

BLANDING CITY
FINANCIAL STATEMENTS
JUNE 30, 2020

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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, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of 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.

BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2020

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

The 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 \$52,244,829 (net position). Of this amount, \$8,507,651 (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 \$4,536,637 a decrease of \$74,548 in comparison with the prior year. Approximately 36 percent of this total amount, \$1,639,500, 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 \$422,708 or 22 percent of total General Fund expenditures.
- * Blanding City's total bonded debt increased by a net amount of \$779,428 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, 2020

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 \$52,244,829 at the close of the most recent fiscal year. By far the largest portion of Blanding City's net position (73 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, 2020

Blanding City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 449,690	\$ 497,663	\$ 5,474,537	\$ 5,722,849	\$ 5,924,227	\$ 6,220,512
Operating Grants	527,403	423,558	-	-	527,403	423,558
Capital Grants	-	216,102	-	-	-	216,102
General Revenues:						
Property Taxes	274,770	273,298	-	-	274,770	273,298
Other Taxes	868,512	811,078	-	-	868,512	811,078
Impact Fees	-	-	7,300	14,700	7,300	14,700
Unrestricted Investment						
Earnings	180,799	215,400	70,704	97,432	251,503	312,832
Transfers In (Out)	160,500	160,500	(160,500)	(160,500)	-	-
Total Revenues	2,461,674	2,597,599	5,392,041	5,674,481	7,853,715	8,272,080
Expenses:						
General Government	329,514	380,862	-	-	329,514	380,862
Public Safety	751,810	718,449	-	-	751,810	718,449
Highways and Public Improvements	573,499	614,629	-	-	573,499	614,629
Parks and Recreation	825,476	796,676	-	-	825,476	796,676
Airport	153,641	151,393	-	-	153,641	151,393
Water	-	-	995,279	970,174	995,279	970,174
Sewer	-	-	471,092	390,569	471,092	390,569
Electric	-	-	2,461,061	2,423,779	2,461,061	2,423,779
Natural Gas	-	-	693,241	820,663	693,241	820,663
Solid Waste	-	-	225,472	52,220	225,472	52,220
Storm Water	-	-	39,728	164,155	39,728	164,155
Interest	-	-	-	136,579	-	136,579
Total Expenses	2,633,940	2,662,009	4,885,873	4,958,139	7,519,813	7,620,148
Increase in Net Position	(172,266)	(64,410)	506,168	716,342	333,902	651,932
Net Position - Beginning	21,001,647	21,066,057	30,909,280	30,192,938	51,910,927	51,258,995
Net Position - Ending	\$20,829,381	\$21,001,647	\$31,415,448	\$30,909,280	\$52,244,829	\$51,910,927

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

General Fund Budgetary Highlights

There was an increase of \$145,338 from the original to the final budget for the General Fund.

Amounts funded out of prior year unassigned fund balance was \$6,000. During the year, however, actual revenues were less than budgeted revenues by \$128,283, and actual expenditures were less than budgeted expenditures by \$60,291, resulting in a net decrease in fund balance of \$67,992. 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, 2020 was \$47,177,412 (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 \$572,246.

**Blanding City's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
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	2,952,572	3,100,940	2,897,884	2,953,620	5,850,456	6,054,560
Improvements and Infrastructure	13,475,567	11,178,903	23,460,820	24,068,214	36,936,387	35,247,117
Vehicles & Equipment	690,695	776,872	218,591	216,185	909,286	993,057
Construction in Progress	56,104	2,353,130	237,944	8,785	294,048	2,361,915
Total	\$17,981,717	\$18,216,624	\$29,195,695	\$29,627,260	\$47,177,412	\$47,843,884

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

BASIC FINANCIAL STATEMENTS

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

Function/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$ 329,514	\$ 110,145	\$ 122,229	\$ -	\$ (97,140)	\$ -	\$ (97,140)
Public Safety	751,810	84,741	15,230	-	(651,839)	-	(651,839)
Highways and Public Improvements	573,499	-	354,272	-	(219,227)	-	(219,227)
Parks and Recreation	825,476	219,878	26,710	-	(578,888)	-	(578,888)
Airport	153,641	34,926	8,962	-	(109,753)	-	(109,753)
Total Governmental Activities	2,633,940	449,690	527,403	-	(1,656,847)	-	(1,656,847)
Business-Type Activities:							
Water	995,279	842,850	-	-	-	(152,429)	(152,429)
Sewer	471,092	541,995	-	-	-	70,903	70,903
Electric	2,461,061	2,756,237	-	-	-	295,176	295,176
Natural Gas	693,241	944,835	-	-	-	251,594	251,594
Storm Water	39,728	146,444	-	-	-	106,716	106,716
Solid Waste	225,472	242,176	-	-	-	16,704	16,704
Total Business-Type Activities	4,885,873	5,474,537	-	-	-	588,664	588,664
Total Primary Government	\$ 7,519,813	\$ 5,924,227	\$ 527,403	\$ -	(1,656,847)	588,664	(1,068,183)
General Revenues:							
Property Taxes					274,770	-	274,770
Sales Taxes					805,195	-	805,195
Room Tax					48,325	-	48,325
Franchise Taxes					14,992	-	14,992
Impact Fees					-	7,300	7,300
Unrestricted Investment Earnings					180,799	70,704	251,503
Transfers In (Out)					160,500	(160,500)	-
Total General Revenues and Transfers					1,484,581	(82,496)	1,402,085
Change in Net Position					(172,266)	506,168	333,902
Net Position - Beginning					21,001,647	30,909,280	51,910,927
Net Position - Ending					\$ 20,829,381	\$ 31,415,448	\$ 52,244,829

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, 2020

Total Fund Balances - Governmental Fund Types \$ 4,536,637

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	2,952,572	
Improvements Other than Buildings	13,475,567	
Equipment	690,695	
Construction In Progress	<u>56,104</u>	
 Total		 17,981,717

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

Deferred Outflows of Resources Related to Pensions	<u>\$ 198,701</u>	
 Total Pension Assets and Deferred Outflows of Resources		 198,701

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

Net Pension Liability	\$ (344,319)	
Deferred Inflows of Resources Related to Pensions	<u>(164,847)</u>	
 Total Pension Liability and Deferred Inflows of Resources		 (509,166)

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	\$ (1,050,000)	
CIB Street Revenue Bonds	(200,000)	
Compensated Absences	<u>(128,508)</u>	
 Total		 <u>(1,378,508)</u>

Net Position of Government Activities \$ 20,829,381

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, 2020

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (74,548)
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The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown on the fund statements.	(8,357)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	\$ 572,246	
Depreciation Expense	<u>(807,153)</u>	
Total		(234,907)

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>(4,454)</u>	
Total		<u>145,546</u>

Changes In Net Position of Governmental Activities	<u><u>\$ (172,266)</u></u>
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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, 2020

	Water Fund	Sewer Fund	Electric Fund	Natural Gas Fund	Storm Water Fund	Nonmajor Funds	Total
Operating Revenues:							
Charges for Sales and Services:							
Water	\$ 802,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 802,747
Sewer	-	523,084	-	-	-	-	523,084
Electric	-	-	2,686,552	-	-	-	2,686,552
Natural Gas	-	-	-	925,450	-	-	925,450
Sanitation	-	-	-	-	-	242,176	242,176
Storm Water	-	-	-	-	146,444	-	146,444
Connection Fees	3,040	1,500	9,030	13,650	-	-	27,220
Other	37,063	17,411	60,655	5,735	-	-	120,864
Total Operating Revenues	842,850	541,995	2,756,237	944,835	146,444	242,176	5,474,537
Operating Expenses:							
Salaries	198,812	188,683	234,659	136,705	5,775	13,216	777,850
Fringe Benefits	82,345	70,612	82,636	50,593	1,424	3,768	291,378
Power and Gas Purchases	-	-	1,470,443	324,551	-	-	1,794,994
Water Purchases	22,401	-	-	-	-	-	22,401
Materials and Supplies	60,343	9,115	317,399	39,643	525	2,642	429,667
Utilities	28,143	5,547	7,026	2,073	-	-	42,789
Insurance	7,000	10,000	28,276	8,000	500	1,000	54,776
Professional and Technical	10,671	4,100	65,090	5,206	-	204,014	289,081
Other	1,480	1,480	24,926	2,194	-	-	30,080
Depreciation	545,674	126,655	199,242	121,775	20,588	590	1,014,524
Total Operating Expenses	956,869	416,192	2,429,697	690,740	28,812	225,230	4,747,540
Operating Income	(114,019)	125,803	326,540	254,095	117,632	16,946	726,997
Nonoperating Revenues (Expenses):							
Interest Expense	(34,772)	(51,447)	(27,070)	-	(10,810)	-	(124,099)
Impact Fees	5,300	2,000	-	-	-	-	7,300
Interest Earned	30,176	16,759	7,053	14,788	1,928	-	70,704
Transfer to Other Funds	(24,000)	(9,000)	(90,000)	(30,000)	(1,500)	(6,000)	(160,500)
Benefit Expense GASB 68	(3,638)	(3,453)	(4,294)	(2,501)	(106)	(242)	(14,234)
Total Nonoperating Revenues (Expenses)	(26,934)	(45,141)	(114,311)	(17,713)	(10,488)	(6,242)	(220,829)
Change in Net Position	(140,953)	80,662	212,229	236,382	107,144	10,704	506,168
Net Position - Beginning	16,082,353	3,333,929	6,578,655	2,474,894	723,526	1,715,923	30,909,280
Net Position - Ending	\$ 15,941,400	\$ 3,414,591	\$ 6,790,884	\$ 2,711,276	\$ 830,670	\$ 1,726,627	\$ 31,415,448

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020.

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)

The government reports the following major proprietary funds:

The Water, Sewer, Electric, Natural Gas, Storm Water, Solid Waste, 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)

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)

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 September 16, 2020.

Deposits:

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

	<u>Carrying at Fair Value</u>
Cash on Hand	\$ 1,413
Demand Deposits	1,060,810
Investments - PTIF	<u>13,500,031</u>
Total Cash and Investments	<u>\$14,562,254</u>
Governmental Activities - Unrestricted	\$ 1,556,825
Governmental Activities - Restricted	2,897,137
Business-Type Activities - Unrestricted	7,660,617
Business-Type Activities - Restricted	<u>2,447,675</u>
Total Cash and Investments	<u>\$14,562,254</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2020, \$1,005,279 of the City's bank balances of \$1,256,652 was uninsured and uncollateralized.

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, 2020, the City had the following recurring fair value measurements:

<u>Investments By Fair Value Level</u>	<u>June 30,</u> <u>2020</u>	<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>\$13,533,085</u>	<u>\$ -</u>	<u>\$13,533,085</u>	<u>\$ -</u>
 Total Investments -				
Fair Value Level	<u>\$13,533,085</u>	<u>\$ -</u>	<u>\$13,533,085</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, 2020 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

Interest Rate Risk

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 3 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 806,779	\$ -	\$ -	\$ 806,779
Construction In Progress	<u>2,353,130</u>	<u>571,188</u>	<u>2,868,214</u>	<u>56,104</u>
Total Capital Assets Not Being Depreciated	<u>3,159,909</u>	<u>571,188</u>	<u>2,868,214</u>	<u>862,883</u>
Capital Assets Being Depreciated:				
Buildings	4,654,121	-	-	4,654,121
Improvements	19,429,451	2,842,513	-	22,271,964
Equipment	<u>2,632,677</u>	<u>26,759</u>	<u>-</u>	<u>2,659,436</u>
Total Capital Assets Being Depreciated	<u>26,716,249</u>	<u>2,869,272</u>	<u>-</u>	<u>29,585,521</u>
Less Accumulated Depreciation For:				
Buildings	1,553,181	148,368	-	1,701,549
Improvements	8,250,548	545,849	-	8,796,397
Equipment	<u>1,855,805</u>	<u>112,936</u>	<u>-</u>	<u>1,968,741</u>
Total Accumulated Depreciation	<u>11,659,534</u>	<u>807,153</u>	<u>-</u>	<u>12,466,687</u>
Total Capital Assets Being Depreciated (Net)	<u>15,056,715</u>	<u>2,062,119</u>	<u>-</u>	<u>17,118,834</u>
Governmental Activities Capital Assets, Net	<u>\$18,216,624</u>	<u>\$ 2,633,307</u>	<u>\$ 2,868,214</u>	<u>\$17,981,717</u>

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	\$ 17,192
Public Safety	45,432
Highways and Public Improvements	404,411
Parks and Recreation	189,560
Airport	150,558
Total Depreciation Expense	\$ 807,153

NOTE 4 - NATURAL GAS SYSTEM

The number of properties connected to the natural gas system at June 30, 2020, 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 \$0.791 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,			
2020	\$ 50,000	\$ -	\$ 50,000
2021	50,000	-	50,000
2022	50,000	-	50,000
2023	50,000	-	50,000
2024	50,000	-	50,000
2025-2029	250,000	-	250,000
2030-2034	250,000	-	250,000
2035-2039	250,000	-	250,000
2040	50,000	-	50,000
	\$ 1,050,000	\$ -	\$ 1,050,000

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, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Governmental Activities:								
General Obligation:								
Net Pension Liability				\$ 535,607	\$ -	\$ 191,288	\$ 344,319	
Accrued Compensated Absences				124,054	4,454	-	128,508	
Total General Obligation				\$ 659,661	\$ 4,454	\$ -	\$ 472,827	
Revenue Obligation:								
Sales Tax Revenue Bond	2010	0.0%	\$ 1,500,000	\$ 1,100,000	\$ -	\$ 50,000	\$ 1,050,000	\$ 50,000
CIB Street Bond	2011	0.0%	1,000,000	300,000	-	100,000	200,000	100,000
Total Revenue Obligation			2,500,000	1,400,000	-	150,000	1,250,000	150,000
Total Governmental Long-Term Debt			\$ 2,500,000	\$ 2,059,661	\$ 4,454	\$ 150,000	\$ 1,722,827	\$ 150,000

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

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

	Principal	Interest	Total
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	\$ 25,711	\$ -	\$ 25,711

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 bonds were paid off in 2020.

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 \$232,931.

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

	Principal	Interest	Total
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	4,945	9,047	13,992
2026-2030	28,131	41,829	69,960
2031-2035	34,778	35,182	69,960
2036-2040	42,997	26,963	69,960
2041-2045	53,157	16,803	69,960
2046-2049	51,114	4,529	55,643
	\$ 232,931	\$ 172,512	\$ 405,443

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

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, 2020 is \$13,000.

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,			
2021	\$ 12,000	\$ -	\$ 12,000
2022	12,000	-	12,000
2023	12,000	-	12,000
2024	13,000	-	13,000
2025	13,000	-	13,000
2026-2030	65,000	-	65,000
2031-2033	39,000	-	39,000
	<u>\$ 166,000</u>	<u>\$ -</u>	<u>\$ 166,000</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, 2020 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,			
2021	\$ 38,000	\$ -	\$ 38,000
2022	38,000	-	38,000
2023	38,000	-	38,000
2024	38,000	-	38,000
2025	38,000	-	38,000
2026-2030	190,000	-	190,000
2031-2033	104,000	-	104,000
	<u>\$ 484,000</u>	<u>\$ -</u>	<u>\$ 484,000</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

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.

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,			
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	14,000	4,815	18,815
2026-2030	73,000	20,880	93,880
2031-2035	78,000	15,255	93,255
2036-2040	84,000	9,210	93,210
2041-2044	72,000	2,700	74,700
	<u>\$ 375,000</u>	<u>\$ 74,175</u>	<u>\$ 449,175</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,			
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	72,000	34,185	106,185
2026-2030	378,000	154,380	532,380
2031-2035	407,000	125,160	532,160
2036-2040	438,000	73,705	511,705
2041-2045	473,000	59,805	532,805
2046-2050	511,000	23,265	534,265
	<u>\$ 2,557,000</u>	<u>\$ 617,740</u>	<u>\$ 3,174,740</u>

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 Bonds were paid off in the current year.

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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 1,			
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	148,000	11,081	159,081
2026-2027	308,000	11,275	319,275
	<u>\$ 1,015,000</u>	<u>\$ 101,040</u>	<u>\$ 1,116,040</u>

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

	<u>Direct Placement</u>		<u>Direct Borrowing</u>		<u>Total</u>
	<u>Bonds</u>		<u>Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 370,117	\$ 117,379	\$ 5,143	\$ -	\$ 492,639
2022	370,823	117,132	5,143	-	493,098
2023	377,557	111,356	5,143	-	494,056
2024	384,308	105,374	5,143	-	494,825
2025	391,088	99,192	5,139	-	495,419
2026-2030	1,469,013	406,778	-	-	1,875,791
2031-2035	1,111,573	308,729	-	-	1,420,302
2036-2040	967,195	205,780	-	-	1,172,975
2041-2045	1,035,614	140,141	-	-	1,175,755
2046-2050	999,539	50,178	-	-	1,049,717
2051-2054	32,509	1,692	-	-	34,201
	<u>\$7,509,336</u>	<u>\$ 1,663,731</u>	<u>\$ 25,711</u>	<u>\$ -</u>	<u>\$ 9,198,778</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 6 - BOND RESERVES

The following is a summary of changes in Bond Reserves:

	Maximum Required	Balance June 30, 2019	Annual Deposit	Balance June 30, 2020
Governmental Funds:				
CIB Street Bonds, 2013	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Total Bond Reserves - Gov.	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>
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	10,961	2,039	13,000
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	19,235	-	19,235
CIB Waste Water Bonds, 2013-S	19,015	6,273	(65)	6,208
CIB Waste Water Bonds, 2018	106,471	12,418	10,644	23,062
CIB Waste Water Bonds, 2018-S	32,908	36,081	34,822	70,903
CIB Waste Water Bonds, 2018-E	53,236	6,202	5,317	11,519
CIB Storm Water Bonds, 2020-S	38,031	-	38,031	38,031
CIB Storm Water Bonds, 2020	57,420	-	4,307	4,307
Total Bond Reserves - Bus.	<u>\$ 451,524</u>	<u>\$ 198,099</u>	<u>\$ 100,374</u>	<u>\$ 298,473</u>

NOTE 7 - COMPENSATED ABSENCES

Compensated absences of Blanding City in the proprietary fund and the governmental fund represent accrued vacation at year end in the amount of \$268,437.

The following is a schedule of changes in compensated absences:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Governmental	\$ 124,054	\$ 4,454	\$ -	\$ 128,508
Proprietary Fund	132,882	7,046	-	139,928
Total Compensated Absences	<u>\$ 256,936</u>	<u>\$ 11,500</u>	<u>\$ -</u>	<u>\$ 268,436</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 12 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Note Payable reported in:	Note Receivable Reported In	
	Electric Fund	Total
Natural Gas Fund	\$ 236,115	\$ 236,115
Total Interfund Balances	\$ 236,115	\$ 236,115

On April 14, 2020 the Electric Fund of the City issued a loan in the amount of \$236,115 to the Natural Gas Fund for the purpose providing funds for ongoing operations. The loan dated April 14, 2020 and maturing July 1, 2029 carries an interest rate of 1.00% and requires yearly payments of \$24,929.51.

The following is a summary of debt service charges for the Note Receivable/Payable:

	Principal	Interest	Total
July 1,			
2020	\$ 22,568	\$ 2,361	\$ 24,929
2021	22,794	2,135	24,929
2022	23,022	1,908	24,930
2023	23,252	1,677	24,929
2024	23,485	1,445	24,930
2025	23,720	1,210	24,930
2026	23,957	973	24,930
2027	24,196	733	24,929
2028	24,438	491	24,929
2029	24,683	247	24,930
	\$ 236,115	\$ 13,180	\$ 249,295

Interfund transfers for the year ended June 30, 2020 are shown in the following table:

	Transfers In	Transfers Out
General Fund	\$ 160,500	\$ 578,044
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	578,044	-
Totals	\$ 738,544	\$ 738,544

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.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - 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 to June 2020 2.0% per year July 2020 to present	Up to 2.5%

* with actuarial reductions

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

Contribution Rate Summary:

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - PENSION PLAN (CONTINUED)

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

At June 30, 2020, we reported a net pension asset of \$0 and a net pension liability of \$519,481

	(Measurement Date): December 31, 2019		Proportionate Share - 2019	Proportionate Share - 2018	Change (Decrease)
	Net Pension Asset	Net Pension Liability			
Noncontributory System	\$ -	\$ 311,973	0.0827764%	0.0821038%	0.0006726%
Public Safety System	-	198,171	0.1234238%	0.1644007%	-0.0409769%
Tier 2 Public Employees System	-	4,288	0.0190669%	0.0190057%	0.0000612%
Tier 2 Public Safety/Firefighter System	-	5,049	0.0536723%	0.0322714%	0.0214009%
Total	<u>\$ -</u>	<u>\$ 519,481</u>			

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

For the year ended June 30, 2020, we recognized pension expense of \$271,791.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,533	\$ 10,187
Changes in assumptions	42,834	169
Net difference between projected and actual earnings on pension plan investments	-	229,974
Changes in proportion and differences between contributions and proportionate share of contributions	26,845	54,022
Contributions subsequent to the measurement date	119,555	-
Total	<u>\$ 223,767</u>	<u>\$ 294,352</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 13 - 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:

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

The 6.95% 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 remained unchanged at 6.95 percent.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, 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:

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	
Revenues:				
Taxes:				
General Property Taxes	\$ 260,000	\$ 270,000	\$ 274,770	\$ 4,770
General Sales and Use Taxes	736,607	795,575	805,195	9,620
Room Tax	35,013	37,102	48,325	11,223
Franchise Taxes	9,500	12,600	14,992	2,392
Total Taxes	<u>1,041,120</u>	<u>1,115,277</u>	<u>1,143,282</u>	<u>28,005</u>
Licenses and Permits	<u>23,000</u>	<u>21,792</u>	<u>27,449</u>	<u>5,657</u>
Intergovernmental Revenue:				
Class C Road	240,000	243,000	254,272	11,272
State Liquor Allotment	10,000	8,000	9,795	1,795
State Grants	134,500	134,500	5,435	(129,065)
Covid Cares Act Grant	-	-	107,729	107,729
Federal Grants	50,000	50,000	8,437	(41,563)
Contributions from County	203,000	175,510	141,735	(33,775)
Total Intergovernmental Revenue	<u>637,500</u>	<u>611,010</u>	<u>527,403</u>	<u>(83,607)</u>
Charges for Services:				
Airport	<u>29,000</u>	<u>29,000</u>	<u>34,926</u>	<u>5,926</u>
Fines and Forfeitures	<u>103,142</u>	<u>103,142</u>	<u>84,741</u>	<u>(18,401)</u>
Miscellaneous:				
Interest	108,301	189,000	180,363	(8,637)
Recreation Revenue	36,920	42,100	36,824	(5,276)
Visitor's Center	17,200	17,200	14,572	(2,628)
Wellness Center Revenue	182,000	195,000	183,054	(11,946)
Sale of Surplus Property	19,500	19,500	15,804	(3,696)
Miscellaneous	80,000	80,000	52,320	(27,680)
Total Miscellaneous Revenue	<u>443,921</u>	<u>542,800</u>	<u>482,937</u>	<u>(59,863)</u>
Contributions and Transfers:				
Fund Balance Appropriated	6,000	6,000	-	(6,000)
Transfers In	160,500	160,500	160,500	-
Total Contributions and Transfers	<u>166,500</u>	<u>166,500</u>	<u>160,500</u>	<u>(6,000)</u>
Total Revenues	<u>\$ 2,444,183</u>	<u>\$ 2,589,521</u>	<u>\$ 2,461,238</u>	<u>\$ (128,283)</u>

BLANDING CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS

Measurement Date of December 31, 2019

June 30, 2020

Last 10 Fiscal Years*

	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%
2019	0.0827764%	0.1234238%	0.0190669%	0.0536723%
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
2019	\$ 311,973	\$ 198,171	\$ 4,288	\$ 5,049
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
2019	\$ 704,548	\$ 168,187	\$ 265,012	\$ 88,468
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%
2019	44.28%	117.83%	1.62%	5.71%
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%
2019	93.70%	90.90%	96.50%	89.60%

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

	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
Tier 2 Public Safety and Firefighter System*	2011	\$ -	\$ -	\$ -	\$ -	0.00%
	2012	\$ -	\$ -	\$ -	\$ -	0.00%
	2013	\$ -	\$ -	\$ -	\$ -	0.00%
	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%
	2020	\$ 20,954	\$ 20,954	\$ -	\$ 90,606	23.13%
Tier 2 Public Employees DC Only System*	2011	\$ -	\$ -	\$ -	\$ -	0.00%
	2012	\$ -	\$ -	\$ -	\$ -	0.00%
	2013	\$ -	\$ -	\$ -	\$ -	0.00%
	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	\$ -	\$ -	\$ -	\$ -	0.00%
	2017	\$ -	\$ -	\$ -	\$ -	0.00%
	2018	\$ -	\$ -	\$ -	\$ -	0.00%
	2019	\$ -	\$ -	\$ -	\$ -	0.00%
	2020	\$ 3,003	\$ 3,003	\$ -	\$ 44,882	6.69%

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

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

COMBINING FINANCIAL STATEMENTS

**BLANDING CITY
COMBINING BALANCE SHEET
NONMAJOR PROPRIETARY FUNDS
June 30, 2020**

	<u>Solid Waste Fund</u>	<u>EDA Arts Fund</u>	<u>Total Nonmajor Funds</u>
ASSETS			
Current Assets:			
Cash and Investments:			
Unrestricted	\$ 402,678	\$ -	\$ 402,678
Accounts Receivable - Net	<u>23,260</u>	<u>-</u>	<u>23,260</u>
Total Current Assets	<u>425,938</u>	<u>-</u>	<u>425,938</u>
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	-	1,307,615	1,307,615
Net of Accumulated Depreciation	<u>15,935</u>	<u>-</u>	<u>15,935</u>
Total Noncurrent Assets	<u>15,935</u>	<u>1,307,615</u>	<u>1,323,550</u>
TOTAL ASSETS	<u>441,873</u>	<u>1,307,615</u>	<u>1,749,488</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions	<u>(2,445)</u>	<u>-</u>	<u>(2,445)</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 439,428</u>	<u>\$ 1,307,615</u>	<u>\$ 1,747,043</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	<u>\$ 16,414</u>	<u>\$ -</u>	<u>\$ 16,414</u>
Total Current Liabilities	<u>16,414</u>	<u>-</u>	<u>16,414</u>
Noncurrent Liabilities:			
Net Pension Liability	2,434	-	2,434
Compensated Absences	<u>920</u>	<u>-</u>	<u>920</u>
Total Noncurrent Liabilities	<u>3,354</u>	<u>-</u>	<u>3,354</u>
TOTAL LIABILITIES	<u>19,768</u>	<u>-</u>	<u>19,768</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	<u>648</u>	<u>-</u>	<u>648</u>
NET POSITION			
Net Investment In Capital Assets	15,935	1,307,615	1,323,550
Unrestricted	<u>403,077</u>	<u>-</u>	<u>403,077</u>
TOTAL NET POSITION	<u>419,012</u>	<u>1,307,615</u>	<u>1,726,627</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 439,428</u>	<u>\$ 1,307,615</u>	<u>\$ 1,747,043</u>

BLANDING CITY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended June 30, 2020

	<u>Solid Waste Fund</u>	<u>Total Nonmajor Funds</u>
Cash Flows From Operating Activities:		
Receipts From Customers	\$ 242,954	\$ 242,954
Payments to Supplies	(195,350)	(195,350)
Payments to Employees	<u>(16,984)</u>	<u>(16,984)</u>
Net Cash Provided by Operating Activities	<u>30,620</u>	<u>30,620</u>
Cash Flows from Investing Activities:		
Transfer to Other Fund	<u>(6,000)</u>	<u>(6,000)</u>
Net Cash Provided From Investing Activities	<u>(6,000)</u>	<u>(6,000)</u>
Increase (Decrease) Cash and Investments	24,620	24,620
Cash and Investments - Beginning	<u>378,058</u>	<u>378,058</u>
Cash and Investments - Ending	<u>\$ 402,678</u>	<u>\$ 402,678</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating Income	<u>\$ 16,946</u>	<u>\$ 16,946</u>
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities:		
Depreciation	590	590
Increase (Decrease) in Operating Assets:		
Accounts Receivable	778	778
Accounts Payable	12,109	12,109
Compensated Absences	<u>197</u>	<u>197</u>
Total Adjustments	<u>13,674</u>	<u>13,674</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 30,620</u>	<u>\$ 30,620</u>

COMPLIANCE SECTION

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

Kimball & Roberts, PC

Certified Public Accountants

September 16, 2020
Richfield, Utah

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, 2020.

Other Matters

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

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

September 16, 2020
Richfield, Utah