

BLANDING CITY
FINANCIAL STATEMENTS
JUNE 30, 2019

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	15
Statement of Activities	16
FUND FINANCIAL STATEMENTS:	
Balance Sheet – Governmental Funds	17
Governmental Balance Sheet Reconciliation to the Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Position – Proprietary Fund.....	21
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	22
Statement of Cash Flows – Proprietary Fund.....	23
NOTES TO THE FINANCIAL STATEMENTS	24
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):	
Notes to Required Supplementary Information – Budgets	60
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	61
Schedule of the Proportionate Share of the Net Pension Liability.....	63
Schedule of Contributions.....	64
Notes to the Required Supplementary Information – Utah Retirement Systems	65
COMBINING FINANCIAL STATEMENTS AND SCHEDULES:	
Nonmajor Proprietary Funds	67
Combining Balance Sheet – Nonmajor Proprietary Funds	68
Combining Statement of Revenues, Expenditures, and Changes in Net Position - Nonmajor Proprietary Funds	69
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	70

TABLE OF CONTENTS

Page

COMPLIANCE SECTION:

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 <i>Government Auditing Standards</i>	72
Independent Auditor's Report on Compliance and Report on Internal Control over Compliance As Required by the <i>State Compliance Audit Guide</i>	74

Kimball & Roberts

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Blanding City
Blanding, Utah 84511

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 Blanding City as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of Blanding City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Blanding City at June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and Utah Retirement Systems pension liability and contribution information on pages 6 through 13, 60 through 62, and 63 through 65, respectively, be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2019, on our consideration of Blanding City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blanding City's internal control over financial reporting and compliance.

Kimball & Roberts, PC

Certified Public Accountants

August 28, 2019
Richfield, Utah

**BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2019**

This discussion of Blanding City's (City) financial performance provided an overview of the City's financial activities for the year ending June 30, 2019. This report is in conjunction with the City's financial statements.

The purpose of the City is to provide general services to its residents which includes general government, public safety, highways and public improvements, parks and recreation, and airport.

Financial Highlights

- The assets of Blanding City exceeded its liabilities as of the close of the most recent year by \$51,910,927 (net position). Of this amount, \$8,690,079 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the General Fund.
- At the close of the current year, the City's governmental funds reported ending fund balance of \$4,611,185 an increase of \$308,707 in comparison with the prior year. Approximately 43 percent of this total amount, \$1,960,340, is available for spending at the government's discretion (unassigned and assigned fund balances).
- At the end of the current year, unassigned fund balance for the General Fund was \$493,992 or 25 percent of total General Fund expenditures.
- Blanding City's total debt decreased by a net amount of \$132,155 during the current year.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

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

Both of the government-wide financial statements distinguish functions of Blanding City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Blanding City include general government, public safety, highways and public improvements, parks and recreation, and airport. The business-type activities of Blanding City are water, sewer, electric, natural gas, solid waste, storm water operations and the EDA arts and conference center.

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Blanding 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 Blanding City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

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

Blanding City maintains three 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, which is always considered to be a major fund, and the Capital Projects Fund.

BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

Blanding City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

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

Proprietary Funds

Blanding City maintains seven types of proprietary funds. Enterprise funds are used to report the same function presented as *business-type activities* in the government-wide financial statements. A combining statement for these seven funds is shown elsewhere in this report.

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, Sewer, Electric, and Natural Gas Funds, which are all considered to be major funds of Blanding City. There are also three nonmajor funds, Solid Waste, Storm Water, and the EDA Arts and Conference Center.

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

Notes To The Financial Statements

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

Other Information

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

The combining statement referred to earlier in connection with the four major and three nonmajor proprietary funds is presented immediately following the required supplementary information.

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 Blanding City, assets exceeded liabilities by \$51,910,927 at the close of the most recent fiscal year. By far the largest portion of Blanding City's net position (77 percent) reflects its investment in capital position (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, *these assets are not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

Blanding City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 4,873,488	\$ 6,491,657	\$ 8,612,937	\$10,784,069	\$13,486,425	\$17,275,726
Capital Assets	18,216,624	18,681,514	29,627,260	27,773,034	47,843,884	46,454,548
Total Assets	23,090,112	25,173,171	38,240,197	38,557,103	61,330,309	63,730,274
Deferred Outflows of Resources	268,962	255,446	244,662	230,594	513,624	486,040
Long-Term Liabilities	1,909,661	1,816,421	6,727,631	6,986,596	8,637,292	8,803,017
Other Liabilities	193,901	2,123,905	838,785	1,420,279	1,032,686	3,544,184
Total Liabilities	2,103,562	3,940,326	7,566,416	8,406,875	9,669,978	12,347,201
Deferred Inflows of Resources	253,865	422,234	9,163	187,884	263,028	422,234
Net Position:						
Net Investment in Capital Assets	16,816,624	17,140,514	23,021,641	20,690,028	39,838,265	37,830,542
Restricted	2,650,845	1,911,334	731,738	1,728,225	3,382,583	3,639,559
Unrestricted	1,534,178	2,014,209	7,155,901	7,774,685	8,690,079	9,788,894
Total Net Position	\$21,001,647	\$21,066,057	\$30,909,280	\$30,192,938	\$51,910,927	\$51,258,995

A portion of Blanding City's net position (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$8,690,079, may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities

Governmental activities decreased Blanding City's net position by \$64,410.

BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

Blanding City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 497,663	\$ 646,213	\$ 5,722,849	\$ 5,196,763	\$ 6,220,512	\$ 5,842,976
Operating Grants	423,558	360,983	-	-	423,558	360,983
Capital Grants	216,102	2,259,694	-	-	216,102	2,259,694
General Revenues:						
Property Taxes	273,298	263,066	-	-	273,298	263,066
Other Taxes	811,078	807,809	-	-	811,078	807,809
Impact Fees	-	-	14,700	15,125	14,700	15,125
Other	-	73,015	-	-	-	73,015
Loss On Disposition of Capital Asset	-	(42,665)	-	-	-	(42,665)
Unrestricted Investment Earnings	215,400	111,407	97,432	84,287	312,832	195,694
Transfers In (Out)	160,500	-	(160,500)	-	-	-
Total Revenues	2,597,599	4,479,522	5,674,481	5,296,175	8,272,080	9,775,697
Expenses:						
General Government	380,862	201,265	-	-	380,862	201,265
Public Safety	718,449	736,366	-	-	718,449	736,366
Highways and Public Improvements	614,629	491,376	-	-	614,629	491,376
Parks and Recreation	796,676	784,858	-	-	796,676	784,858
Airport	151,393	162,688	-	-	151,393	162,688
Water	-	-	970,174	951,347	970,174	951,347
Sewer	-	-	390,569	346,319	390,569	346,319
Electric	-	-	2,423,779	2,362,168	2,423,779	2,362,168
Natural Gas	-	-	820,663	678,790	820,663	678,790
Solid Waste	-	-	52,220	28,141	52,220	28,141
Storm Water	-	-	164,155	185,598	164,155	185,598
Interest	-	-	136,579	106,570	136,579	106,570
Total Expenses	2,662,009	2,376,553	4,958,139	4,658,933	7,620,148	7,035,486
Increase in Net Position	(64,410)	2,102,969	716,342	637,242	651,932	2,740,211
Net Position - Beginning	21,066,057	18,963,088	30,192,938	29,555,696	51,258,995	48,518,784
Net Position - Ending	\$21,001,647	\$21,066,057	\$30,909,280	\$30,192,938	\$51,910,927	\$51,258,995

BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

* The City received capital grants from the State, Federal and local governments of \$216,102 to assist in the purchase of equipment and construction costs for airports, parks, roads, recreation, and water projects.

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

Business-Type Activities

Business-type activities increased Blanding City's net position by \$716,342, accounting for 110 percent of the total increase in the government's net position. Key elements of this increase are noted on page 10.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the end of the year, Blanding City's governmental funds reported combined ending fund balances of \$4,611,185, an increase of \$308,707 in comparison with the prior year. Approximately 11 percent of this amount, \$493,992, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is *restricted or assigned* to indicate that it is not available for new spending because it has already been restricted for: 1) Debt Service, \$100,000; 2) Public Safety \$29,319; 3) Road Trust Account, \$1,441,906; and 4) Roads, \$1,079,620. Funds were also assigned to Capital Outlay, \$1,465,636 and \$712 to Community Reinvestment Agency.

Proprietary Funds

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

Unrestricted net position of the Water, Sewer, Electric, Natural Gas, Solid Waste, Storm Water and EDA Funds at the end of the year were \$7,155,901. Other factors concerning the finances of these funds has already been addressed in the discussion of the City's business-type activities.

BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

General Fund Budgetary Highlights

There was an increase of \$595,417 from the original to the final budget for the General Fund.

Amounts funded out of prior year unassigned fund balance was \$254,806. During the year, however, actual revenues were less than budgeted revenues by \$581,832, and actual expenditures were less than budgeted expenditures by \$287,026, resulting in a net decrease in fund balance of \$254,806. The difference in projected revenues and expenses is largely due to the timing difference in projects being completed, including grant money being received and the actual expenditures for the projects.

Capital Asset and Debt Administration

Capital Assets

Blanding City's investment in capital assets for all of its governmental and business type activities as of June 30, 2019 was \$47,843,884 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and improvements and infrastructure, which includes highways, sidewalks, curb and gutter, vehicles and construction in progress and all business-type infrastructure.

The total additions in Blanding City's investment in capital assets, governmental activities, for the current year was \$2,778,365.

Blanding City's Capital Assets

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 806,779	\$ 806,779	\$ 665,801	\$ 665,801	\$ 1,472,580	\$ 1,472,580
Water Rights	-	-	1,714,655	1,714,655	1,714,655	1,714,655
Buildings	3,100,940	3,249,451	2,953,620	3,009,357	6,054,560	6,258,808
Improvements and Infrastructure	11,178,903	11,704,775	24,068,214	19,678,766	35,247,117	31,383,541
Vehicles & Equipment	776,872	837,140	216,185	228,883	993,057	1,066,023
Construction in Progress	2,353,130	2,083,369	8,785	2,475,572	2,361,915	4,558,941
Total	\$18,216,624	\$18,681,514	\$29,627,260	\$27,773,034	\$47,843,884	\$46,454,548

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

BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2019

Long -Term Debt

At the end of the current year, Blanding City had total long-term debt outstanding of \$9,299,029. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds), general obligation bonds and notes payable.

Blanding City's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Notes Payable	\$ -	\$ -	\$ 30,854	\$ 35,997	\$ 30,854	\$ 35,997
Revenue Bonds	1,400,000	1,550,000	6,574,765	7,047,009	7,974,765	8,597,009
Net Pension Liability	535,607	308,755	500,867	264,756	1,036,474	573,511
Compensated Absences	124,054	107,666	132,882	117,001	256,936	224,667
Total	\$ 2,059,661	\$ 1,966,421	\$ 7,239,368	\$ 7,464,763	\$ 9,299,029	\$ 9,431,184

State statutes limit the amount of general obligation debt a governmental entity may issue to 4 percent of its total fair market value of taxable property in the City. The maximum general obligation debt allowed is approximately \$3,575,000. The present general obligation debt outstanding is \$0.

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

Request for Information

This financial report is designed to provide a general overview of Blanding 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 Blanding City Manager, 50 West 100 South, Blanding, Utah, 84511.

BASIC FINANCIAL STATEMENTS

BLANDING CITY
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 1,887,086	\$ 7,368,627	\$ 9,255,713
Accounts Receivable (Net)	27,485	512,572	540,057
Property Taxes Receivable	218,402	-	218,402
Due From Other Government Units	89,670	-	89,670
Total Current Assets	<u>2,222,643</u>	<u>7,881,199</u>	<u>10,103,842</u>
Noncurrent Assets:			
Restricted Cash and Investments	2,650,845	731,738	3,382,583
Capital Assets:			
Not Being Depreciated	3,159,909	3,696,856	6,856,765
Net of Accumulated Depreciation	<u>15,056,715</u>	<u>25,930,404</u>	<u>40,987,119</u>
Total Noncurrent Assets	<u>20,867,469</u>	<u>30,358,998</u>	<u>51,226,467</u>
TOTAL ASSETS	<u>23,090,112</u>	<u>38,240,197</u>	<u>61,330,309</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions	<u>268,962</u>	<u>244,662</u>	<u>513,624</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 23,359,074</u>	<u>\$ 38,484,859</u>	<u>\$ 61,843,933</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 38,093	\$ 138,852	\$ 176,945
Accrued Liabilities	5,808	4,501	10,309
Deposits Payable	-	144,123	144,123
Bond Interest Payable	-	39,572	39,572
Loans Payable - Due Within One Year	-	25,143	25,143
Revenue Bonds Payable - Due Within One Year	<u>150,000</u>	<u>484,429</u>	<u>634,429</u>
Total Current Liabilities	<u>193,901</u>	<u>836,620</u>	<u>1,030,521</u>
Noncurrent Liabilities:			
Loans Payable - More Than One Year	-	125,711	125,711
Revenue Bonds Payable - More Than One Year	1,250,000	5,970,336	7,220,336
Net Pension Liability	535,607	500,867	1,036,474
Compensated Absences	<u>124,054</u>	<u>132,882</u>	<u>256,936</u>
Total Noncurrent Liabilities	<u>1,909,661</u>	<u>6,729,796</u>	<u>8,639,457</u>
TOTAL LIABILITIES	<u>2,103,562</u>	<u>7,566,416</u>	<u>9,669,978</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	35,463	9,163	44,626
Unearned Property Taxes	<u>218,402</u>	<u>-</u>	<u>218,402</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>253,865</u>	<u>9,163</u>	<u>263,028</u>
NET POSITION			
Net Investment in Capital Assets	16,816,624	23,021,641	39,838,265
Restricted For:			
Bond Retirement	100,000	203,378	303,378
Capital Projects	-	520,516	520,516
Impact Fees	-	7,844	7,844
Roads	1,079,620	-	1,079,620
Public Safety - Courts	29,319	-	29,319
Road Trust Account	1,441,906	-	1,441,906
Unrestricted	<u>1,534,178</u>	<u>7,155,901</u>	<u>8,690,079</u>
TOTAL NET POSITION	<u>21,001,647</u>	<u>30,909,280</u>	<u>51,910,927</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 23,359,074</u>	<u>\$ 38,484,859</u>	<u>\$ 61,843,933</u>

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

BLANDING CITY
STATEMENT OF ACTIVITIES
For The Fiscal Year Ended June 30, 2019

Function/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government	\$ 380,862	\$ 216,359	\$ 46,368	\$ -	\$ (118,135)	\$ (118,135)
Public Safety	718,449	-	9,268	-	(709,181)	(709,181)
Highways and Public Improvements	614,629	-	338,012	-	(276,617)	(276,617)
Parks and Recreation	796,676	248,903	29,910	-	(517,863)	(517,863)
Airport	151,393	32,401	-	216,102	97,110	97,110
Total Governmental Activities	2,662,009	497,663	423,558	216,102	(1,524,686)	(1,524,686)
Business-Type Activities:						
Water	1,004,955	766,657	-	-	(238,298)	(238,298)
Sewer	425,285	520,400	-	-	95,115	95,115
Electric	2,453,984	2,925,384	-	-	471,400	471,400
Natural Gas	833,321	1,139,027	-	-	305,706	305,706
Storm Water	52,220	142,709	-	-	90,489	90,489
Solid Waste	188,374	228,672	-	-	40,298	40,298
Total Business-Type Activities	4,958,139	5,722,849	-	-	764,710	764,710
Total Primary Government	\$ 7,620,148	\$ 6,220,512	\$ 423,558	\$ 216,102	(1,524,686)	(759,976)
General Revenues:						
Property Taxes					273,298	273,298
Sales Taxes					759,896	759,896
Room Tax					38,491	38,491
Franchise Taxes					12,691	12,691
Impact Fees					-	-
Unrestricted Investment Earnings					14,700	14,700
Transfers In (Out)					97,432	97,432
					(160,500)	(160,500)
Total General Revenues and Transfers					1,460,276	1,411,908
Change in Net Position					(64,410)	651,932
Net Position - Beginning					21,066,057	51,258,995
Net Position - Ending					\$ 21,001,647	\$ 51,910,927

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

**BLANDING CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

	General Fund	Capital Projects Fund	Non-Major Fund Community Reinvestment Agency Fund	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 2,411,751	\$ 2,125,468	\$ 712	\$ 4,537,931
Accounts Receivable	27,485	-	-	27,485
Property Taxes Receivable	218,402	-	-	218,402
Due From Other Government Units	89,452	218	-	89,670
TOTAL ASSETS	<u>\$ 2,747,090</u>	<u>\$ 2,125,686</u>	<u>\$ 712</u>	<u>\$ 4,873,488</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 38,093	\$ -	\$ -	\$ 38,093
Accrued Liabilities	5,808	-	-	5,808
Total Liabilities	<u>43,901</u>	<u>-</u>	<u>-</u>	<u>43,901</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Property Taxes	218,402	-	-	218,402
FUND BALANCES				
Restricted For:				
Public Safety-Courts	29,319	-	-	29,319
Road Trust Account	1,441,906	-	-	1,441,906
Roads	419,570	660,050	-	1,079,620
Debt Service	100,000	-	-	100,000
Assigned For:				
Capital Outlay	-	1,465,636	-	1,465,636
CRA Fund	-	-	712	712
Unassigned:				
General Fund	493,992	-	-	493,992
Total Fund Balance	<u>2,484,787</u>	<u>2,125,686</u>	<u>712</u>	<u>4,611,185</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,747,090</u>	<u>\$ 2,125,686</u>	<u>\$ 712</u>	<u>\$ 4,873,488</u>

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

BLANDING CITY
GOVERNMENTAL BALANCE SHEET RECONCILIATION TO THE STATEMENT OF NET POSITION
June 30, 2019

Total Fund Balances - Governmental Fund Types \$ 4,611,185

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

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

Land	\$ 806,779	
Buildings	3,100,940	
Improvements Other than Buildings	11,178,903	
Equipment	776,872	
Construction In Progress	<u>2,353,130</u>	
Total		18,216,624

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

Deferred Outflows of Resources Related to Pensions	<u>\$ 268,962</u>	
Total Pension Assets and Deferred Outflows of Resources		268,962

To recognize obligations associated with pension liabilities which are not current obligations and not recorded in the fund statements:

Net Pension Liability	\$ (535,607)	
Deferred Inflows of Resources Related to Pensions	<u>(35,463)</u>	
Total Pension Liability and Deferred Inflows of Resources		(571,070)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Sales Tax Revenue Bonds	\$ (1,100,000)	
CIB Street Revenue Bonds	(300,000)	
Compensated Absences	<u>(124,054)</u>	
Total		<u>(1,524,054)</u>

Net Position of Government Activities \$21,001,647

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

BLANDING CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Fiscal Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Non-Major Fund Community Reinvestment Agency Fund	Total
Revenues:				
Taxes	\$ 1,084,376	\$ -	\$ -	\$ 1,084,376
Licenses and Permits	50,054	-	-	50,054
Intergovernmental Revenue	423,558	216,102	-	639,660
Charges for Services	32,401	-	-	32,401
Fines and Forfeitures	103,997	-	-	103,997
Interest	215,400	-	-	215,400
Wellness Center	202,571	-	-	202,571
Miscellaneous Revenues	108,640	-	-	108,640
Total Revenues	2,220,997	216,102	-	2,437,099
Expenditures:				
Current:				
General Government	284,489	-	15,288	299,777
Public Safety	730,671	-	-	730,671
Highways and Public Improvements	141,962	67,756	-	209,718
Parks and Recreation	655,158	16,421	-	671,579
Airport	3,652	223,495	-	227,147
Debt Service - Principal	150,000	-	-	150,000
Capital Outlay	-	-	-	-
Total Expenditures	1,965,932	307,672	15,288	2,288,892
Excess Revenues Over (Under) Expenditures	255,065	(91,570)	(15,288)	148,207
Other Sources (Uses):				
Transfers In	160,500	-	-	160,500
Transfers (Out)	(670,371)	654,371	16,000	-
Total Other Sources (Uses)	(509,871)	654,371	16,000	160,500
Increase (Decrease) In Fund Balance	(254,806)	562,801	712	308,707
Fund Balance - Beginning	2,739,593	1,562,885	-	4,302,478
Fund Balance - Ending	<u>\$ 2,484,787</u>	<u>\$ 2,125,686</u>	<u>\$ 712</u>	<u>\$ 4,611,185</u>

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

BLANDING CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Fiscal Year Ended June 30, 2019

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 308,707
---	------------

The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown on the fund statements.	(41,839)
---	----------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	\$ 335,133	
Depreciation Expense	<u>(800,023)</u>	
Total		(464,890)

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

Principal payment on Bonds	\$ 150,000	
Increase in Compensated Absences	<u>(16,388)</u>	
Total		<u>133,612</u>

Changes In Net Position of Governmental Activities	<u>\$ (64,410)</u>
--	--------------------

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

BLANDING CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Water Fund	Sewer Fund	Electric Fund	Natural Gas Fund	Nonmajor Funds	Total
ASSETS:						
Current Assets:						
Cash and Investments	\$ 1,717,232	\$ 1,312,133	\$ 3,546,140	\$ -	\$ 793,122	\$ 7,368,627
Accounts Receivable	81,468	55,831	249,494	83,829	41,950	512,572
Due From Other Funds	-	-	236,115	-	-	236,115
Total Current Assets	<u>1,798,700</u>	<u>1,367,964</u>	<u>4,031,749</u>	<u>83,829</u>	<u>835,072</u>	<u>8,117,314</u>
Noncurrent Assets:						
Cash and Investments - Restricted	649,223	82,515	-	-	-	731,738
Capital Assets:						
Not Being Depreciated	1,987,442	97,552	299,635	-	1,312,227	3,696,856
Net of Accumulated Depreciation	13,740,570	4,856,861	3,786,855	2,928,849	617,269	25,930,404
Total Noncurrent Assets	<u>16,377,235</u>	<u>5,036,928</u>	<u>4,086,490</u>	<u>2,928,849</u>	<u>1,929,496</u>	<u>30,358,998</u>
TOTAL ASSETS	<u>18,175,935</u>	<u>6,404,892</u>	<u>8,118,239</u>	<u>3,012,678</u>	<u>2,764,568</u>	<u>38,476,312</u>
Deferred Outflows of Resources	61,504	56,686	76,727	46,493	3,252	244,662
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 18,237,439</u>	<u>\$ 6,461,578</u>	<u>\$ 8,194,966</u>	<u>\$ 3,059,171</u>	<u>\$ 2,767,820</u>	<u>\$ 38,720,974</u>
LIABILITIES:						
Current Liabilities:						
Accounts Payable	\$ 5,378	\$ 1,904	\$ 121,377	\$ 2,950	\$ 7,243	\$ 138,852
Accrued Liabilities	-	-	3,519	982	-	4,501
Due to Other Funds	-	-	-	236,115	-	236,115
Deposits Payable	-	-	144,123	-	-	144,123
Accrued Interest Payable	17	30,706	6,968	1,613	268	39,572
Note Pay. - Due Within One Year	25,143	-	-	-	-	25,143
Bonds Pay. - Due Within One Year	82,429	31,000	128,000	225,000	18,000	484,429
Total Current Liabilities	<u>112,967</u>	<u>63,610</u>	<u>403,987</u>	<u>466,660</u>	<u>25,511</u>	<u>1,072,735</u>
Noncurrent Liabilities:						
Note Pay. - More Than One Year	125,711	-	-	-	-	125,711
Bonds Pay. - More Than One Year	1,748,336	2,914,000	1,019,000	-	289,000	5,970,336
Net Pension Liability	132,643	113,805	152,113	90,695	11,611	500,867
Compensated Absences	34,922	32,669	36,743	25,830	2,718	132,882
Total Noncurrent Liabilities	<u>2,041,612</u>	<u>3,060,474</u>	<u>1,207,856</u>	<u>116,525</u>	<u>303,329</u>	<u>6,729,796</u>
TOTAL LIABILITIES	<u>2,154,579</u>	<u>3,124,084</u>	<u>1,611,843</u>	<u>583,185</u>	<u>328,840</u>	<u>7,802,531</u>
Deferred Inflows of Resources	507	3,565	4,468	1,092	(469)	9,163
NET POSITION:						
Net Investment in Capital Assets	13,746,393	2,009,413	2,939,490	2,703,849	1,622,496	23,021,641
Restricted for:						
Bond Reserves	123,169	80,209	-	-	-	203,378
Capital Projects	520,516	-	-	-	-	520,516
Impact Fees	5,538	2,306	-	-	-	7,844
Unrestricted	1,686,737	1,242,001	3,639,165	(228,955)	816,953	7,155,901
TOTAL NET POSITION	<u>16,082,353</u>	<u>3,333,929</u>	<u>6,578,655</u>	<u>2,474,894</u>	<u>2,439,449</u>	<u>30,909,280</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 18,237,439</u>	<u>\$ 6,461,578</u>	<u>\$ 8,194,966</u>	<u>\$ 3,059,171</u>	<u>\$ 2,767,820</u>	<u>\$ 38,720,974</u>

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

BLANDING CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For The Fiscal Year Ended June 30, 2019

	Water Fund	Sewer Fund	Electric Fund	Natural Gas Fund	Nonmajor Funds	Total
Operating Revenues:						
Charges for Sales and Services:						
Water	\$ 724,233	\$ -	\$ -	\$ -	\$ -	\$ 724,233
Sewer	-	497,372	-	-	-	497,372
Electric	-	-	2,747,922	-	-	2,747,922
Natural Gas	-	-	-	1,112,340	-	1,112,340
Sanitation	-	-	-	-	228,672	228,672
Storm Water	-	-	-	-	142,709	142,709
Connection Fees	10,610	3,050	14,250	19,375	-	47,285
Other	31,814	19,978	163,212	7,312	-	222,316
Total Operating Revenues	766,657	520,400	2,925,384	1,139,027	371,381	5,722,849
Operating Expenses:						
Salaries	190,161	176,347	218,108	132,936	16,902	734,454
Fringe Benefits	77,757	67,127	79,047	48,923	4,864	277,718
Power and Gas Purchases	-	-	1,544,378	472,839	-	2,017,217
Water Purchases	21,701	-	-	-	-	21,701
Materials and Supplies	59,007	40,731	301,198	31,972	1,173	434,081
Utilities	49,190	8,045	6,589	465	-	64,289
Insurance	7,000	9,000	31,379	8,000	1,500	56,879
Professional and Technical	12,197	(1,060)	42,144	6,772	169,895	229,948
Other	2,389	-	23,468	675	-	26,532
Depreciation	539,319	80,707	164,132	110,079	21,020	915,257
Total Operating Expenses	958,721	380,897	2,410,443	812,661	215,354	4,778,076
Operating Income	(192,064)	139,503	514,941	326,366	156,027	944,773
Nonoperating Revenues (Expenses):						
Interest Expense	(34,781)	(34,716)	(30,205)	(12,658)	(24,219)	(136,579)
Impact Fees	12,200	2,500	-	-	-	14,700
Interest Earned	39,375	28,086	17,247	12,724	-	97,432
Transfer to Other Funds	(24,000)	(9,000)	(90,000)	(30,000)	(7,500)	(160,500)
Benefit Expense GASB 68	34,086	28,791	39,713	23,829	3,029	129,448
Pension Expense GASB 68	(45,539)	(38,463)	(53,049)	(31,831)	(4,050)	(172,932)
Total Nonoperating Revenues (Expenses)	(18,659)	(22,802)	(116,294)	(37,936)	(32,740)	(228,431)
Change in Net Position	(210,723)	116,701	398,647	288,430	123,287	716,342
Net Position - Beginning	16,293,076	3,217,228	6,180,008	2,186,464	2,316,162	30,192,938
Net Position - Ending	\$16,082,353	\$3,333,929	\$6,578,655	\$2,474,894	\$2,439,449	\$30,909,280

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

BLANDING CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2019

	Water Fund	Sewer Fund	Electric Fund	Natural Gas Fund	Nonmajor Funds	Total
Cash Flows From Operating Activities:						
Receipts From Customers	\$ 781,927	\$ 512,557	\$ 2,918,379	\$ 1,111,454	\$ 365,028	\$ 5,689,345
Payments to Suppliers	(151,028)	(54,478)	(2,544,932)	(547,572)	(180,035)	(3,478,045)
Payments to Employees	(267,917)	(243,474)	(297,155)	(181,859)	(20,266)	(1,010,671)
Net Cash Provided by Operating Activities	<u>362,982</u>	<u>214,605</u>	<u>76,292</u>	<u>382,023</u>	<u>164,727</u>	<u>1,200,629</u>
Cash Flows from Noncapital Financing Activities:						
Due to Other Funds	-	-	347,733	236,115	-	583,848
Due (From) Other Funds	-	-	(236,115)	(347,733)	-	(583,848)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>111,618</u>	<u>(111,618)</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:						
Impact Fees	12,200	2,500	-	-	-	14,700
Transfer to Other Funds	(24,000)	(9,000)	(90,000)	(30,000)	(7,500)	(160,500)
Capital Asset Additions	(36,282)	(2,771,009)	(2,331,380)	(101,986)	-	(5,240,657)
Construction In Progress	(104)	372,236	2,015,677	87,978	(4,612)	2,471,175
Revenue Bond Proceeds	-	1,288,000	-	-	323,000	1,611,000
Interest Payment on Long-Term Debt	(34,799)	(6,014)	(30,983)	(14,121)	(23,951)	(109,868)
Principal Payment on Long-Term Debt	(106,907)	(13,000)	(128,000)	(225,000)	(327,480)	(800,387)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(189,892)</u>	<u>(1,136,287)</u>	<u>(564,686)</u>	<u>(283,129)</u>	<u>(40,543)</u>	<u>(2,214,537)</u>
Cash Flows from Investing Activities:						
Interest Earned on Investments	39,375	28,086	17,247	12,724	-	97,432
Net Cash Provided from Investing Activities	<u>39,375</u>	<u>28,086</u>	<u>17,247</u>	<u>12,724</u>	<u>-</u>	<u>97,432</u>
Increase (Decrease) Cash and Investments	212,465	(893,596)	(359,529)	-	124,184	(916,476)
Cash and Investments - Beginning	2,153,990	2,288,244	3,905,669	-	668,938	9,016,841
Cash and Investments - Ending	<u>\$ 2,366,455</u>	<u>\$ 1,394,648</u>	<u>\$ 3,546,140</u>	<u>\$ -</u>	<u>\$ 793,122</u>	<u>\$ 8,100,365</u>
Reconciliation of Oper. Income to Net Cash Provided By Operating Activities:						
Operating Income (Loss)	\$ (192,064)	\$ 139,503	\$ 514,941	\$ 326,367	\$ 156,026	\$ 944,773
Adjustment to Reconcile Oper. Income To Net Cash Prov. By Oper. Activities:						
Depreciation	539,319	80,707	164,132	110,079	21,020	915,257
Increase (Decr.) in Operating Assets:						
Accounts Receivable	15,270	(7,843)	(7,005)	(27,574)	(6,353)	(33,505)
Accounts Payable	(4,762)	(537)	(602,321)	(27,350)	(5,728)	(640,698)
Accrued Liabilities	-	-	2,451	(3,530)	-	(1,079)
Compensated Absences	5,219	2,775	4,094	4,031	(238)	15,881
Total Adjustments	<u>555,046</u>	<u>75,102</u>	<u>(438,649)</u>	<u>55,656</u>	<u>8,701</u>	<u>255,856</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 362,982</u>	<u>\$ 214,605</u>	<u>\$ 76,292</u>	<u>\$ 382,023</u>	<u>\$ 164,727</u>	<u>\$ 1,200,629</u>

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2019.

The following is a summary of the more significant policies:

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The government reports the following major governmental funds:

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

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital improvements not being financed by proprietary or nonexpendable trust funds.

The government reports the following non-major governmental fund:

The Community Reinvestment Agency of Blanding City is governed by a six member board, comprised of the Mayor and Five City Council members. The entities purpose is to promote urban renewal, economic development, community development, or any combination of them in certain areas of the City. Activities for the Agency are blended with the City's special revenue funds, but separate financial statements are not issued or required for the Agency.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government reports the following major proprietary funds:

The Water, Sewer, Electric, Natural Gas, Solid Waste, Storm Water, and EDA Arts Funds account for the activities of the City. 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 utility funds are charges to customers for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments:

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

Cash and Investments:

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

Capital Assets:

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Water System	40 - 75 Years
Buildings	40 - 57 Years
Machinery and Equipment	10 - 15 Years
Furniture and Fixtures	10 - 20 Years
Vehicles	5 - 10 Years

Long-Term Obligations:

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

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

Equity Classifications:

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

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

E. Use of Estimates:

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

F. Property Taxes:

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting:

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

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

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

H. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one type of item that qualifies for reporting in this category, deferred outflows as relating to pensions as described in Note 12.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. The City reports unavailable revenues from property taxes and deferred inflows as relating to pensions as described in Note 12. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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.

J. Date of Subsequent Event Evaluation

Blanding City's subsequent events have been evaluated through the day of the financial statement issuance of August 28, 2019.

Deposits:

Deposits and Investments are carried at amortized cost, which approximates fair value. A reconciliation of cash and investments at June 30, 2019, as shown on the financial statements is as follows:

	<u>Carrying at Fair Value</u>
Cash on Hand	\$ 1,412
Demand Deposits	1,015,887
Investments - PTIF	<u>11,620,997</u>
Total Cash and Investments	<u><u>\$12,638,296</u></u>
Governmental Activities - Unrestricted	\$ 1,887,086
Governmental Activities - Restricted	2,650,845
Business-Type Activities - Unrestricted	7,368,627
Business-Type Activities - Restricted	<u>731,738</u>
Total Cash and Investments	<u><u>\$12,638,296</u></u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2019, \$806,563 of the City's bank balances of \$1,057,080 was uninsured and uncollateralized.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments:

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

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

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

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

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

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Fair Value of Investments

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

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

At June 30, 2019, the City had the following recurring fair value measurements:

<u>Investments By Fair Value Level</u>	June 30, 2019	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities:				
Public Treasurers'				
Investment Fund	<u>\$11,668,967</u>	<u>\$ -</u>	<u>\$11,668,967</u>	<u>\$ -</u>
 Total Investments - Fair Value Level	 <u>\$11,668,967</u>	 <u>\$ -</u>	 <u>\$11,668,967</u>	 <u>\$ -</u>

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

- * Utah Public Treasurers' Investment Fund: application of the June 30, 2019 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

Interest Rate Risk

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2019, the City's investments had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Public Treasurers' Investment Fund	\$11,668,967	\$11,668,967	\$ -	\$ -	\$ -
Total	\$11,668,967	\$11,668,967	\$ -	\$ -	\$ -

Credit Risk

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

At June 30, 2019, the City's investments had the following quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Public Treasurers' Investment Fund	\$11,668,967	\$ -	\$ -	\$ -	\$11,668,967
Total	\$11,668,967	\$ -	\$ -	\$ -	\$11,668,967

Concentration of Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The city does not have a formal policy for custodial credit risk. As of June 30, 2019, the City had \$11,668,967 in debt security investments, level 2, which were held by the investment's counterparty. The City places no other limits on the amount of investments to be held by counterparties.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 806,779	\$ -	\$ -	\$ 806,779
Construction In Progress	2,083,369	347,481	77,720	2,353,130
Total Capital Assets Not Being Depreciated	2,890,148	347,481	77,720	3,159,909
Capital Assets Being Depreciated:				
Buildings	4,654,121	-	-	4,654,121
Improvements	19,413,031	16,420	-	19,429,451
Equipment	2,583,725	48,952	-	2,632,677
Total Capital Assets Being Depreciated	26,650,877	65,372	-	26,716,249
Less Accumulated Depreciation For:				
Buildings	1,404,670	148,511	-	1,553,181
Improvements	7,708,256	542,292	-	8,250,548
Equipment	1,746,585	109,220	-	1,855,805
Total Accumulated Depreciation	10,859,511	800,023	-	11,659,534
Total Capital Assets Being Depreciated (Net)	15,791,366	(734,651)	-	15,056,715
Governmental Activities Capital Assets, Net	\$18,681,514	\$ (387,170)	\$ 77,720	\$18,216,624

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 3 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 665,801	\$ -	\$ -	\$ 665,801
Water Stock	1,714,655	-	-	1,714,655
Construction In Progress	2,475,572	3,044,128	5,510,915	8,785
Total Capital Assets Not Being Depreciated	4,856,028	3,044,128	5,510,915	2,389,241
Capital Assets Being Depreciated:				
Buildings	3,789,280	-	1	3,789,279
Utility Systems	33,655,383	5,199,022	1	38,854,404
Equipment	1,607,428	37,251	-	1,644,679
Total Capital Assets Being Depreciated	39,052,091	5,236,273	2	44,288,362
Less Accumulated Depreciation For:				
Buildings	779,923	55,735	(1)	835,659
Utility Systems	13,976,617	809,574	1	14,786,190
Equipment	1,378,545	49,948	(1)	1,428,494
Total Accumulated Depreciation	16,135,085	915,257	(1)	17,050,343
Total Capital Assets Being Depreciated (Net)	22,917,006	4,321,016	3	27,238,019
Business-Type Activities Capital Assets, Net	27,773,034	7,365,144	5,510,918	29,627,260
Total Assets - Government Wide	\$46,454,548	\$ 6,977,974	\$ 5,588,638	\$47,843,884

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 3 - CAPITAL ASSETS (CONTINUED)

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

	Governmental Activities
General Government	\$ 22,858
Public Safety	36,729
Highways and Public Improvements	404,911
Parks and Recreation	187,784
Airport	147,741
Total Depreciation Expense	\$ 800,023

NOTE 4 - NATURAL GAS SYSTEM

The number of properties connected to the natural gas system at June 30, 2019, was 1,178. The number of unconnected homes within the City limits was 521 and the number of applications for natural gas service on hand was 0.

Because of the volatility of the natural gas markets and country wide energy crisis, the Blanding City Council passed a resolution approving rate adjustments to match the changing markets to maintain a mark-up of \$5.00 per dekatherm over City costs. The rate at the end of the year was \$0.7681 per therm.

NOTE 5 - LONG TERM DEBT

Governmental Long-Term Debt
Sales Tax Revenue Bond, Series 2009:

The City issued \$1,500,000 of Sales Tax Revenue Bonds, Series 2009 to be used in the construction of a Wellness Center. Bonds are secured by sales tax revenues. The Bonds are interest free and require annual principal payments of \$50,000, starting July 1, 2012 and ending July 1, 2041.

The following is a summary of debt service charges for the Sales Tax Revenue Bond, Series 2009:

	Principal	Interest	Total
July 1,			
2019	\$ 50,000	\$ -	\$ 50,000
2020	50,000	-	50,000
2021	50,000	-	50,000
2022	50,000	-	50,000
2023	50,000	-	50,000
2024-2028	250,000	-	250,000
2029-2033	250,000	-	250,000
2037-2038	250,000	-	250,000
2039-2041	100,000	-	100,000
	\$ 1,100,000	\$ -	\$ 1,100,000

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)
CIB Street Bonds, Series 2013:

The City issued \$1,000,000 of Street Bonds, Series 2013, to be used on city streets. The bonds are interest free and require annual principal payments of \$100,000 beginning January 1, 2013, and ending January 1, 2022. The bonds are secured by an Interlocal Contract with San Juan Transportation Special Service District that has agreed to pay the City \$100,000 per year for ten years to enable the City to make the debt service payment on the bonds.

The following is a summary of debt service charges for the CIB Street Bonds, Series 2013:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
January 1,			
2020	\$ 100,000	\$ -	\$ 100,000
2021	100,000	-	100,000
2022	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>

The following is a summary of debt service charges for Governmental Long-Term Debt:

	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 50,000	\$ -	\$ 50,000
2020	150,000	-	150,000
2021	150,000	-	150,000
2022	150,000	-	150,000
2023	50,000	-	50,000
2024-2028	250,000	-	250,000
2029-2033	250,000	-	250,000
2037-2038	250,000	-	250,000
2039-2041	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>\$ 1,400,000</u>	<u>\$ -</u>	<u>\$ 1,400,000</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

Business-Type Long-Term Debt

Water System:

Water Revenue Bonds constitute special obligations of the City, solely secured by a lien on and pledge of the net revenues of the water system. The revenue bonds are collateralized by the revenue of the water system and various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. The ordinances also contain certain provisions which require the City to maintain pledged revenues, as defined in the ordinances, for each year of at least 1.25 times the average annual debt service requirements. For fiscal year 2019, the "pledged revenues" were 5.62 times the average annual debt service. Therefore, the City was in compliance with this covenant. The ordinances also contain provisions which, along with other items, restrict the issuance of additional revenue bonds unless the sinking reserve funds contain the required amounts and the pledged revenues are equal or greater than 1.25 times the average annual debt service requirements after giving effect to the issuance of the proposed additional bonds.

1983 San Juan Water Conservancy District Agreement:

During December of 1983, the City entered into an agreement with the San Juan Water Conservancy District for the perpetual right to 500 acre feet of District water per water year from the Recapture Dam Project. The terms of the agreement require payment of \$20,000 per year from the City with no interest. The balance at year end was \$120,000.

The following is a summary of debt service charges to maturity:

	Principal	Interest	Total
2020	\$ 20,000	\$ -	\$ 20,000
2021	20,000	-	20,000
2022	20,000	-	20,000
2023	20,000	-	20,000
2024	20,000	-	20,000
2025	20,000	-	20,000
	\$ 120,000	\$ -	\$ 120,000
Total			

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

1997 Contract with San Juan Water Conservancy District:

During fiscal year 1997, the City entered into a long-term contract in the amount of \$144,000, in connection with the purchase of 300 acre feet of water from the San Juan County Conservancy District. The contract is non-interest bearing and is payable in 28 annual installments of \$5,143. The contract matures in 2025. The balance at year end was \$30,854.

The following is a summary of debt service charges to maturity:

	Principal	Interest	Total
2020	\$ 5,143	\$ -	\$ 5,143
2021	5,143	-	5,143
2022	5,143	-	5,143
2023	5,143	-	5,143
2024	5,143	-	5,143
2025	5,139	-	5,139
Total	\$ 30,854	\$ -	\$ 30,854

1999 Drinking Water Board Bonds:

During July of 1999, the City issued Water Revenue Bonds in the amount of \$200,000 for the purpose of construction of a two (2) million gallon water tank and distribution lines. The bonds require yearly payments of \$10,000 for twenty (20) years with interest at the rate of .33%. The balance at year end was \$10,000.

The following is a summary of debt service charges to maturity:

	Principal	Interest	Total
2020	\$ 10,000	\$ 33	\$ 10,033
Total	\$ 10,000	\$ 33	\$ 10,033

USDA 2009 Parity Water Revenue Bonds:

During 2009 the City issued \$266,000 of 2009 Parity Water Revenue Bonds through the United States Department of Agriculture. The bonds have an interest rate of 4.25%. Monthly payments of \$1,166 begin August 1, 2012 and mature June 1, 2049. The balance at year end was \$236,931.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of debt service charges for the 2009 USDA Parity Water Revenue Bonds:

	Principal	Interest	Total
2020	\$ 4,000	\$ 9,992	\$ 13,992
2021	4,173	9,819	13,992
2022	4,354	9,638	13,992
2023	4,543	9,449	13,992
2024	4,739	9,253	13,992
2025-2029	26,963	42,997	69,960
2030-2034	33,333	36,627	69,960
2035-2039	41,211	28,749	69,960
2040-2044	50,949	19,011	69,960
2045-2049	62,666	7,294	69,960
	<u>\$ 236,931</u>	<u>\$ 182,829</u>	<u>\$ 419,760</u>

USDA 2012A Parity Water Revenue Bonds:

During 2012 Blanding City issued \$686,000 of 2012A Parity Water Revenue Bonds through the United States Department of Agriculture for the purpose of financing water improvements and \$485,000 was used to replace existing debt of \$504,413. The bond requires monthly payments of \$2,491 for 437 months with a 3.375% interest rate. The bonds mature May 19, 2049. The balance at year end was \$608,713.

The following is a summary of debt service charges for 2012A USDA Parity Water Revenue Bonds:

	Principal	Interest	Total
2020	\$ 13,319	\$ 16,573	\$ 29,892
2021	13,691	16,201	29,892
2022	14,071	15,821	29,892
2023	14,464	15,428	29,892
2024	14,866	15,026	29,892
2025-2029	80,777	68,683	149,460
2030-2034	92,670	56,790	149,460
2035-2039	106,312	43,148	149,460
2040-2044	121,964	27,496	149,460
2045-2049	136,579	12,881	149,460
	<u>\$ 608,713</u>	<u>\$ 288,047</u>	<u>\$ 896,760</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

USDA 2012B Parity Water Revenue Bonds:

During 2012 the City issued \$74,000 of 2012B Parity Water Revenue Bonds for the purpose of improving the City's water system. The bonds require monthly payments of \$269 for 436 months with a 3.00% interest rate. The bonds mature April 19, 2049. Balance at year end was \$65,638.

The following is a summary of debt service charges for 2012B USDA Parity Water Revenue Bonds:

	Principal	Interest	Total
2020	\$ 1,441	\$ 1,787	\$ 3,228
2021	1,481	1,747	3,228
2022	1,522	1,706	3,228
2023	1,565	1,663	3,228
2024	1,608	1,620	3,228
2025-2029	8,739	7,401	16,140
2030-2034	10,026	6,114	16,140
2035-2039	11,502	4,638	16,140
2040-2044	13,195	2,945	16,140
2045-2049	14,559	1,581	16,140
	\$ 65,638	\$ 31,202	\$ 96,840

CIB Parity Water Revenue Bond, Series 2012A:

On September 11, 2012, the City issued \$250,000 of Parity Water Revenue Bonds, Series 2012A with 0% interest. The bonds were purchased by the Utah Permanent Community Impact Fund Board. Bonds are secured by the water revenues of the City. Bonds are payable annually on October 1 of each year beginning October 1, 2013 and continuing until October 1, 2032. A reserve fund of \$13,000 is required to be funded over 72 months, beginning December 2013. The balance of the reserve fund at June 30, 2019 is \$10,961.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of debt service charges for the 2012A CIB Parity Water Revenue Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1,			
2020	\$ 12,000	\$ -	\$ 12,000
2021	12,000	-	12,000
2022	12,000	-	12,000
2023	12,000	-	12,000
2024	13,000	-	13,000
2025-2029	65,000	-	65,000
2030-2033	52,000	-	52,000
	<u>\$ 178,000</u>	<u>\$ -</u>	<u>\$ 178,000</u>

CIB Parity Water Revenue Bonds, 2013A:

On April 18, 2013, the City issued \$750,000 of Parity Water Revenue Bonds, Series 2013A with 0% interest. The bonds were purchased by the Utah Permanent Community Fund Board. The bonds are secured by the water revenues of the City. The bonds are payable annually on April 1 of each year beginning April 1, 2014 and continuing until April 1, 2033. A reserve fund of \$38,000 is required to be funded over 72 months beginning May of 2014. The balance of the reserve fund at June 30, 2019 is \$38,000.

The following is a summary of debt service charges for the 2013A CIB Parity Water Revenue Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1,			
2020	\$ 38,000	\$ -	\$ 38,000
2021	38,000	-	38,000
2022	38,000	-	38,000
2023	38,000	-	38,000
2024	38,000	-	38,000
2025-2029	190,000	-	190,000
2030-2033	142,000	-	142,000
	<u>\$ 522,000</u>	<u>\$ -</u>	<u>\$ 522,000</u>

CIB Parity Water Revenue Bonds, Series 2014:

On March 14, 2014, the City issued \$224,000 of Parity Water Revenue Bonds, Series 2014 with 3.5% interest. The bonds were purchased by the Utah Permanent Community Fund Board. The bonds are secured by the water revenues of the City. The bonds are payable monthly beginning April 14, 2015 and ending February 14, 2054. A reserve fund of \$9,384 is required to be funded over 72 months beginning May of 2014. The balance of the reserve fund at June 30, 2019 is \$9,384.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of debt service charges for the 2014 CIB Parity Water Revenue Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,669	\$ 5,715	\$ 9,384
2021	3,772	5,612	9,384
2022	3,876	5,508	9,384
2023	3,985	5,399	9,384
2024	4,095	5,289	9,384
2025-2029	22,253	24,667	46,920
2030-2034	25,528	21,392	46,920
2035-2039	29,287	17,633	46,920
2040-2044	33,599	13,321	46,920
2045-2049	38,545	8,375	46,920
2050-2054	40,874	6,046	46,920
	<u>\$ 209,483</u>	<u>\$ 118,957</u>	<u>\$ 328,440</u>

The Water Revenue and Parity Revenue Bonds are secured by revenues from water sales.

The following is a summary of total debt service charges for the water system:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 107,572	\$ 34,100	\$ 141,672
2021	98,260	33,379	131,639
2022	98,966	32,673	131,639
2023	99,700	31,939	131,639
2024	101,451	31,188	132,639
2025-2029	418,871	143,748	562,619
2030-2034	355,557	120,923	476,480
2035-2039	188,312	94,168	282,480
2040-2044	219,707	62,773	282,480
2045-2049	252,349	30,131	282,480
2050-2054	40,874	6,046	46,920
	<u>\$ 1,981,619</u>	<u>\$ 621,068</u>	<u>\$ 2,602,687</u>

Sewer System:

CIB Wastewater Revenue Bond, Series 2013:

On May 14, 2013 the City issued Wastewater Revenue Bonds in the amount of \$450,000 for the purpose of paying the cost of wastewater improvements. The bond dated March 1, 2013 and maturing March 1, 2044 carries an interest rate of 1.5% and requires yearly payments of \$12,000 to \$18,000. The bonds are secured from revenues generated by the wastewater system.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of debt service charges for the Wastewater Revenue Bond:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 1,			
2020	\$ 13,000	\$ 5,820	\$ 18,820
2021	13,000	5,625	18,625
2022	13,000	5,430	18,430
2023	14,000	5,235	19,235
2024	14,000	5,025	19,025
2025-2029	72,000	21,960	93,960
2030-2034	77,000	16,410	93,410
2035-2039	83,000	10,455	93,455
2040-2044	89,000	4,035	93,035
	<u>\$ 388,000</u>	<u>\$ 79,995</u>	<u>\$ 467,995</u>

CIB DWQ Wastewater Revenue Bond, Series 2018:

On April 26, 2018 the City issued DWQ Wastewater Revenue Bonds in the amount of \$2,557,000 for the purpose of paying the cost of wastewater improvements. The bond dated April 26, 2018 and maturing October 1, 2049 carries an interest rate of 1.5% and requires yearly payments of \$106,000 to \$108,000. The bonds are secured from revenues generated by the wastewater system.

The following is a summary of debt service charges for the DWQ Wastewater Revenue Bond:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1,			
2020	\$ -	\$ 47,944	\$ 47,944
2021	68,000	38,355	106,355
2022	69,000	37,335	106,335
2023	70,000	36,300	106,300
2024	71,000	35,250	106,250
2025-2029	372,000	159,960	531,960
2030-2034	401,000	131,175	532,175
2035-2039	432,000	100,185	532,185
2040-2044	466,000	66,795	532,795
2045-2049	502,000	30,795	532,795
2050	106,000	1,590	107,590
	<u>\$ 2,557,000</u>	<u>\$ 685,684</u>	<u>\$ 3,242,684</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

Storm Water System:

2008 Storm Water Revenue Bond:

On June 16, 2008, the City issued Storm Water Revenue Bonds in the amount of \$350,000 for the purpose of paying the cost of construction of storm water system improvements. The bond dated June 16, 2008, and maturing June 16, 2048, carries an annual interest rate of 4.25% and requires monthly payments of \$1,533. The bonds are secured from revenues generated by the storm water system. The bonds were refunded in the current year.

Storm Water Revenue Refunding Bonds, Series 2018:

On August 28, 2018 the City issued Storm Water Revenue Refunding Bonds, in the amount of \$323,000 for the purpose of refunding the 2008 Storm Water Revenue Bonds. The bonds dated August 28, 2018, and maturing on June 15, 2033, carries an annual interest rate between 1.95% and 3.70% and requires annual payments of between \$16,000 and \$27,000. The bonds are secured from revenues generated by the storm water system.

The following is a summary of debt service charges for the Storm Water Revenue Refunding Bonds:

	Principal	Interest	Total
June 15,			
2020	\$ 18,000	\$ 6,447	\$ 24,447
2021	19,000	6,647	25,647
2022	19,000	6,480	25,480
2023	20,000	6,401	26,401
2024	20,000	6,237	26,237
2025-2029	109,000	25,781	134,781
2030-2033	102,000	9,105	111,105
	\$ 307,000	\$ 67,098	\$ 374,098

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

Natural Gas System:

2013 Natural Gas Refund Revenue Bonds:

Blanding City did an advance refunding of Kemper Bonds in the Natural Gas Fund with State Bank at no additional cost to the City. The amount refunded was \$1,529,000. The bonds require yearly payments with interest at .095% to 2.15%. The total amount owed on the old debt service bonds was \$1,498,701. The difference in debt service charges to maturity between the old and new bonds was \$76,284. The actual economic gain based on present values was also \$76,284.

The following is a summary of debt service charges to maturity for 2013 Natural Gas Refunding Bonds:

	Principal	Interest	Total
2020	\$ 225,000	\$ 4,838	\$ 229,838
	\$ 225,000	\$ 4,838	\$ 229,838

Electric System:

Electric Revenue Bond, Series 2018:

On March 30, 2018 the City issued Electric Revenue Bonds in the amount of \$1,400,000 for the purpose of paying the cost of electric power system improvements. The bond dated March 30, 2018 and maturing April 1, 2027 carries an interest rate of 2.43% and requires yearly payments of \$125,000 to \$156,000. The bonds are secured from revenues generated by the electric system.

The following is a summary of debt service charges for the Electric System Revenue Bond:

	Principal	Interest	Total
March 1,			
2020	\$ 132,000	\$ 27,872	\$ 159,872
2021	135,000	24,665	159,665
2022	138,000	21,384	159,384
2023	141,000	18,031	159,031
2024	145,000	14,604	159,604
2025-2027	456,000	22,356	478,356
	\$ 1,147,000	\$ 128,912	\$ 1,275,912

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
 Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in Governmental long-term debt:

	Date of Issue	Interest Rate	Total Authorized	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Governmental Activities:								
General Obligation:								
				\$ 308,755	\$ 226,852	\$ -	\$ 535,607	
Net Pension Liability				107,666	16,388	-	124,054	
Accrued Compensated Absences								
Total General Obligation				\$ 416,421	\$ 243,240	\$ -	\$ 659,661	
Revenue Obligation:								
Sales Tax Revenue Bond	2010	0.0%	\$ 1,500,000	\$ 1,150,000	\$ -	\$ 50,000	\$ 1,100,000	\$ 50,000
CIB Street Bond	2011	0.0%	1,000,000	400,000	-	100,000	300,000	100,000
Total Revenue Obligation			2,500,000	1,550,000	-	150,000	1,400,000	150,000
Total Governmental Long-Term Debt			\$ 2,500,000	\$ 1,966,421	\$ 243,240	\$ 150,000	\$ 2,059,661	\$ 150,000

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in Business-Type long-term debt:

	Date of Issue	Interest Rate	Total Authorized	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Business-Type Activities:								
Net Pension Liability				\$ 264,756	\$ 236,111	\$ -	\$ 500,867	
Accrued Compensated Absences				117,001	16,378	497	132,882	
Total Other Business-Type Activity Long Term Debt				<u>\$ 381,757</u>	<u>\$ 252,489</u>	<u>\$ 497</u>	<u>\$ 633,749</u>	
Revenue Obligation:								
Water								
SJWCD Bond	1983	0.0%	\$ 800,000	\$ 140,000	\$ -	\$ 20,000	\$ 120,000	\$ 20,000
SJWCD Contract	1997	0.0%	144,000	35,997	-	5,143	30,854	5,143
DWB Bond	1999	3.5%	200,000	20,000	-	10,000	10,000	10,000
USDA Parity Revenue Bond	2009	4.3%	266,000	240,764	-	3,833	236,931	4,000
2012A Parity Revenue Bond	2012	3.375%	686,000	621,672	-	12,959	608,713	13,319
2012B Parity Revenue Bond	2012	3.0%	74,000	67,040	-	1,402	65,638	1,441
2012A Parity Revenue Bond	2012	0.0%	250,000	190,000	-	12,000	178,000	12,000
2013A Parity Revenue Bond	2013	0.0%	750,000	560,000	-	38,000	522,000	38,000
2014 Parity Revenue Bond	2014	3.5%	224,000	213,053	-	3,570	209,483	3,669
Total Water System			<u>3,394,000</u>	<u>2,088,526</u>	<u>-</u>	<u>106,907</u>	<u>1,981,619</u>	<u>107,572</u>
Sewer								
Wastewater Revenue Bond	2013	1.50%	450,000	401,000	-	13,000	388,000	13,000
DWQ Wastewater Revenue Bond	2018	1.50%	2,557,000	2,557,000	-	-	2,557,000	-
Total Sewer System			<u>3,007,000</u>	<u>2,958,000</u>	<u>-</u>	<u>13,000</u>	<u>2,945,000</u>	<u>13,000</u>
Storm Water:								
Rural Development	2008	4.25%	350,000	311,480	-	311,480	-	-
State Bank Refunding	2018	1.95% - 3.70%	323,000	-	323,000	16,000	307,000	18,000
Total Storm Water System			<u>673,000</u>	<u>311,480</u>	<u>323,000</u>	<u>327,480</u>	<u>307,000</u>	<u>18,000</u>
Natural Gas:								
Natural Gas Refunding Bond	2013	.95% - 2.15%	1,529,000	450,000	-	225,000	225,000	225,000
Electricity:								
Electric Revenue Bond	2017	2.43%	1,400,000	1,275,000	-	128,000	1,147,000	132,000
Total Revenue Obligations			<u>\$10,003,000</u>	<u>\$ 7,083,006</u>	<u>\$ 323,000</u>	<u>\$ 800,387</u>	<u>\$ 6,605,619</u>	<u>\$ 495,572</u>
Total Business-Type Long-Term Debt			<u>\$10,003,000</u>	<u>\$ 7,464,763</u>	<u>\$ 575,489</u>	<u>\$ 800,884</u>	<u>\$ 7,239,368</u>	<u>\$ 495,572</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of total debt service charges to maturity for business-type activities:

	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2020	\$ 490,429	\$ 127,021	\$ 5,143	\$ -	\$ 622,593
2021	328,117	108,671	5,143	-	441,931
2022	332,823	103,302	5,143	-	441,268
2023	339,557	97,906	5,143	-	442,606
2024	346,308	92,304	5,143	-	443,755
2025-2029	1,422,732	373,805	5,139	-	1,801,676
2030-2034	935,557	277,613	-	-	1,213,170
2035-2039	703,312	204,808	-	-	908,120
2040-2044	774,707	133,603	-	-	908,310
2045-2049	754,349	60,926	-	-	815,275
2050-2054	146,874	7,636	-	-	154,510
	<u>\$ 6,574,765</u>	<u>\$ 1,587,595</u>	<u>\$ 30,854</u>	<u>\$ -</u>	<u>\$ 8,193,214</u>

NOTE 6 - BOND RESERVES

The following is a summary of changes in Bond Reserves:

	Maximum Required	Balance June 30, 2018	Annual Deposit	Balance June 30, 2019
Governmental Funds:				
CIB Street Bonds, 2013	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Business-Type Funds:				
USDA Water Bonds, 2012A	\$ 29,892	\$ 29,892	\$ -	\$ 29,892
USDA Water Bonds, 2012A - M	31,704	31,704	-	31,704
USDA Water Bonds, 2012B	3,228	3,228	-	3,228
CIB Water Bonds, 2012A	13,000	8,794	2,167	10,961
CIB Water Bonds, 2013A	38,000	32,721	5,279	38,000
CIB Water Bonds, 2014	9,384	9,384	-	9,384
CIB Waste Water Bonds, 2013	19,235	16,030	3,205	19,235
CIB Waste Water Bonds, 2013-S	19,015	6,338	(65)	6,273
CIB Waste Water Bonds, 2018	106,471	1,774	10,644	12,418
CIB Waste Water Bonds, 2018-S	32,908	3,173	32,908	36,081
CIB Waste Water Bonds, 2018-E	53,236	886	5,316	6,202
Total Bond Reserves - Bus.	<u>\$ 356,073</u>	<u>\$ 143,924</u>	<u>\$ 59,454</u>	<u>\$ 203,378</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - CLASS C ROAD FUND

The following schedule outlines the transactions in the Class C Road Fund for the fiscal year ended June 30, 2019:

Balance - Beginning of Year		\$ 288,712
Receipts:		
Class C Road Allotment	\$ 238,012	
Interest Earnings	5,774	
Total Receipts		243,786
Disbursements		(112,928)
Balance - End of Year		\$ 419,570

NOTE 8 - TAX ABATEMENTS

Blanding City negotiates property tax abatement agreements on an individual basis. The City has utilized the Community Reinvestment Agency to establish abatement agreements. Each agreement was negotiated under Utah Code Section 17C which allows the use of funds for community development projects and stipulated a percentage of property tax valuation above a specified base for which the property tax paid would be returned to the paying party. The percentage of abatement will be set by resolution. As stipulated by the abatement agreements, to qualify for return of the abated amounts the party must have a business in operation, must be current in its tax payments, provide proof of current payments, and request the refund. Agreements with two entities were in effect during the year ending June 30, 2019.

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Inter-fund account balances as shown in the fund financial statements consisted of the following:

	Due From Other Funds Reported In:	
	Water Fund	Total
Due To Other Funds reported in:		
Natural Gas Fund	\$ 236,115	\$ 236,115
Total Interfund Balances	\$ 236,115	\$ 236,115

The outstanding balances between funds result mainly from the time lag between dates that (1) inter-fund goods and services are provided or reimbursable expenditure may occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All of the above inter-fund amounts are a result of short-term deficit pooled cash balances. There are no specific terms for repayment of the balances at year end.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended June 30, 2019 are shown in the following table:

	Transfers In	Transfers Out
General Fund	\$ 160,500	\$ 670,371
Water Fund	-	24,000
Sewer Fund	-	9,000
Electric Fund	-	90,000
Natural Gas Fund	-	30,000
Storm Water Fund	-	1,500
Solid Waste Fund	-	6,000
Capital Projects	654,371	-
CRA Fund	16,000	-
	\$ 830,871	\$ 830,871
Totals	\$ 830,871	\$ 830,871

Transfers are used to (1) cover costs associated with administration and overhead related to services provided by the City (2) fund future planned capital projects and, (3) fund future planned projects promoting economic growth.

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries and disasters. The City maintains insurance coverage for most all risks through the Utah Local Government Trust including general liability, errors and omissions, property damage, and other coverages. The Trust also provides medical and health coverage for the City.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 11 - ROUNDING CONVENTION

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 12 - PENSION PLAN

General Information about the Pension Plan

Plan Description:

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

Defined Benefit Plans:

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

The Public Safety Retirement System (Public Safety System) is a cost sharing, multi-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 Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

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

Benefits Provided:

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 12 - PENSION PLAN (CONTINUED)
Summary of Benefits By System:

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

* with actuarial reductions

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

Contribution Rate Summary:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019, are as shown on following page:

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 12 - PENSION PLAN (CONTINUED)
Utah Retirement Systems:

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k) Plan</u>
Contributory System			
111 - Local Governmental Division - Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15 - Local Governmental Division - Tier 1	N/A	18.47%	N/A
Public Safety System:			
Contributory:			
23 - Other Division A with 2.5% COLA	12.29%	22.79%	N/A
122 - Tier 2 DB Hybrid Public Safety	N/A	23.09%	0.74%
Noncontributory:			
43 - Other Division A with 2.5% COLA	N/A	34.04%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
222 - Public Safety	N/A	11.83%	12.00%

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

For fiscal year ended June 30, 2019 the employer and employee contributions to the Systems were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 132,439	N/A
Public Safety System	69,931	-
Tier 2 Public Employees System	37,472	-
Tier 2 Public Safety and Firefighter	14,186	-
Total Contributions	\$ 254,028	\$ -

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.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 12 - PENSION PLAN (CONTINUED)

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

At June 30, 2019 we reported a net pension asset of \$0 and a net pension liability of \$1,036,474.

	(Measurement Date): December 31, 2018				
	Net Pension Asset	Net Pension Liability	Proportionate Share - 2018	Proportionate Share - 2017	Change (Decrease)
Noncontributory System	\$ -	\$ 604,590	0.0821038%	0.0808854%	0.0012184%
Public Safety System	-	422,935	0.1644007%	0.1387556%	0.0256451%
Tier 2 Public Employees System	-	8,140	0.0190057%	0.0166501%	0.0023556%
Tier 2 Public Safety/ Firefighter System	-	809	0.0322714%	0.0325426%	-0.0002712%
Total	\$ -	\$ 1,036,474			

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, we recognized pension expense of \$339,141.

At June 30, 2019 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	\$ 8,205	\$ 33,087
Changes in assumptions	132,416	176
Net difference between projected and actual earnings on pension plan investments	202,012	-
Changes in proportion and differences between contributions and proportionate share of contributions	49,973	11,363
Contributions subsequent to the measurement date	121,018	-
Total	\$ 513,624	\$ 44,626

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 12 - PENSION PLAN (CONTINUED)

\$121,018 was reported as deferred outflows of resources to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

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

Year Ended December 31,	<u>Deferred Outflows (Inflows) of Resources (Net)</u>
2019	\$ 159,234
2020	\$ 61,994
2021	\$ 27,552
2022	\$ 95,894
2023	\$ 364
Thereafter	\$ 2,941

Actuarial Assumptions:

The total pension liability in the December 31, 2018, 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, 2018, 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.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 12 - PENSION 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:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	40.00%	6.15%	2.46%
Debt Securities	20.00%	0.40%	0.08%
Real Assets	15.00%	5.75%	0.86%
Private Equity	9.00%	9.95%	0.89%
Absolute Return	16.00%	2.85%	0.46%
Cash and Cash Equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.75%
			Inflation 2.50%
			Expected arithmetic nominal return 7.25%

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

Discount Rate:

The discount rate used to measure the total pension liability was 6.95%. 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 was reduced to 6.95 percent from 7.20 percent of the prior measurement period.

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

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 12 - PENSION PLAN (CONTINUED)

<u>System</u>	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95)</u>
Noncontributory System	\$ 1,239,083	\$ 604,590	\$ 76,225
Public Safety System	829,027	422,935	93,277
Tier 2 Public Employees System	32,609	8,140	(10,745)
Tier 2 Public Safety and Firefighter	6,099	809	(3,240)
	<u>\$ 2,106,818</u>	<u>\$1,036,474</u>	<u>\$ 155,517</u>

Pension Plan Fiduciary Net Position:

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

Defined Contribution Savings Plans:

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

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
401(K) Plan:			
Employer Contributions	\$ 11,466	\$ 11,554	\$ 10,585
Employee Contributions	\$ 15,240	\$ 14,707	\$ 11,127
Roth IRA Plan:			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 2,400	\$ 1,650	\$ 3,150

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

BLANDING CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS
For The Fiscal Year Ended June 30, 2019

Budgetary Comparison Schedules:

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

Budgeting and Budgetary Control:

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

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

Current Year Budgetary Compliance:

For the year ended June 30, 2019, spending for all funds and departments of the City was within the approved budgets.

BLANDING CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For The Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis)	
Revenues:				
Taxes:				
General Property Taxes	\$ 260,000	\$ 260,000	\$ 273,298	\$ 13,298
General Sales and Use Taxes	707,462	736,607	759,896	23,289
Room Tax	31,250	35,013	38,491	3,478
Franchise Taxes	9,500	9,500	12,691	3,191
Total Taxes	<u>1,008,212</u>	<u>1,041,120</u>	<u>1,084,376</u>	<u>43,256</u>
Licenses and Permits	<u>25,000</u>	<u>23,000</u>	<u>50,054</u>	<u>27,054</u>
Intergovernmental Revenue:				
Class C Road	225,000	240,000	238,012	(1,988)
State Liquor Allotment	10,000	10,000	7,983	(2,017)
State Grants	134,500	134,500	1,285	(133,215)
Federal Grants	50,000	50,000	-	(50,000)
Contributions from County	203,000	203,000	176,278	(26,722)
Total Intergovernmental Revenue	<u>622,500</u>	<u>637,500</u>	<u>423,558</u>	<u>(213,942)</u>
Charges for Services:				
Airport	29,000	29,000	32,401	3,401
Fire Revenue	10,000	-	-	-
Administrative Fees	160,500	-	-	-
Total Charges for Services	<u>199,500</u>	<u>29,000</u>	<u>32,401</u>	<u>3,401</u>
Fines and Forfeitures	<u>85,400</u>	<u>103,142</u>	<u>103,997</u>	<u>855</u>
Miscellaneous:				
Interest	70,000	108,301	215,400	107,099
Recreation Revenue	34,800	36,920	46,332	9,412
Visitor's Center	14,000	17,200	13,080	(4,120)
Wellness Center Revenue	175,000	182,000	202,571	20,571
Sale of Surplus Property	25,000	19,500	-	(19,500)
Miscellaneous	47,500	80,000	49,228	(30,772)
Total Miscellaneous Revenue	<u>366,300</u>	<u>443,921</u>	<u>526,611</u>	<u>82,690</u>
Contributions and Transfers:				
Fund Balance Appropriated	21,000	485,146	-	(485,146)
Transfers In	-	160,500	160,500	-
Total Contributions and Transfers	<u>21,000</u>	<u>645,646</u>	<u>160,500</u>	<u>(485,146)</u>
Total Revenues	<u>\$ 2,327,912</u>	<u>\$ 2,923,329</u>	<u>\$ 2,381,497</u>	<u>\$ (541,832)</u>

BLANDING CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For The Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	(Budgetary Basis) (See Note A)	
Expenditures:				
General Government:				
Legislative	\$ 21,556	\$ 21,556	\$ 18,475	\$ 3,081
Judicial	49,622	51,281	50,630	651
Administration	74,210	127,839	128,187	(348)
Attorney	28,000	28,000	27,800	200
Planning and Zoning	56,497	59,422	59,397	25
Total General Government	<u>229,885</u>	<u>288,098</u>	<u>284,489</u>	<u>3,609</u>
Public Safety:				
Police	753,476	837,791	662,922	174,869
Fire	137,550	127,707	67,749	59,958
Total Public Safety	<u>891,026</u>	<u>965,498</u>	<u>730,671</u>	<u>234,827</u>
Highway and Public Improvements:				
Construction and Maintenance	109,271	115,219	105,673	9,546
City Engineer	24,069	24,881	23,361	1,520
Class C Roads	100,000	100,000	112,928	(12,928)
Total Highways and Public Improvements	<u>233,340</u>	<u>240,100</u>	<u>241,962</u>	<u>(1,862)</u>
Parks and Recreation:				
Visitor's Center	177,890	147,978	128,230	19,748
Parks	247,671	250,420	238,450	11,970
Wellness Center	317,565	338,054	338,478	(424)
Total Parks and Recreation	<u>743,126</u>	<u>736,452</u>	<u>705,158</u>	<u>31,294</u>
Miscellaneous:				
Airport	10,310	10,310	3,652	6,658
Increase in Fund Balance	60,000	28,500	-	28,500
Total Miscellaneous	<u>70,310</u>	<u>38,810</u>	<u>3,652</u>	<u>35,158</u>
Transfers Out	160,225	654,371	670,371	(16,000)
Total Expenditures	<u>2,327,912</u>	<u>2,923,329</u>	<u>2,636,303</u>	<u>287,026</u>
Excess Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	(254,806)	<u>\$ (254,806)</u>
Fund Balance - Beginning			<u>2,739,593</u>	
Fund Balance - Ending			<u>\$ 2,484,787</u>	

BLANDING CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
Measurement Date of December 31, 2018
June 30, 2019
Last 10 Fiscal Years*

	Noncontributory Retirement System	Public Safety Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighter Retirement System
Proportion of the Net Pension Liability (Asset)				
2014	0.0926158%	0.1104256%	0.0082119%	0.0186931%
2015	0.0820545%	0.1153445%	0.0106732%	0.0621595%
2016	0.0818853%	0.1207075%	0.0123761%	0.0544802%
2017	0.0808854%	0.1387556%	0.0166501%	0.0325426%
2018	0.0810380%	0.1644007%	0.0190057%	0.0322714%
Proportionate Share of the Net Pension Liability (Asset)				
2014	\$ 402,160	\$ 138,869	\$ (249)	\$ (277)
2015	\$ 464,304	\$ 206,611	\$ (23)	\$ (908)
2016	\$ 525,804	\$ 244,949	\$ 1,381	\$ (473)
2017	\$ 354,383	\$ 217,660	\$ 1,468	\$ (377)
2018	\$ 604,590	\$ 422,935	\$ 8,140	\$ 809
Covered Employee Payroll				
2014	\$ 800,386	\$ 219,959	\$ 40,260	\$ 7,799
2015	\$ 706,198	\$ 166,174	\$ 68,956	\$ 36,991
2016	\$ 720,519	\$ 169,646	\$ 101,493	\$ 45,013
2017	\$ 692,549	\$ 204,843	\$ 162,721	\$ 34,377
2018	\$ 698,846	\$ 243,040	\$ 221,422	\$ 43,201
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll				
2014	50.20%	63.10%	-0.60%	-3.60%
2015	65.75%	124.33%	-0.03%	-2.45%
2016	72.98%	144.39%	1.36%	-1.05%
2017	51.17%	106.26%	0.90%	-1.10%
2018	86.51%	174.02%	3.68%	1.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability				
2014	90.20%	90.50%	103.50%	120.50%
2015	87.80%	87.10%	100.20%	110.70%
2016	87.30%	86.50%	95.10%	103.60%
2017	91.90%	90.20%	97.40%	103.00%
2018	87.00%	84.70%	90.80%	95.60%

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

BLANDING CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
June 30, 2019

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to The Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions As a Percentage of Covered Employee Payroll
Noncontributory System	2014	\$ 138,514	\$ 138,514	\$ -	\$ 798,679	17.34%
	2015	\$ 138,801	\$ 138,801	\$ -	\$ 834,169	16.64%
	2016	\$ 131,110	\$ 131,110	\$ -	\$ 709,855	18.47%
	2017	\$ 131,299	\$ 131,299	\$ -	\$ 710,880	18.47%
	2018	\$ 127,892	\$ 127,892	\$ -	\$ 692,429	18.47%
	2019	\$ 132,439	\$ 132,439	\$ -	\$ 717,048	18.47%
Public Safety System	2014	\$ 49,467	\$ 49,467	\$ -	\$ 237,737	20.81%
	2015	\$ 57,601	\$ 57,601	\$ -	\$ 202,205	28.49%
	2016	\$ 52,093	\$ 52,093	\$ -	\$ 153,036	34.04%
	2017	\$ 64,779	\$ 64,779	\$ -	\$ 192,591	33.64%
	2018	\$ 76,583	\$ 76,583	\$ -	\$ 224,978	34.04%
	2019	\$ 69,931	\$ 69,931	\$ -	\$ 205,438	34.04%
Tier 2 Public Employees System*	2014	\$ 2,826	\$ 2,826	\$ -	\$ 20,200	13.99%
	2015	\$ 7,896	\$ 7,896	\$ -	\$ 52,851	14.94%
	2016	\$ 10,999	\$ 10,999	\$ -	\$ 73,759	14.91%
	2017	\$ 19,304	\$ 19,304	\$ -	\$ 129,468	14.91%
	2018	\$ 28,095	\$ 28,095	\$ -	\$ 185,937	15.11%
	2019	\$ 37,472	\$ 37,472	\$ -	\$ 241,136	15.54%
Tier 2 Public Safety and Firefighter System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	\$ 5,548	\$ 5,548	\$ -	\$ 24,601	22.55%
	2016	\$ 9,587	\$ 9,587	\$ -	\$ 42,603	22.50%
	2017	\$ 9,701	\$ 9,701	\$ -	\$ 43,115	22.50%
	2018	\$ 7,922	\$ 7,922	\$ -	\$ 35,099	22.57%
	2019	\$ 14,186	\$ 14,186	\$ -	\$ 61,438	23.09%

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

Paragraph 81b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues. The schedule above is for 2014 through 2019.

BLANDING CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
For The Fiscal Year Ended June 30, 2019

Changes In Assumptions:

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

**COMBINING FINANCIAL
STATEMENTS**

BLANDING CITY
NONMAJOR PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2019

PROPRIETARY FUNDS

Proprietary Funds are used to account for revenues and expenses resulting from providing services and producing and delivering goods in connection with the funds principal ongoing operations.

Storm Water Fund:

This fund is used to account for revenues and expenditures relating to storm water.

Solid Waste Fund:

This fund is used to account for revenues and expenditures relating to solid waste management in the City.

EDA Arts Fund:

This fund accounts for the City's participation in the EDA Arts building on the college campus.

**BLANDING CITY
COMBINING BALANCE SHEET
NONMAJOR PROPRIETARY FUNDS
June 30, 2019**

	Storm Water Fund	Solid Waste Fund	EDA Arts Fund	Total Nonmajor Funds
ASSETS				
Current Assets:				
Cash and Investments:				
Unrestricted	\$ 415,064	\$ 378,058	\$ -	\$ 793,122
Accounts Receivable - Net	17,912	24,038	-	41,950
Total Current Assets	432,976	402,096	-	835,072
Noncurrent Assets:				
Capital Assets:				
Not Being Depreciated	4,612	-	1,307,615	1,312,227
Net of Accumulated Depreciation	600,743	16,526	-	617,269
Total Noncurrent Assets	605,355	16,526	1,307,615	1,929,496
TOTAL ASSETS	1,038,331	418,622	1,307,615	2,764,568
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	1,050	2,202	-	3,252
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,039,381	\$ 420,824	\$ 1,307,615	\$ 2,767,820
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 2,937	\$ 4,306	\$ -	\$ 7,243
Accrued Interest Payable	268	-	-	268
Bonds Payable - Due Within One Year	18,000	-	-	18,000
Total Current Liabilities	21,205	4,306	-	25,511
Noncurrent Liabilities:				
Bonds Payable - Due More Than One Year	289,000	-	-	289,000
Net Pension Liability	3,643	7,968	-	11,611
Compensated Absences	1,995	723	-	2,718
Total Noncurrent Liabilities	294,638	8,691	-	303,329
TOTAL LIABILITIES	315,843	12,997	-	328,840
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	12	(481)	-	(469)
NET POSITION				
Net Investment In Capital Assets	298,355	16,526	1,307,615	1,622,496
Unrestricted	425,171	391,782	-	816,953
TOTAL NET POSITION	723,526	408,308	1,307,615	2,439,449
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 1,039,381	\$ 420,824	\$ 1,307,615	\$ 2,767,820

BLANDING CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
For The Year Ended June 30, 2019

	Storm Water Fund	Solid Waste Fund	EDA Arts Fund	Total Nonmajor Funds
Operating Revenues:				
Charges for Services:				
Sanitation	\$ -	\$ 228,672	\$ -	\$ 228,672
Storm Water	142,709	-	-	142,709
 Total Operating Revenues	<u>142,709</u>	<u>228,672</u>	<u>-</u>	<u>371,381</u>
Operating Expenses:				
Salaries	5,091	11,811	-	16,902
Fringe Benefits	1,403	3,461	-	4,864
Materials and Supplies	269	904	-	1,173
Insurance	500	1,000	-	1,500
Professional and Technical	-	169,895	-	169,895
Depreciation	20,430	590	-	21,020
 Total Operating Expenses	<u>27,693</u>	<u>187,661</u>	<u>-</u>	<u>215,354</u>
 Operating Income	<u>115,016</u>	<u>41,011</u>	<u>-</u>	<u>156,027</u>
Nonoperating Revenues (Expenses):				
Interest Earnings	-	-	-	-
Interest Expense	(24,219)			(24,219)
Benefit Expense related to Pensions	913	2,116	-	3,029
Pension Expense	(1,221)	(2,829)	-	(4,050)
Operating Transfers Out	(1,500)	(6,000)	-	(7,500)
 Total Nonoperating Revenue (Expense)	<u>(26,027)</u>	<u>(6,713)</u>	<u>-</u>	<u>(32,740)</u>
 Change in Net Position	88,989	34,298	-	123,287
 Net Position - Beginning	<u>634,537</u>	<u>374,010</u>	<u>1,307,615</u>	<u>2,316,162</u>
 Net Position - Ending	<u>\$ 723,526</u>	<u>\$ 408,308</u>	<u>\$ 1,307,615</u>	<u>\$ 2,439,449</u>

BLANDING CITY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended June 30, 2019

	Storm Water Fund	Solid Waste Fund	Total Nonmajor Funds
Cash Flows From Operating Activities:			
Receipts From Customers	\$ 141,141	\$ 223,887	\$ 365,028
Payments to Supplies	856	(180,891)	(180,035)
Payments to Employees	(4,994)	(15,272)	(20,266)
	<u>137,003</u>	<u>27,724</u>	<u>164,727</u>
Net Cash Provided by Operating Activities			
Cash Flows From Capital and Related Financing Activities			
Construction In Progress	(4,612)	-	(4,612)
Refunding Bond Issue	323,000	-	323,000
Transfers to Other Funds	(1,500)	-	(1,500)
Principal Payment on Long-Term Debt	(327,480)	-	(327,480)
Interest Paid	(23,951)	-	(23,951)
	<u>(34,543)</u>	<u>-</u>	<u>(34,543)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities			
Cash Flows from Investing Activities:			
Transfer to Other Fund	-	(6,000)	(6,000)
	<u>-</u>	<u>(6,000)</u>	<u>(6,000)</u>
Net Cash Provided From Investing Activities			
Increase (Decrease) Cash and Investments	102,460	21,724	124,184
Cash and Investments - Beginning	<u>312,604</u>	<u>356,334</u>	<u>668,938</u>
Cash and Investments - Ending	<u>\$ 415,064</u>	<u>\$ 378,058</u>	<u>\$ 793,122</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating Income	\$ 115,016	\$ 41,010	\$ 156,026
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	20,430	590	21,020
Increase (Decrease) in Operating Assets:			
Accounts Receivable	(1,568)	(4,785)	(6,353)
Accounts Payable	2,937	(8,665)	(5,728)
Compensated Absences	188	(426)	(238)
	<u>21,987</u>	<u>(13,286)</u>	<u>8,701</u>
Total Adjustments			
Net Cash Provided (Used) by Operating Activities	<u>\$ 137,003</u>	<u>\$ 27,724</u>	<u>\$ 164,727</u>

COMPLIANCE SECTION

Kimball & Roberts

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
Blanding City
Blanding, Utah 84511

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental-type activities, the business-type activities, each major fund and the aggregate remaining fund information of Blanding City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Blanding City's financial statements, and have issued our report thereon dated August 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blanding City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Blanding City's internal control. Accordingly, we do not express an opinion on the effectiveness of Blanding 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 Blanding City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Kimball & Roberts, PC
Certified Public Accountants

August 28, 2019
Richfield, Utah

Kimball & Roberts

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

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

Honorable Mayor and City Council
Blanding City
Blanding, Utah 84511

Report on Compliance with General State Compliance Requirements

We have audited Blanding City's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2019.

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

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on General State Compliance Requirements

In our opinion, Blanding City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

Other Matters

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

Report on Internal Control Over Compliance

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

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

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

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

Kimball & Roberts, PC

Certified Public Accountants

August 28, 2019
Richfield, Utah