence of an event of default, the City may be required to make monthly deposits into the bond fund.

Pledged Revenues

The City has pledged future sales tax increment revenues to repay \$5,810,000 in sales tax revenue bonds issued in February 2017 to finance the acquisition, construction, equipping and furnishing of a public works building complex. The bonds are payable solely from the sales tax revenues received by the City.

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

The annual debt service requirements to maturity for the Sales Tax Revenue Bonds, Series 2017, as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	225,000	173,313	398,313
2022	235,000	164,113	399,113
2023	245,000	154,513	399,513
2024	255,000	144,513	399,513
2025	265,000	134,113	399,113
2026-2030	1,475,000	524,063	1,999,063
2031-2035	1,710,000	279,894	1,989,894
2036-2037	770,000	27,125	797,125
	<u>5,180,000</u>	<u>\$ 1,783,756</u>	<u>\$ 7,178,756</u>
Plus: unamortized premium	<u>287,137</u>		
<b>Total</b>	<u>\$ 5,467,137</u>		

Water Revenue Refunding Bonds, Series 2012

The Water Revenue Refunding Bonds, Series 2012, were issued in December 2012. The \$4,632,000 revenue bonds are due in semiannual installments through March 2027. The bonds carry an interest rate of 2.83 percent. The bonds require no replacement and debt service reserves to be established. The proceeds were used to advance refund the Water Revenue Bonds, Series 2008. The net proceeds, along with \$290,000 from the Series 2008 bonds debt reserve fund, were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service on the refunded bonds. As a result, the Water Revenue Bonds, Series 2008 are considered defeased, and the liability for those bonds have been removed from the statement of net position. The City advanced refunded the series 2008 bonds to obtain an economic gain of \$115,070. The bonds were refinanced during the fiscal year 2019 with the issuance of the Water Revenue Refunding Bonds, Series 2016.

Water Revenue Bonds, Series 2014 A and B

The Water Revenue Refunding Bonds, Series 2014 A and B were issued in February 2014. The \$1,225,000 A and \$3,275,000 B revenue bonds are due in annual installments through September 2034. The bonds carry an interest rate of 0 percent. The bonds require replacement reserves of 5 percent of the City's annual operating budget, and debt service reserves of \$208,000 to be established evenly over 10 years. An event of default occurs if any installment payment of bond principal is not paid when due and payable, the Issuer shall pay interest at the rate of eighteen percent per annum from said due date until paid.

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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

The annual debt service requirements to maturity, including principal and interest, for the Water Revenue Bonds Series 2014, as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	110,000	-	110,000
2022	110,000	-	110,000
2023	110,000	-	110,000
2024	110,000	-	110,000
2025	110,000	-	110,000
2026-2030	1,410,000	-	1,410,000
2031-2035	1,990,000	-	1,990,000
<b>Total</b>	<b>\$ 3,950,000</b>	<b>\$ -</b>	<b>\$ 3,950,000</b>

Water Revenue Refunding Bonds, Series 2016

In July 2016, the City issued \$3,891,000 in Water Revenue Refunding Bonds, Series 2016. The bonds are due in annual principal installments through September 2026, with interest payments due semiannually. The bonds carry an interest rate 1.75 percent. The bonds were issued to refinance the Water Revenue Refunding Bonds, Series 2012, in a current refunding. The refinance provided a cash savings to the City of \$182,931. The economic gain on this refunding was \$118,711. Significant events of default consist of (a) failure to pay principal or interest when due; (b) failure to fulfill all obligations; and (c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings. Upon the occurrence of an event of default, the City may be required to make monthly deposits into the bond fund.

The annual debt service requirements to maturity for the Water Revenue Refunding Bonds, Series 2016, as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	346,000	44,555	390,555
2022	351,000	38,500	389,500
2023	357,000	32,358	389,358
2024	363,000	26,110	389,110
2025	369,000	19,758	388,758
2026-2027	760,000	20,020	780,020
	<b>\$ 2,546,000</b>	<b>\$ 231,805</b>	<b>\$ 3,117,805</b>

Pledged Revenues

The City has pledged future water customer revenues, net of specified operating expenses, to repay water revenue bonds issued in 2016. Proceeds from the Series 2016 Bonds provided financing to refund the Series 2012 Bonds. The bonds are payable solely from water customer net revenues.

The City has pledged the net revenues of the water system to fund the Water Revenue Refunding Bonds, Series 2015 A and B.

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 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; and natural disasters for which the City participates in the Utah Local Government Trust (a public entity risk pool).

All claims are submitted to the Utah Local Government Trust, which acts as a commercial insurer. The Trust is obligated to pay all claims covered by its plan. All claims are subject to a \$500 deductible. The deductible is accrued as a current liability when the claim is incurred. The Utah Local Government Trust covers claims up to \$2,000,000. The City has not incurred a claim in excess of its coverage for any of the past three fiscal years.

**NOTE 10 RETIREMENT 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);
- Public Employees Contributory Retirement System (Contributory System); are multiple employer, cost sharing, retirement systems.
- Public Safety Retirement System (Public Safety System) is a cost-sharing, multiple-employer public employee retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;
- Tier 2 Public Safety and Firefighter Contributory Retirement system (Tier 2 Public Safety and Firefighters 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 Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

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

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RETIREMENT PLAN (Continued)**

Benefits Provided

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

**Summary of Benefits by System**

<b>System</b>	<b>Final Average Salary</b>	<b>Years of service required and/or age eligible for benefit</b>	<b>Benefit percentage per year of service</b>	<b>COLA**</b>
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%
Contributory System	Highest 5 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 Years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year to June 2020 2.00% per year July 2020 to present	Up to 2.5%

\*Actuarial reductions are applied.

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

Contributions

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

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RETIREMENT PLAN (Continued)**

Contribution rates as of June 30, 2020 are as follows:

<b>Utah Retirement Systems</b>	<b>Employee</b>	<b>Employer</b>	<b>Employer 401(k)</b>
<b>Contributory System:</b>			
11 Local Government Div - Tier 1	6.00%	14.46%	N/A
111 Local Government Div - Tier 2	N/A	15.66%	1.03%
<b>Noncontributory System</b>			
15 Local Government Div - Tier 1	N/A	18.47%	N/A
<b>Public Safety System</b>			
<b>Contributory</b>			
122 Tier 2 DB Hybrid Public Safety	N/A	21.04%	0.70%
<b>Noncontributory</b>			
49 Other Div B with 2.5% COLA	N/A	32.28%	N/A
<b>Tier 2 DC Only</b>			
211 Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	9.74%	12.00%

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

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

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 188,072	N/A
Contributory System	3,048	1,265
Public Safety System	218,031	-
Tier 2 Public Employees System	23,601	-
Tier 2 Public Safety and Firefighter	56,851	
<b>Total Contributions</b>	<b>\$ 489,603</b>	<b>\$ 1,265</b>

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

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RETIREMENT PLAN (Continued)**

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

At June 30, 2020, we reported a net pension asset of \$0 and a net pension liability of \$964,381.

(Measurement Date): December 31, 2019					
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2018	Change (Decrease)
Noncontributory System	\$ -	\$ 417,882	0.1108774%	0.1065157%	0.0043617%
Contributory System	-	24,620	0.3756758%	0.4834290%	-0.1077532%
Public Safety System	-	506,573	1.0200828%	0.9538609%	0.0662219%
Tier 2 Public Employees System	-	1,828	0.0081280%	0.0099701%	-0.0018421%
Tier 2 Public Safety and Firefighter	-	13,478	0.1432853%	0.1677520%	-0.0244667%
	\$ -	\$ 964,381			

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

For the year ended June 30, 2020, we recognized pension expense of \$540,035.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 376,607	\$ 6,634
Changes in assumptions	150,791	2,480
Net difference between projected and actual earnings on pension plan investments	-	464,152
Changes in proportion and differences between contributions and proportionate share of contributions	82,103	9,210
Contributions subsequent to the measurement date	247,410	-
	\$ 856,911	\$ 482,476

\$247,410 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RETIREMENT PLAN (Continued)**

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

<b>Year ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2020	\$ 153,672
2021	70,904
2022	70,771
2023	(175,965)
2024	727
Thereafter	6,916
	\$ 127,025

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

For the year ended June 30, 2020, we recognized pension expense of \$243,768.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 38,011	\$ 6,003
Changes in assumptions	44,259	-
Net difference between projected and actual earnings on pension plan investments	-	211,326
Changes in proportion and differences between contributions and proportionate share of contributions	54,661	323
Contributions subsequent to the measurement date	93,306	-
	\$ 230,237	\$ 217,652

\$93,306 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.



**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RETIREMENT PLAN (Continued)**

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

<b>Year ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2020	\$ 15,101
2021	(24,437)
2022	8,956
2023	(80,342)
2024	-
Thereafter	-
	\$ (80,722)

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

For the year ended June 30, 2020, we recognized pension expense of (\$35,890).

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	61,460
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
	\$ -	\$ 61,460

\$0 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RETIREMENT PLAN (Continued)**

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

<b>Year ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2020	\$ (21,753)
2021	(17,904)
2022	1,126
2023	(22,928)
2024	-
Thereafter	-
	\$ (61,459)

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

For the year ended June 30, 2020, we recognized pension expense of \$282,169.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 334,055	\$ -
Changes in assumptions	102,550	2,305
Net difference between projected and actual earnings on pension plan investments	-	186,647
Changes in proportion and differences between contributions and proportionate share of contributions	22,137	6,415
Contributions subsequent to the measurement date	111,314	-
	\$ 570,056	\$ 195,367

\$111,314 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RETIREMENT PLAN (Continued)**

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

<b>Year ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2020	\$ 160,853
2021	113,691
2022	60,384
2023	(71,552)
2024	-
Thereafter	-
	\$ 263,376

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

For the year ended June 30, 2020, we recognized pension expense of \$10,253.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 511	\$ 627
Changes in assumptions	781	53
Net difference between projected and actual earnings on pension plan investments	-	1,405
Changes in proportion and differences between contributions and proportionate share of contributions	1,038	81
Contributions subsequent to the measurement date	12,960	-
	\$ 15,290	\$ 2,166

\$12,960 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RETIREMENT PLAN (Continued)**

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

<b>Year ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2020	\$ (219)
2021	(192)
2022	48
2023	(402)
2024	160
Thereafter	767
	\$ 162

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

For the year ended June 30, 2020, we recognized pension expense of \$39,735.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,030	\$ 4
Changes in assumptions	3,201	122
Net difference between projected and actual earnings on pension plan investments	-	3,313
Changes in proportion and differences between contributions and proportionate share of contributions	4,267	2,392
Contributions subsequent to the measurement date	29,830	-
	\$ 41,328	\$ 5,831

\$29,830 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RETIREMENT PLAN (Continued)**

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

<b>Year ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2020	\$ (311)
2021	(254)
2022	256
2023	(738)
2024	567
Thereafter	6,148
	\$ 5,668

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.

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RETIREMENT PLAN (Continued)**

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

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long Term expected portfolio real rate of return</u>
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.90%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
<b>Totals</b>	<b>100%</b>		<b>4.76%</b>
	<u>Inflation</u>		<u>2.50%</u>
	<u>Expected arithmetic nominal return</u>		<u>7.25%</u>

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

Discount Rate

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

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

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

<u>System</u>	<u>1% Decrease or 5.95%</u>	<u>Discount Rate of 6.95%</u>	<u>1% Increase or 7.95%</u>
Noncontributory System	\$ 1,305,192	\$ 417,882	\$ (322,125)
Contributory System	192,206	24,620	(116,697)
Public Safety System	1,398,867	506,573	(221,197)
Tier 2 Public Employees System	15,764	1,828	(8,942)
Tier 2 Public Safety and Firefighter	47,613	13,478	(11,861)
<b>Total</b>	<b>\$ 2,959,642</b>	<b>\$ 964,381</b>	<b>\$ (680,822)</b>

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 RETIREMENT PLAN (Continued)**

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

Woods Cross 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 Plan for fiscal year ended June 30th were as follows:

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b><i>401(k) Plan</i></b>			
Employer Contributions	\$ 84,602	\$ 76,364	\$ 64,882
Employee Contributions	19,388	23,308	25,427
<b><i>457 Plan</i></b>			
Employer Contributions	\$ 21,598	\$ 19,542	\$ 20,215
Employee Contributions	10,393	16,764	16,555
<b><i>Roth IRA Plan</i></b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 19,847	\$ 10,000	\$ 7,800

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

The City has approximately \$0 to pay in an outstanding construction commitment to complete the construction of a couple storm drain projects.

**NOTE 12 FIRE AND EMERGENCY MEDICAL SERVICES**

The South Davis Metro Fire Service Area (SDMFSA) is a special service district organized on July 1, 2016. SDMFSA provides fire and emergency medical services to the cities of Bountiful, Centerville, North Salt Lake, West Bountiful, Woods Cross and the unincorporated areas of South Davis County. SDMFSA is governed by its own Board of Trustees made up of elected officials from each participating member entity. SDMFSA does levy taxes and collect impact fees to cover most capital expenditures; however, most of the SDMFSA’s operations are funded by quarterly member assessments. For the year ended June 30, 2020, the City paid \$610,741 to SDMFSA for its member assessments and \$44,375 in impact fees.

**WOODS CROSS CITY  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 13 REDEVELOPMENT AGENCY**

In accordance with Utah Code Section 17C-1-605(1), the City's Redevelopment Agency is required to disclose the following information for fiscal year 2020:

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

<u>Project Area</u>	<u>2020</u>
Woods Cross/West Bountiful 500 South Project	\$ 233,355
500 West Project	205,100
2600 South Project	165,049
Legacy Gateway CDA	138,167
Woods Cross/West Bountiful Joint Legacy CDA	<u>817</u>
Total increment received	<u>\$ 742,488</u>

The Agency expended amounts in the following areas:

Amounts expended for:

Tax increment paid to other taxing agencies	\$ 74,468
Administrative costs	155,154
Property acquisitions and site improvements	<u>742,009</u>
Total amounts expended by RDA	<u>\$ 971,631</u>

**NOTE 14 CONDUIT DEBT OBLIGATIONS**

During the year ended June 30, 2005, the City issued industrial development bonds to provide financial assistance to a private-sector entity for the acquisition, construction, and furnishings of manufacturing facilities and related improvements deemed to be in the public interest. The bonds are secured by the property financed and are payable solely by the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2020, there is only one series of industrial development bonds issued and outstanding. The original issue amount was \$3,605,000.



**WOODS CROSS CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 15 TRANSFERS**

During the year transfers were made which will not be repaid. These transfers occurred primarily to finance programs, accounted for in one fund, with resources collected in other funds, in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2020, are as follows:

	<b>In</b>	<b>Out</b>
Transfers		
General Fund	\$ -	\$ 110,000
RDA Fund	110,000	-
Total Transfers	\$ 110,000	\$ 110,000
Total Transfers	\$ 110,000	\$ 110,000

The \$110,000 transfer from the general fund to the RDA Fund is to pay a developer a percentage of sales taxes from a project, per the agreement between the RDA Fund and the developer.

**REQUIRED SUPPLEMENTARY INFORMATION**

**WOODS CROSS CITY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**December 31, 2019**  
**Last 10 Fiscal Years\***

<b>For the year ended December 31,</b>	<b>Proportion of the net pension liability (asset)</b>	<b>Proportionate share of the net pension liability (asset)</b>	<b>Covered Payroll</b>	<b>Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll</b>	<b>Plan fiduciary net position as a percentage of its covered- employee payroll</b>
<b>Noncontributory Retirement System</b>					
2019	0.1108774%	\$ 417,882	\$ 1,041,196	40.13%	93.70%
2018	0.1065160%	784,352	967,623	81.06%	87.00%
2017	0.0896683%	392,864	788,878	49.80%	91.90%
2016	0.0847940%	544,480	746,802	72.91%	87.30%
2015	0.0854994%	483,797	733,807	65.93%	87.80%
2014	0.0830057%	360,430	731,125	50.50%	90.20%
<b>Contributory Retirement System</b>					
2019	0.3756758%	\$ 24,620	\$ 67,318	36.57%	98.60%
2018	0.4834290%	196,177	90,483	216.81%	91.20%
2017	0.4236628%	34,475	85,968	40.10%	98.20%
2016	0.3399872%	111,554	81,576	136.75%	92.90%
2015	0.1829928%	128,617	77,971	164.96%	85.70%
2014	0.1459815%	42,107	78,149	53.90%	94.00%
<b>Public Safety System</b>					
2019	1.0200828%	\$ 506,573	\$ 739,030	68.55%	91.7%
2018	0.953861%	751,639	675,024	111.35%	85.60%
2017	0.8261797%	399,213	602,100	66.30%	90.50%
2016	0.8213653%	511,955	665,432	76.94%	86.10%
2015	0.9095581%	443,820	714,172	62.14%	87.60%
2014	0.8933265%	353,250	661,207	53.40%	89.00%
<b>Tier 2 Public Employees Retirement System</b>					
2019	0.0081280%	\$ 1,828	\$ 112,840	1.62%	96.5%
2018	0.0000997%	4,270	116,756	3.66%	90.8%
2017	0.0123783%	1,091	121,211	0.90%	97.40%
2016	0.0125804%	1,403	103,169	1.36%	95.10%
2015	0.0120101%	(26)	77,596	-0.03%	100.20%
2014	0.0100314%	(304)	49,308	-0.60%	103.50%
<b>Tier 2 Public Safety and Firefighters Retirement System</b>					
2019	0.1432853%	\$ 13,478	\$ 236,154	5.71%	89.6%
2018	0.00167752	4,203	224,841	1.9%	95.6%
2017	0.2487134%	(2,878)	262,477	-1.10%	103.00%
2016	0.1713381%	(1,487)	141,562	-1.05%	103.60%
2015	0.0687667%	(1,005)	40,915	-2.46%	110.70%
2014	0.0471591%	(698)	19,411	-3.60%	120.50%

*\*The 10-year schedule will be built prospectively. The schedule above is only for the years listed.*

**WOODS CROSS CITY  
SCHEDULE OF CONTRIBUTIONS  
UTAH RETIREMENT SYSTEMS**

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory System</b>					
2020	\$ 188,072	\$ 188,072	-	\$ 1,018,257	18.47%
2019	188,722	188,722	-	1,011,559	18.66%
2018	161,977	161,977	-	876,971	18.47%
2017	141,743	141,743	-	767,424	18.47%
2016	136,888	136,888	-	741,337	18.47%
2015	130,808	130,808	-	709,442	18.44%
2014	125,375	125,375	-	726,996	17.25%
<b>Contributory System</b>					
2020	\$ 3,048	\$ 3,048	-	\$ 21,077	14.46%
2019	13,280	13,280	-	91,841	14.46%
2018	12,780	12,780	-	78,705	16.24%
2017	12,231	12,231	-	84,583	14.46%
2016	11,380	11,380	-	74,711	15.23%
2015	11,163	11,163	-	77,198	14.46%
2014	10,357	10,357	-	78,259	13.23%
<b>Public Safety System</b>					
2020	\$ 218,031	\$ 218,031	-	\$ 756,418	28.82%
2019	193,315	193,315	-	706,017	27.38%
2018	160,615	160,615	-	631,597	25.43%
2017	151,587	151,587	-	628,269	24.13%
2016	183,011	183,011	-	705,218	25.95%
2015	178,591	178,591	-	676,235	26.41%
2014	177,091	177,091	-	705,218	25.11%
<b>Tier 2 Public Employees System*</b>					
2020	\$ 23,601	\$ 23,601	-	\$ 150,706	15.66%
2019	15,422	15,422	-	99,238	15.54%
2018	18,781	18,781	-	124,295	15.11%
2017	17,454	17,454	-	117,060	14.91%
2016	12,947	12,947	-	86,826	14.91%
2015	9,617	9,617	-	64,368	14.94%
2014	4,720	4,720	-	33,868	13.94%
<b>Tier 2 Public Safety and Firefighter System</b>					
2020	\$ 56,851	\$ 56,851	-	\$ 270,207	21.04%
2019	45,785	45,785	-	218,025	21.00%
2018	53,735	53,735	-	262,635	20.46%
2017	40,799	40,799	-	200,094	20.39%
2016	15,711	15,711	-	77,778	20.20%
2015	4,699	4,699	-	22,992	20.44%
2014	6,511	6,511	-	31,731	20.52%
<b>Tier 2 Public Safety and Firefighter System</b>					
2020	\$ -	-	-	-	0.00%
2019	-	-	-	-	0.00%
2018	530	530	-	\$ 5,448	9.73%

\*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.

Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

\*The 10-year schedule will be built prospectively. The schedule above is only for the years listed.

**WOODS CROSS CITY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

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

**SUPPLEMENTAL INFORMATION**

**WOODS CROSS CITY  
COMBINING BALANCE SHEET – NONMAJOR  
GOVERNMENTAL FUNDS  
June 30, 2020**

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Subsurface Storm Drain</u>	<u>RAP Tax</u>	<u>Park Development</u>	
<b>Assets</b>				
Cash and cash equivalents	\$ 87,678	\$ -	\$ -	\$ 87,678
Prepays	-	23,770	-	23,770
Restricted assets:				
Cash and cash equivalents	-	870,299	431,620	1,301,919
Receivables	-	70,553	-	70,553
<b>Total Assets</b>	<u>\$ 87,678</u>	<u>\$ 964,622</u>	<u>\$ 431,620</u>	<u>\$ 1,483,920</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 2,900	\$ -	\$ 2,900
<b>Total Liabilities</b>	<u>-</u>	<u>2,900</u>	<u>-</u>	<u>2,900</u>
<b>Fund Balances</b>				
Restricted				
Impact fees	\$ -	\$ -	\$ 431,620	\$ 431,620
RAP tax	-	937,952	-	937,952
Assigned	87,678	23,770	-	111,448
<b>Total Fund Balances</b>	<u>\$ 87,678</u>	<u>\$ 961,722</u>	<u>\$ 431,620</u>	<u>\$ 1,481,020</u>

**WOODS CROSS CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2020**

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Subsurface Storm Drain</u>	<u>RAP Tax</u>	<u>Park Development</u>	
<b>Revenues</b>				
Taxes	\$ -	\$ 351,117	\$ -	\$ 351,117
Interest	1,350	11,235	5,117	17,702
Miscellaneous	100	-	-	100
Impact fees	-	-	178,669	178,669
<b>Total Revenues</b>	<u>1,450</u>	<u>362,352</u>	<u>183,786</u>	<u>547,588</u>
<b>Expenditures</b>				
Parks and recreation	-	30,696	4,760	35,456
<b>Total Expenditures</b>	<u>-</u>	<u>30,696</u>	<u>4,760</u>	<u>35,456</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,450</u>	<u>331,656</u>	<u>179,026</u>	<u>512,132</u>
Balances	1,450	331,656	179,026	512,132
<b>Fund Balance, Beginning</b>	<u>86,228</u>	<u>630,066</u>	<u>252,594</u>	<u>968,888</u>
<b>Fund Balance, Ending</b>	<u>\$ 87,678</u>	<u>\$ 961,722</u>	<u>\$ 431,620</u>	<u>\$ 1,481,020</u>



**WOODS CROSS CITY  
WOODS CROSS, UTAH**

**SUPPLEMENTARY REPORTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**



**Keddington & Christensen, LLC**  
Certified Public Accountants

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**WOODS CROSS CITY  
SUPPLEMENTARY REPORTS  
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**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  
Members of the City Council  
Woods Cross City  
Woods Cross, Utah

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Woods Cross City (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 13, 2020.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 the 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Keddington & Christensen*

Salt Lake City, Utah

November 13, 2020



KEDDINGTON & CHRISTENSEN, CPAS

CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

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

Honorable Mayor and  
Members of the City Council  
Woods Cross City  
Woods Cross, Utah

**Report on Compliance**

We have audited Woods Cross City's (the City) compliance with the applicable general state 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.

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

- Budgetary Compliance
- Fund Balance
- Justice Court
- Restricted Taxes and Related Restricted Revenue
- Open and Public Meetings Act
- Fraud Risk Assessment
- Cash Management
- Tax Levy Revenue Recognition

**Management's Responsibility**

Management is responsible for compliance with the general 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 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 compliance requirements referred to above that could have a direct and material effect on the City 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 of each state compliance requirements referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

**Opinion on Compliance**

In our opinion, Woods Cross 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 an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide*, and which is described in the accompanying Schedule of Findings and Recommendations as 2020-001. Our opinion on compliance is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The City's responses were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

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

*Keddington & Christensen*

Salt Lake City, Utah

November 13, 2020

**WOODS CROSS CITY  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
For The Year Ended June 30, 2020**

**STATE COMPLIANCE**

**2020-001: Budgetary Compliance**

**Finding:**

Per UCA 52-4-202(1)(a)(i), and as outlined in the procedures of the Office of the State Auditor's State Compliance Audit guide, "A public body shall give not less than 24 hours' public notice of each meeting."

During our test work we noted that the November 19, 2019 meeting's notice was posted on the same day as the meeting and did not meet the 24-hour requirement.

**Recommendations:**

We recommend that the City prepare all relevant information and post the required notice not less than 24 hours before the public meeting.

**City Response:**

The City will endeavor to prepare all relevant information and post the required notice not less than 24 hours before the public meeting.