

BLANDING CITY
FINANCIAL STATEMENTS
JUNE 30, 2017

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Kimball & Roberts

A Professional Corporation
Certified Public Accountants
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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, 2017, 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, 2017, 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 17, 61 through 63, and 64 through 66, 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 22, 2017, 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 22, 2017
Richfield, Utah

BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2017

This discussion of Blanding City's (City) financial performance provided an overview of the City's financial activities for the year ending June 30, 2017. 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 \$48,518,784 (net position). Of this amount, \$8,548,422 (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 \$4,292,409 a decrease of \$190,790 in comparison with the prior year. Approximately 48 percent of this total amount, \$2,074,570, 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 \$305,780 or 17 percent of total General Fund expenditures.
- * Blanding City's total debt increased by a net amount of \$907,031 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, 2017

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 two 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, 2017

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. Proprietary funds are used to report the same functions 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 \$48,518,784 at the close of the most recent fiscal year. By far the largest portion of Blanding City's net position (75 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, 2017

Blanding City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 4,561,844	\$ 4,737,636	\$ 8,922,600	\$ 7,844,682	\$ 13,484,444	\$ 12,582,318
Capital Assets	16,724,579	16,673,839	26,180,184	25,850,875	42,904,763	42,524,714
Total Assets	21,286,423	21,411,475	35,102,784	33,695,557	56,389,207	55,107,032
Deferred Outflows of Resources	220,632	175,339	198,458	155,813	419,090	331,152
Long-Term Liabilities	2,048,810	2,139,560	5,142,063	4,026,527	7,190,873	6,166,087
Other Liabilities	222,170	206,942	536,695	841,107	758,865	1,048,049
Total Liabilities	2,270,980	2,346,502	5,678,758	4,867,634	7,949,738	7,214,136
Deferred Inflows of Resources	272,987	263,181	66,788	57,565	339,775	263,181
Net Position:						
Net Investment in Capital Assets	15,024,579	14,823,839	21,182,919	21,911,597	36,207,498	36,735,436
Restricted	2,217,839	2,691,120	1,545,025	145,025	3,762,864	2,836,145
Unrestricted	1,720,670	1,462,172	6,827,752	6,869,549	8,548,422	8,331,721
Total Net Position	\$ 18,963,088	\$ 18,977,131	\$ 29,555,696	\$ 28,926,171	\$ 48,518,784	\$ 47,903,302

A portion of Blanding City's net position (5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$8,548,422, 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 \$14,043

BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2017

Blanding City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 570,833	\$ 582,396	\$ 5,100,805	\$ 5,382,087	\$ 5,671,638	\$ 5,964,483
Operating Grants	434,834	541,024	-	-	434,834	541,024
Capital Grants	304,655	2,500,000	8,382	133,609	313,037	2,633,609
General Revenues:						
Property Taxes	260,585	263,577	-	-	260,585	263,577
Other Taxes	737,644	700,377	-	-	737,644	700,377
Impact Fees	-	-	8,750	3,000	8,750	3,000
Net Incr. FMV Invest.	22,789	-	26,365	-	49,154	-
Unrestricted Investment Earnings	88,806	53,226	34,765	22,164	123,571	75,390
Total Revenues	2,420,146	4,640,600	5,179,067	5,540,860	7,599,213	10,181,460
Expenses:						
General Government	265,535	230,299	-	-	265,535	230,299
Public Safety	748,699	728,255	-	-	748,699	728,255
Highways and Public Improvements	476,583	399,407	-	-	476,583	399,407
Parks and Recreation	761,961	736,119	-	-	761,961	736,119
Airport	181,411	181,418	-	-	181,411	181,418
Water	-	-	868,631	801,831	868,631	801,831
Sewer	-	-	342,261	324,343	342,261	324,343
Electric	-	-	2,307,058	2,363,444	2,307,058	2,363,444
Natural Gas	-	-	749,138	889,823	749,138	889,823
Solid Waste	-	-	28,092	178,782	28,092	178,782
Storm Water	-	-	174,501	26,868	174,501	26,868
Interest	-	-	79,862	75,739	79,862	75,739
Total Expenses	2,434,189	2,275,498	4,549,543	4,660,830	6,983,732	6,936,328
Increase in Net Position	(14,043)	2,365,102	629,524	880,030	615,481	3,245,132
Net Position - Beginning	18,977,131	16,612,029	28,926,172	28,046,142	47,903,303	44,658,171
Net Position - Ending	\$ 18,963,088	\$ 18,977,131	\$ 29,555,696	\$ 28,926,172	\$ 48,518,784	\$ 47,903,303

BLANDING CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2017

- * The City received capital grants from the State, Federal and local governments of \$313,037 to assist in the purchase of equipment and construction costs for 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 \$629,524, accounting for 100 percent of the total increase in the government's net position. Key elements of this increase are noted above on page 10.

- * The total increase in the business-type activities can be partly attributed to capital grants of \$8,382.

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 \$4,292,409, a decrease of \$190,790 in comparison with the prior year. Approximately 7 percent of this amount, \$305,780, 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) Highways and Public Improvements, \$552,200; 2) Debt Service, \$100,000; 3) Public Safety Courts, \$11,044; 4) Road Trust Account, \$1,400,000; and assigned for Capital Outlay, \$1,768,790.

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 \$6,827,752. 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, 2017

General Fund Budgetary Highlights

There was an increase of \$216,016 from the original to the final budget for the General Fund.

Amounts funded out of prior year unassigned fund balance was \$0. During the year, however, actual revenues were less than budgeted revenues by \$270,124, and actual expenditures were less than budgeted expenditures by \$319,210, resulting in a net increase in fund balance of \$49,086. 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 its governmental activities as of June 30, 2017, was \$16,724,579 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads, highways, sidewalks, curb and gutter.

The total additions in Blanding City's investment in capital assets, governmental activities, for the current year was \$857,306.

Blanding City's Capital Assets

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
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	3,326,163	3,420,329	3,065,092	3,120,828	6,391,255	6,541,157
Improvements and Infrastructure	12,138,675	11,941,181	20,408,382	16,792,610	32,547,057	28,733,791
Vehicles & Equipment	169,837	208,046	186,522	185,517	356,359	393,563
Construction in Progress	283,125	297,504	139,732	3,371,465	422,857	3,668,969
Total	\$ 16,724,579	\$ 16,673,839	\$ 26,180,184	\$ 25,850,876	\$ 42,904,763	\$ 42,524,715

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, 2017

Long -Term Debt

At the end of the current year, Blanding City had total long-term debt outstanding of \$6,696,309. 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	
	2017	2016	2017	2016	2017	2016
Notes Payable	\$ -	\$ -	\$ 41,140	\$ 46,283	\$ 41,140	\$ 46,283
Revenue Bonds	1,700,000	1,850,000	4,955,169	3,892,995	6,655,169	5,742,995
Total	\$ 1,700,000	\$ 1,850,000	\$ 4,996,309	\$ 3,939,278	\$ 6,696,309	\$ 5,789,278

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 \$3,200,000. The present general obligation debt outstanding is \$0.

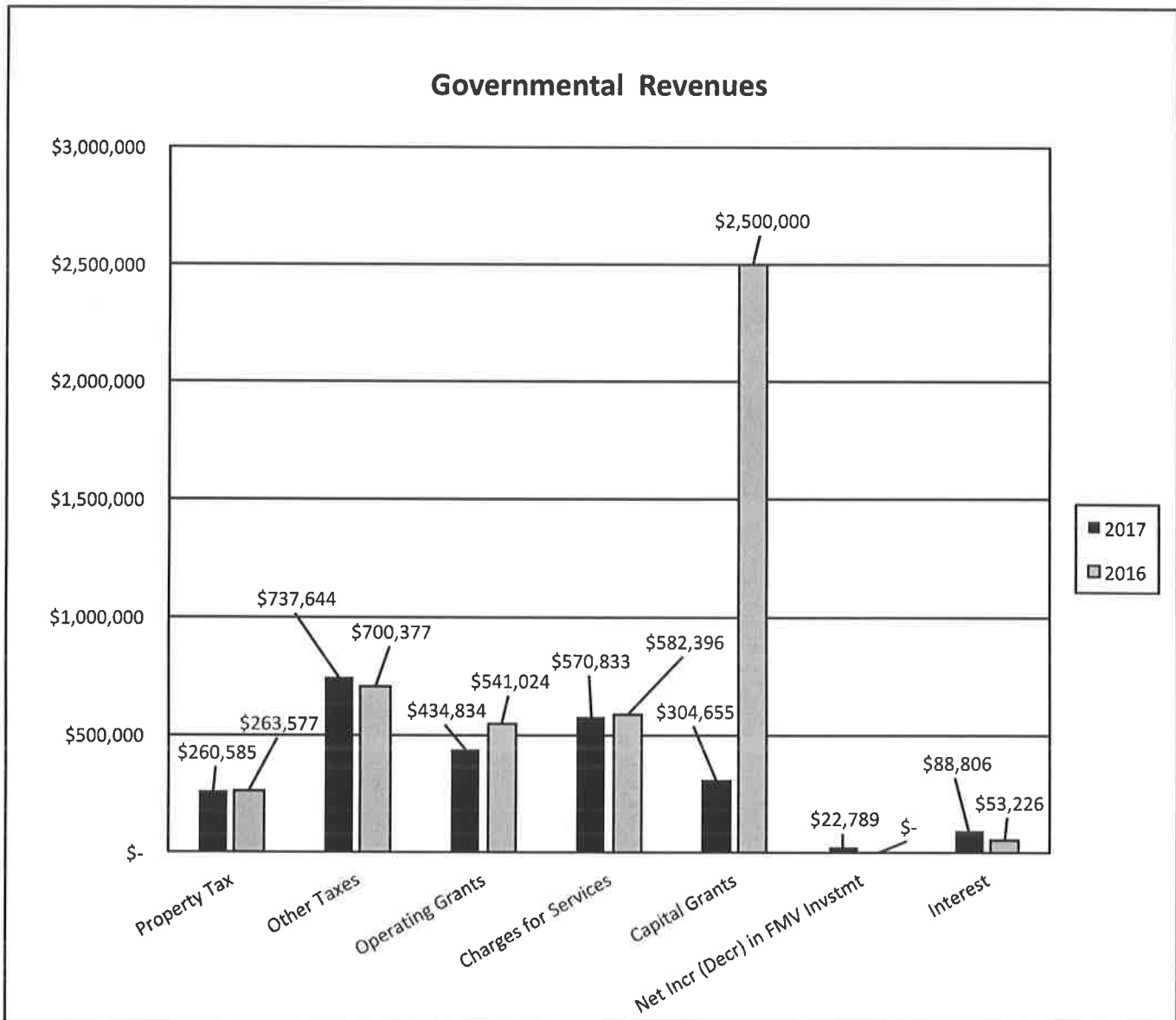
Additional information on Blanding City's long-term debt can be found in the notes of the financial statements.

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.

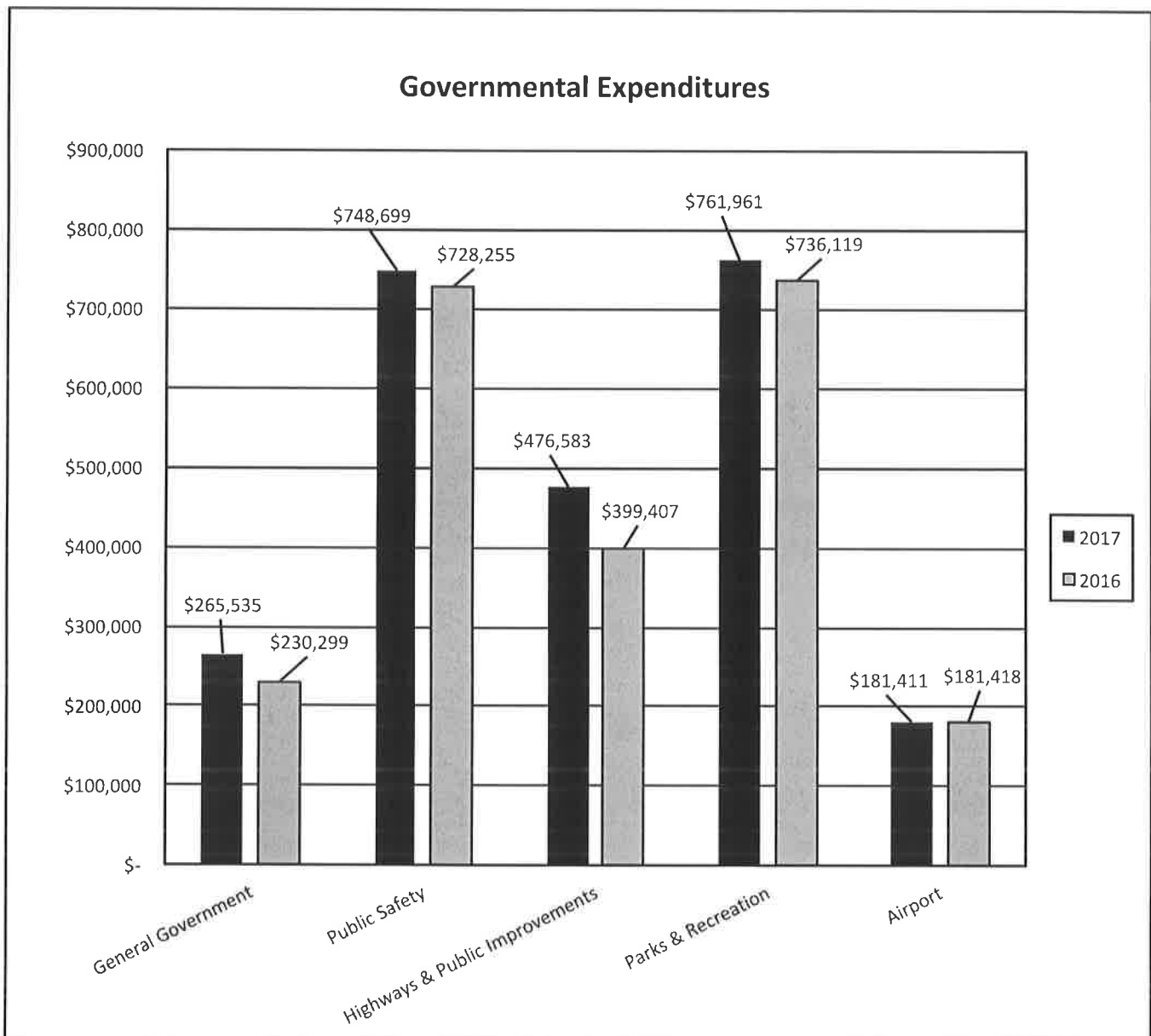
**Blanding City
Governmental Revenues
For The Fiscal Years Ending June 30, 2017 and 2016**

	2017	2016
Property Tax	\$ 260,585	\$ 263,577
Other Taxes	737,644	700,377
Operating Grants	434,834	541,024
Charges for Services	570,833	582,396
Capital Grants	304,655	2,500,000
Net Incr (Decr) in FMV Invstmt	22,789	-
Interest	88,806	53,226
Total Revenues	\$ 2,420,146	\$ 4,640,600



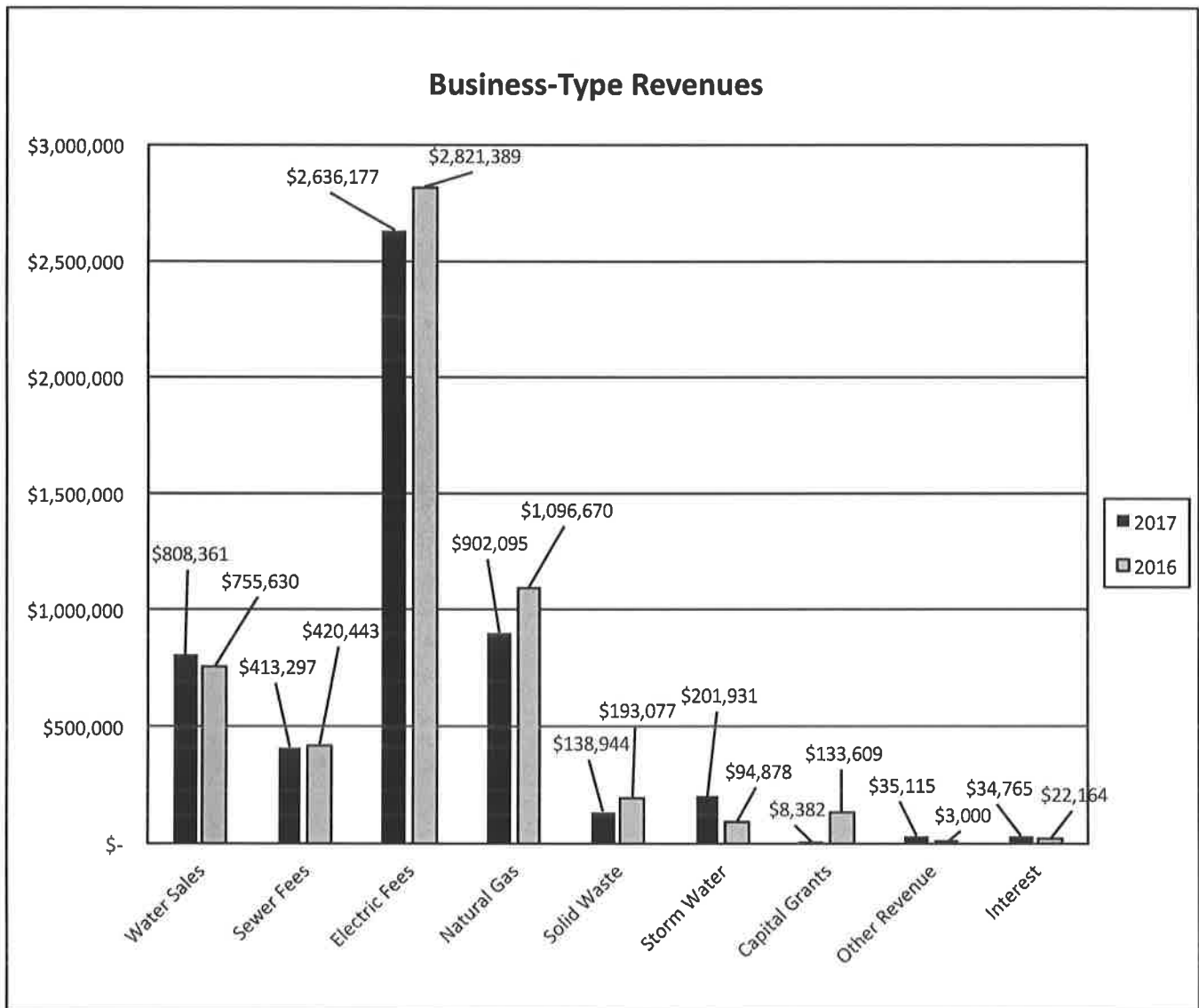
**Blanding City
Governmental Expenditures
For The Fiscal Years Ending June 30, 2017 and 2016**

	2017	2016
General Government	\$ 265,535	\$ 230,299
Public Safety	748,699	728,255
Highways & Public Improvements	476,583	399,407
Parks & Recreation	761,961	736,119
Airport	181,411	181,418
Total Revenues	<u>\$ 2,434,189</u>	<u>\$ 2,275,498</u>



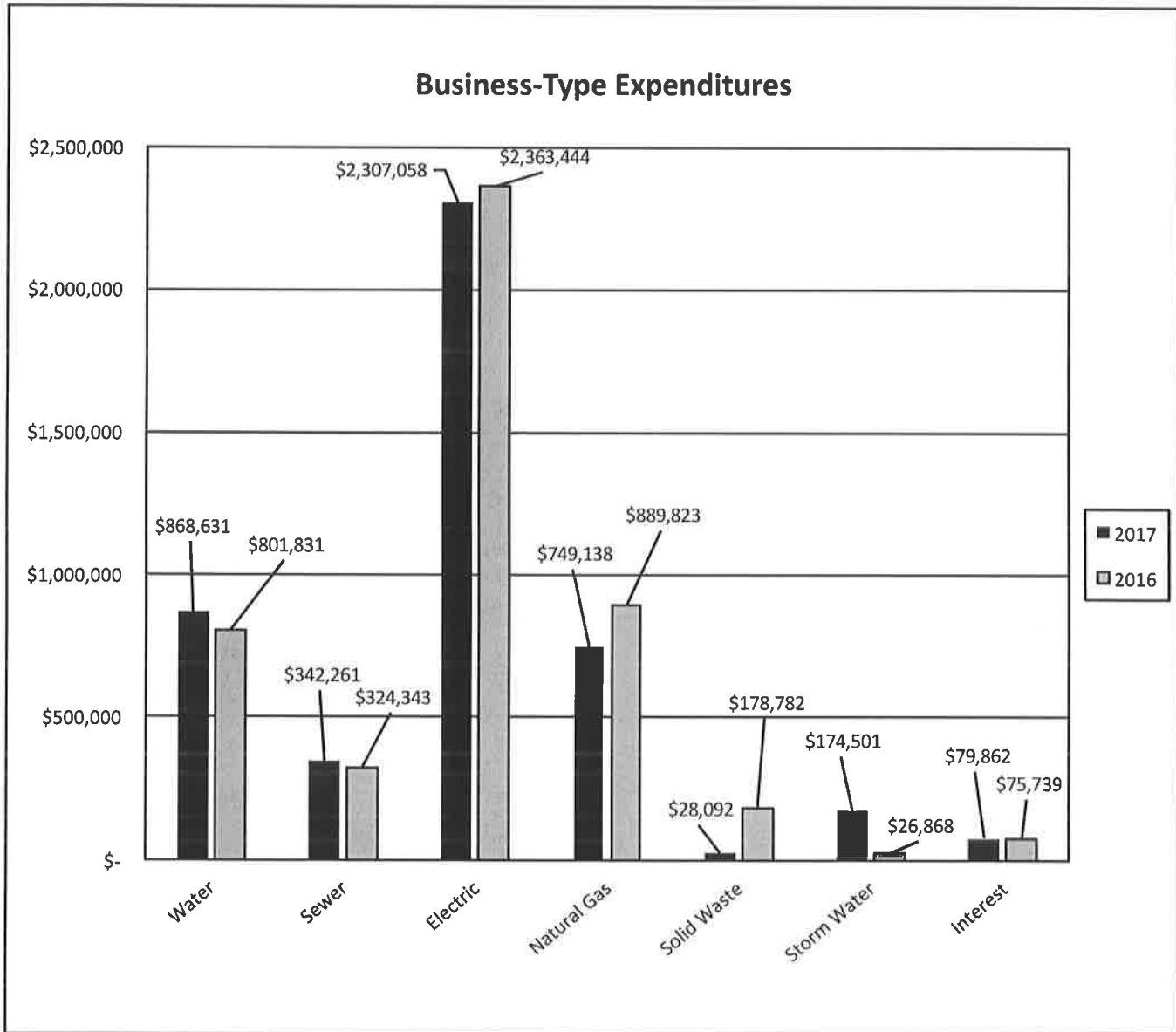
**Blanding City
Business-Type Revenues
For The Fiscal Years Ending June 30, 2017 and 2016**

	2017	2016
Water Sales	\$ 808,361	\$ 755,630
Sewer Fees	413,297	420,443
Electric Fees	2,636,177	2,821,389
Natural Gas	902,095	1,096,670
Solid Waste	138,944	193,077
Storm Water	201,931	94,878
Capital Grants	8,382	133,609
Other Revenue	35,115	3,000
Interest	34,765	22,164
Total Revenues	\$ 5,179,067	\$ 5,540,860



**Blanding City
Business-Type Expenditures
For The Fiscal Years Ending June 30, 2017 and 2016**

	2017	2016
Water	\$ 868,631	\$ 801,831
Sewer	342,261	324,343
Electric	2,307,058	2,363,444
Natural Gas	749,138	889,823
Solid Waste	28,092	178,782
Storm Water	174,501	26,868
Interest	79,862	75,739
Total Revenues	\$ 4,549,543	\$ 4,660,830



BASIC FINANCIAL STATEMENTS

BLANDING CITY
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 2,040,458	\$ 6,897,198	\$ 8,937,656
Accounts Receivable (Net)	31,282	477,669	508,951
Property Taxes Receivable	197,000	-	197,000
Due From Other Government Units	75,000	-	75,000
Loan Receivable	-	2,500	2,500
Total Current Assets	<u>2,343,740</u>	<u>7,377,367</u>	<u>9,721,107</u>
Noncurrent Assets:			
Restricted Cash and Investments	2,217,839	1,545,025	3,762,864
Net Pension Asset	265	208	473
Capital Assets:			
Not Being Depreciated	1,089,904	2,520,188	3,610,092
Net of Accumulated Depreciation	15,634,675	23,659,996	39,294,671
Total Noncurrent Assets	<u>18,942,683</u>	<u>27,725,417</u>	<u>46,668,100</u>
TOTAL ASSETS	<u>21,286,423</u>	<u>35,102,784</u>	<u>56,389,207</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions	220,632	198,458	419,090
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 21,507,055</u>	<u>\$ 35,301,242</u>	<u>\$ 56,808,297</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 67,845	\$ 32,611	\$ 100,456
Accrued Liabilities	4,325	23,061	27,386
Deposits Payable	-	134,372	134,372
Bond Interest Payable	-	14,989	14,989
Loans Payable - Due Within One Year	-	5,143	5,143
Revenue Bonds Payable - Due Within One Year	150,000	326,519	476,519
Total Current Liabilities	<u>222,170</u>	<u>536,695</u>	<u>758,865</u>
Noncurrent Liabilities:			
Loans Payable - More Than One Year	-	35,997	35,997
Revenue Bonds Payable - More Than One Year	1,550,000	4,628,650	6,178,650
Net Pension Liability	412,040	360,094	772,134
Compensated Absences	86,770	117,322	204,092
Total Noncurrent Liabilities	<u>2,048,810</u>	<u>5,142,063</u>	<u>7,190,873</u>
TOTAL LIABILITIES	<u>2,270,980</u>	<u>5,678,758</u>	<u>7,949,738</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	75,987	66,788	142,775
Unearned Property Taxes	197,000	-	197,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>272,987</u>	<u>66,788</u>	<u>339,775</u>
NET POSITION			
Net Investment in Capital Assets	15,024,579	21,182,919	36,207,498
Restricted For:			
Bond Retirement	100,000	91,061	191,061
Capital Projects	-	1,453,964	1,453,964
Roads	706,795	-	706,795
Public Safety - Courts	11,044	-	11,044
Road Trust Account	1,400,000	-	1,400,000
Unrestricted	1,720,670	6,827,752	8,548,422
TOTAL NET POSITION	<u>18,963,088</u>	<u>29,555,696</u>	<u>48,518,784</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 21,507,055</u>	<u>\$ 35,301,242</u>	<u>\$ 56,808,297</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, 2017

Function/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government	\$ 265,535	\$ 307,385	\$ -	\$ -	\$ 41,850	\$ 41,850
Public Safety	748,699	40	8,063	15,000	(725,596)	(725,596)
Highways and Public Improvements	476,583	-	323,045	25,000	(128,538)	(128,538)
Parks and Recreation	761,961	226,694	103,726	-	(431,541)	(431,541)
Airport	181,411	36,714	-	264,655	119,958	119,958
Total Governmental Activities	2,434,189	570,833	434,834	304,655	(1,123,867)	(1,123,867)
Business-Type Activities:						
Water	904,749	808,361	-	8,382	(88,006)	(88,006)
Sewer	348,591	413,297	-	-	64,706	64,706
Electric	2,315,563	2,636,177	-	-	320,614	320,614
Natural Gas	764,483	902,095	-	-	137,612	137,612
Storm Water	41,656	138,944	-	-	97,288	97,288
Solid Waste	174,501	201,931	-	-	27,430	27,430
Total Business-Type Activities	4,549,543	5,100,805	-	8,382	559,644	559,644
Total Primary Government	\$ 6,983,732	\$ 5,671,638	\$ 434,834	\$ 313,037	(1,123,867)	(564,223)
General Revenues:						
Property Taxes					260,585	260,585
Sales Taxes					696,172	696,172
Room Tax					30,622	30,622
Franchise Taxes					10,850	10,850
Impact Fees					-	-
Net Increase (Decrease) in FMV of Investments					22,789	22,789
Unrestricted Investment Earnings					88,806	88,806
Total General Revenues and Transfers					1,109,824	1,109,824
Change in Net Position					(14,043)	615,481
Net Position - Beginning					18,977,131	47,903,303
Net Position - Ending					\$ 18,963,088	\$ 48,518,784

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

**BLANDING CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Investments	\$ 2,328,904	\$ 1,929,393	\$ 4,258,297
Accounts Receivable	31,282	-	31,282
Property Taxes Receivable	197,000	-	197,000
Due From Other Government Units	<u>75,000</u>	<u>-</u>	<u>75,000</u>
 TOTAL ASSETS	 <u>\$ 2,632,186</u>	 <u>\$ 1,929,393</u>	 <u>\$ 4,561,579</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 61,837	\$ 6,008	\$ 67,845
Accrued Liabilities	<u>4,325</u>	<u>-</u>	<u>4,325</u>
 Total Liabilities	 <u>66,162</u>	 <u>6,008</u>	 <u>72,170</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Property Taxes	<u>197,000</u>	<u>-</u>	<u>197,000</u>
FUND BALANCES			
Restricted For:			
Class C Roads	552,200	-	552,200
Public Safety-Courts	11,044	-	11,044
Road Trust Account	1,400,000	-	1,400,000
Roads	-	154,595	154,595
Debt Service	100,000	-	100,000
Assigned For:			
Capital Outlay	-	1,768,790	1,768,790
Unassigned:			
General Fund	<u>305,780</u>	<u>-</u>	<u>305,780</u>
 Total Fund Balance	 <u>2,369,024</u>	 <u>1,923,385</u>	 <u>4,292,409</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 2,632,186</u>	 <u>\$ 1,929,393</u>	 <u>\$ 4,561,579</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, 2017

Total Fund Balances - Governmental Fund Types \$ 4,292,409

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	3,326,163	
Improvements Other than Buildings	12,138,675	
Equipment	169,837	
Construction In Progress	<u>283,125</u>	
Total		16,724,579

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

Net Pension Asset	\$ 265	
Deferred Outflows of Resources Related to Pensions	<u>220,632</u>	
Total Pension Assets and Deferred Outflows of Resources		220,897

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

Net Pension Liability	\$ (412,040)	
Deferred Inflows of Resources Related to Pensions	<u>(75,987)</u>	
Total Pension Liability and Deferred Inflows of Resources		(488,027)

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	\$ (1,700,000)	
Compensated Absences	<u>(86,770)</u>	
Total		<u>(1,786,770)</u>

Net Position of Government Activities		<u><u>\$ 18,963,088</u></u>
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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, 2017

	General Fund	Capital Projects Fund	Total
Revenues:			
Taxes	\$ 998,229	\$ -	\$ 998,229
Licenses and Permits	17,840	-	17,840
Intergovernmental Revenue	434,834	304,655	739,489
Charges for Services	197,254	-	197,254
Fines and Forfeitures	67,373	-	67,373
Interest	88,806	-	88,806
Wellness Center	175,257	-	175,257
Net Increase (Decrease) in FMV of Investments	18,094	4,695	22,789
Miscellaneous Revenues	113,109	-	113,109
	<u>2,110,796</u>	<u>309,350</u>	<u>2,420,146</u>
Total Revenues			
Expenditures:			
Current:			
General Government	222,650	-	222,650
Public Safety	709,488	-	709,488
Highways and Public Improvements	118,746	505,405	624,151
Parks and Recreation	651,266	-	651,266
Airport	9,560	283,125	292,685
Debt Service - Principal	100,000	-	100,000
Capital Outlay	-	10,696	10,696
	<u>1,811,710</u>	<u>799,226</u>	<u>2,610,936</u>
Total Expenditures			
Excess Revenues Over (Under) Expenditures	<u>299,086</u>	<u>(489,876)</u>	<u>(190,790)</u>
Other Financing Sources (Uses):			
Transfers In (Out)	<u>(250,000)</u>	<u>250,000</u>	<u>-</u>
Excess of Revenues & Sources Over Expenditures & Uses	49,086	(239,876)	(190,790)
Fund Balance - Beginning	<u>2,319,938</u>	<u>2,163,261</u>	<u>4,483,199</u>
Fund Balance - Ending	<u>\$ 2,369,024</u>	<u>\$ 1,923,385</u>	<u>\$ 4,292,409</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, 2017

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (190,790)
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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.	(17,085)
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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	\$ 857,306	
Depreciation Expense	<u>(806,566)</u>	
Total		50,740

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>(6,908)</u>	
Total		<u>143,092</u>

Changes In Net Position of Governmental Activities	<u>\$ (14,043)</u>
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The notes to the financial statements are an integral part of this statement.

**BLANDING CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017**

	Water Fund	Sewer Fund	Electric Fund	Natural Gas Fund	Nonmajor Funds	Total
ASSETS:						
Current Assets:						
Cash and Investments	\$ 1,751,027	\$ 1,134,875	\$ 3,489,591	\$ -	\$ 521,705	\$ 6,897,198
Accounts Receivable	81,611	46,600	244,256	67,762	37,440	477,669
Loan Receivable	2,500	-	-	-	-	2,500
Due from Other Funds	-	-	357,032	-	-	357,032
Total Current Assets	1,835,138	1,181,475	4,090,879	67,762	559,145	7,734,399
Noncurrent Assets:						
Cash and Investments - Restricted	145,025	-	1,400,000	-	-	1,545,025
Net Pension Asset	57	48	60	36	7	208
Capital Assets:						
Not Being Depreciated	1,987,237	164,788	359,350	-	8,813	2,520,188
Net of Accumulated Depreciation	14,716,949	2,229,468	1,708,675	3,047,564	1,957,340	23,659,996
Total Noncurrent Assets	16,849,268	2,394,304	3,468,085	3,047,600	1,966,160	27,725,417
TOTAL ASSETS	18,684,406	3,575,779	7,558,964	3,115,362	2,525,305	35,459,816
Deferred Outflows of Resources	49,766	46,166	62,127	38,119	2,280	198,458
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 18,734,172	\$ 3,621,945	\$ 7,621,091	\$ 3,153,481	\$ 2,527,585	\$ 35,658,274
LIABILITIES:						
Current Liabilities:						
Accounts Payable	\$ 6,097	\$ 2,424	\$ 19,102	\$ 3,787	\$ 1,201	\$ 32,611
Accrued Liabilities	-	-	11,532	11,529	-	23,061
Due to Other Funds	-	-	-	357,032	-	357,032
Deposits Payable	-	-	134,372	-	-	134,372
Accrued Interest Payable	50	2,070	8,505	4,364	-	14,989
Note Pay. - Due Within One Year	5,143	-	-	-	-	5,143
Bonds Pay. - Due Within One Year	99,888	12,000	-	210,000	4,631	326,519
Total Current Liabilities	111,178	16,494	173,511	586,712	5,832	893,727
Noncurrent Liabilities:						
Note Pay. - More Than One Year	35,997	-	-	-	-	35,997
Bonds Pay. - More Than One Year	2,053,760	402,000	1,400,000	461,000	311,890	4,628,650
Net Pension Liability	94,305	83,220	110,184	64,393	7,992	360,094
Compensated Absences	28,079	30,109	33,426	22,589	3,119	117,322
Total Noncurrent Liabilities	2,212,141	515,329	1,543,610	547,982	323,001	5,142,063
TOTAL LIABILITIES	2,323,319	531,823	1,717,121	1,134,694	328,833	6,035,790
Deferred Inflows of Resources	17,294	15,462	20,547	12,194	1,291	66,788
NET POSITION:						
Net Investment in Capital Assets	14,509,398	1,979,300	668,025	2,376,564	1,649,632	21,182,919
Restricted for:						
Bond Reserves	91,061	-	-	-	-	91,061
Capital Projects	53,964	-	1,400,000	-	-	1,453,964
Unrestricted	1,739,136	1,095,360	3,815,398	(369,971)	547,829	6,827,752
TOTAL NET POSITION	16,393,559	3,074,660	5,883,423	2,006,593	2,197,461	29,555,696
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 18,734,172	\$ 3,621,945	\$ 7,621,091	\$ 3,153,481	\$ 2,527,585	\$ 35,658,274

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, 2017

	Water Fund	Sewer Fund	Electric Fund	Natural Gas Fund	Nonmajor Funds	Total
Operating Revenues:						
Charges for Sales and Services:						
Water	\$ 746,269	\$ -	\$ -	\$ -	\$ -	\$ 746,269
Sewer	-	408,871	-	-	-	408,871
Electric	-	-	2,616,424	-	-	2,616,424
Natural Gas	-	-	-	895,845	-	895,845
Sanitation	-	-	-	-	201,931	201,931
Storm Water	-	-	-	-	138,944	138,944
Connection Fees	900	1,400	4,872	5,150	-	12,322
Other	61,192	3,026	14,881	1,100	-	80,199
Total Operating Revenues	808,361	413,297	2,636,177	902,095	340,875	5,100,805
Operating Expenses:						
Salaries	168,043	160,616	221,550	135,265	16,253	701,727
Fringe Benefits	85,028	77,649	89,060	69,323	4,761	325,821
Power and Gas Purchases	-	-	1,465,370	361,582	-	1,826,952
Materials and Supplies	62,257	11,500	236,380	20,410	3,534	334,081
Administrative Fees	24,000	9,000	90,000	30,000	7,500	160,500
Utilities	26,709	6,166	9,346	2,941	-	45,162
Insurance	7,000	9,000	30,000	8,000	-	54,000
Professional and Technical	9,962	4,100	51,292	6,620	150,459	222,433
Other	3,044	682	7,621	-	-	11,347
Depreciation	478,533	59,662	101,033	111,786	20,007	771,021
Total Operating Expenses	864,576	338,375	2,301,652	745,927	202,514	4,453,044
Operating Income	(56,215)	74,922	334,525	156,168	138,361	647,761
Nonoperating Revenues (Expenses):						
Interest Expense	(36,118)	(6,330)	(8,505)	(15,345)	(13,564)	(79,862)
Impact Fees	8,000	750	-	-	-	8,750
Interest Earned	15,392	5,251	9,067	5,055	-	34,765
Net Increase (Decrease) FMV of Invs	5,348	2,557	15,772	1,849	839	26,365
Federal & State Grants	8,382	-	-	-	-	8,382
Benefit Expense GASB 68	27,103	25,974	36,138	21,456	527	111,198
Pension Expense GASB 68	(31,158)	(29,860)	(41,544)	(24,667)	(606)	(127,835)
Total Nonoperating Revenues (Expenses)	(3,051)	(1,658)	10,928	(11,652)	(12,804)	(18,237)
Change in Net Position	(59,266)	73,264	345,453	144,516	125,557	629,524
Net Position - Beginning	16,452,825	3,001,396	5,537,970	1,862,077	2,071,904	28,926,172
Net Position - Ending	<u>\$ 16,393,559</u>	<u>\$ 3,074,660</u>	<u>\$ 5,883,423</u>	<u>\$ 2,006,593</u>	<u>\$ 2,197,461</u>	<u>\$ 29,555,696</u>

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, 2017

	Water Fund	Sewer Fund	Electric Fund	Natural Gas Fund	Nonmajor Funds	Total
Cash Flows From Operating Activities:						
Receipts From Customers	\$ 806,123	\$ 409,768	\$ 2,704,329	\$ 900,466	\$ 336,953	\$ 5,157,639
Payments to Suppliers	(153,551)	(39,574)	(2,160,648)	(431,401)	(172,345)	(2,957,519)
Payments to Employees	(253,071)	(238,265)	(310,610)	(204,588)	(21,014)	(1,027,548)
Net Cash Provided by Operating Activities	<u>399,501</u>	<u>131,929</u>	<u>233,071</u>	<u>264,477</u>	<u>143,594</u>	<u>1,172,572</u>
Cash Flows from Noncapital Financing Activities:						
Due to Other Funds	-	-	392,018	357,032	-	749,050
Due (From) Other Funds	-	-	(357,032)	(392,018)	-	(749,050)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>34,986</u>	<u>(34,986)</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:						
Capital Grants	8,382	-	-	-	-	8,382
Note Receivable Collection	2,500	-	-	-	-	2,500
Impact Fees	8,000	750	-	-	-	8,750
Capital Asset Additions	(19,394)	-	(26,132)	(1,924)	(22,461)	(69,911)
Construction In Progress	(36,243)	(215,419)	(778,757)	-	-	(1,030,419)
Revenue Bond Proceeds	-	-	1,400,000	-	-	1,400,000
Interest Payment on Long-Term Debt	(36,134)	(6,390)	-	(16,471)	(13,564)	(72,559)
Principal Payment on Long-Term Debt	(108,137)	(12,000)	-	(218,000)	(4,831)	(342,968)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(181,026)</u>	<u>(233,059)</u>	<u>595,111</u>	<u>(236,395)</u>	<u>(40,856)</u>	<u>(96,225)</u>
Cash Flows from Investing Activities:						
Interest Earned on Investments	15,392	5,251	9,067	5,055	-	34,765
Net Increase (Decrease) FMV of Invstmnts	5,348	2,557	15,772	1,849	839	26,365
Net Cash Provided from Investing Activities	<u>20,740</u>	<u>7,808</u>	<u>24,839</u>	<u>6,904</u>	<u>839</u>	<u>61,130</u>
Increase (Decrease) Cash and Investments	239,215	(93,322)	888,007	-	103,577	1,137,477
Cash and Investments - Beginning	1,656,837	1,228,197	4,001,584	-	418,128	7,304,746
Cash and Investments - Ending	<u>\$ 1,896,052</u>	<u>\$ 1,134,875</u>	<u>\$ 4,889,591</u>	<u>\$ -</u>	<u>\$ 521,705</u>	<u>\$ 8,442,223</u>
Reconciliation of Oper. Income to Net Cash Provided By Operating Activities:						
Operating Income (Loss)	\$ (56,215)	\$ 74,922	\$ 334,525	\$ 156,168	\$ 138,361	\$ 647,761
Adjustment to Reconcile Oper. Income To Net Cash Prov. By Oper. Activities:						
Depreciation	478,533	59,662	101,033	111,786	20,007	771,021
Increase (Decr.) in Operating Assets:						
Accounts Receivable	(2,238)	(3,529)	68,152	(1,629)	(3,923)	56,833
Accounts Payable	(21,192)	378	(268,881)	(4,234)	(11,010)	(304,939)
Accrued Liabilities	-	-	(558)	5,088	-	4,530
Compensated Absences	613	496	(1,200)	(2,702)	159	(2,634)
Total Adjustments	<u>455,716</u>	<u>57,007</u>	<u>(101,454)</u>	<u>108,309</u>	<u>5,233</u>	<u>524,811</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 399,501</u>	<u>\$ 131,929</u>	<u>\$ 233,071</u>	<u>\$ 264,477</u>	<u>\$ 143,594</u>	<u>\$ 1,172,572</u>

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017.

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 only when payment is due.

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

The government reports the following major governmental funds:

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

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 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.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

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

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.

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

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

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".

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

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

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

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

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

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.

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 Town'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 18% of the next year's budgeted revenues must be appropriated within the following two years.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 11.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. The Town reports unavailable revenues from property taxes and deferred inflows as relating to pensions as described in Note 11. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

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 22, 2017.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS

Deposits:

Deposits and Investments are carried at amortized cost, which approximates fair value. A reconciliation of cash and investments at June 30, 2017, as shown on the financial statements is as follows:

	Carrying at Fair Value
Cash on Hand	\$ 1,413
Demand Deposits	935,552
Investments - PTIF	11,763,555
Total Cash and Investments	\$ 12,700,520
Governmental Activities - Unrestricted	\$ 2,040,458
Governmental Activities - Restricted	2,217,839
Business-Type Activities - Unrestricted	6,897,198
Business-Type Activities - Restricted	1,545,025
Total Cash and Investments	\$ 12,700,520

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, 2017, \$752,533 of the City's bank balances of \$1,004,274 was uninsured and uncollateralized.

Investments:

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

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.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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.

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.

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

At June 30, 2017, the City had the following recurring fair value measurements:

<u>Investments By Fair Value Level</u>	June 30, 2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities:				
Utah Public Treasurers'				
Investment Fund	\$11,763,555	\$ -	\$11,763,555	\$ -
 Total Investments - Fair Value Level	 \$11,763,555	 \$ -	 \$11,763,555	 \$ -

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, 2017 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.

As of June 30, 2017, the City's investments had the following maturities:

<u>Investment Type</u>	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Utah Public Treasurers'					
Investment Fund	\$11,763,555	\$11,763,555	\$ -	\$ -	\$ -
 Total	 \$11,763,555	 \$11,763,555	 \$ -	 \$ -	 \$ -

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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, 2017, 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>
Utah Public Treasurers'					
Investment Fund	<u>\$11,763,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,763,555</u>
Total	<u>\$11,763,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,763,555</u>

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, 2017, the City had \$11,763,555 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, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 806,779	\$ -	\$ -	\$ 806,779
Construction In Progress	297,504	791,184	805,563	283,125
Total Capital Assets Not Being Depreciated	1,104,283	791,184	805,563	1,089,904
Capital Assets Being Depreciated:				
Buildings	4,533,808	50,830	-	4,584,638
Improvements	18,532,362	756,107	-	19,288,469
Equipment	1,779,421	64,748	-	1,844,169
Total Capital Assets Being Depreciated	24,845,591	871,685	-	25,717,276
Less Accumulated Depreciation For:				
Buildings	1,113,479	144,996	-	1,258,475
Improvements	6,591,181	558,613	-	7,149,794
Equipment	1,571,375	102,957	-	1,674,332
Total Accumulated Depreciation	9,276,035	806,566	-	10,082,601
Total Capital Assets Being Depreciated (Net)	15,569,556	65,119	-	15,634,675
Governmental Activities Capital Assets, Net	\$ 16,673,839	\$ 856,303	\$ 805,563	\$ 16,724,579

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	3,371,465	1,029,807	4,261,540	139,732
	<u>5,751,921</u>	<u>1,029,807</u>	<u>4,261,540</u>	<u>2,520,188</u>
Total Capital Assets Not Being Depreciated				
Capital Assets Being				
Depreciated:				
Buildings	3,789,280	-	-	3,789,280
Utility Systems	29,342,773	4,286,030	-	33,628,803
Equipment	1,467,553	46,032	-	1,513,585
	<u>34,599,606</u>	<u>4,332,062</u>	<u>-</u>	<u>38,931,668</u>
Total Capital Assets Being Depreciated				
Less Accumulated				
Depreciation For:				
Buildings	668,452	55,736	-	724,188
Utility Systems	12,550,163	670,258	-	13,220,421
Equipment	1,282,036	45,027	-	1,327,063
	<u>14,500,651</u>	<u>771,021</u>	<u>-</u>	<u>15,271,672</u>
Total Accumulated Depreciation				
Total Capital Assets Being Depreciated (Net)				
	<u>20,098,955</u>	<u>3,561,041</u>	<u>-</u>	<u>23,659,996</u>
Business-Type Activities Capital Assets, Net				
	<u>25,850,876</u>	<u>4,590,848</u>	<u>4,261,540</u>	<u>26,180,184</u>
Total Assets - Government Wide				
	<u>\$ 42,524,715</u>	<u>\$ 5,447,151</u>	<u>\$ 5,067,103</u>	<u>\$ 42,904,763</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	\$ 25,989
Public Safety	96,862
Highways and Public Improvements	349,795
Parks and Recreation	162,065
Airport	171,855
Total Depreciation Expense	\$ 806,566

NOTE 4 - NATURAL GAS SYSTEM

The number of properties connected to the natural gas system at June 30, 2017, was 1,101. The number of unconnected homes within the City limits was 598 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,			
2018	\$ 50,000	\$ -	\$ 50,000
2019	50,000	-	50,000
2020	50,000	-	50,000
2021	50,000	-	50,000
2022	50,000	-	50,000
2023-2027	250,000	-	250,000
2028-2032	250,000	-	250,000
2033-2037	250,000	-	250,000
2038-2041	200,000	-	200,000
	\$ 1,200,000	\$ -	\$ 1,200,000

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,			
2018	100,000	-	100,000
2019	100,000	-	100,000
2020	100,000	-	100,000
2021	100,000	-	100,000
2022	100,000	-	100,000
	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 150,000	\$ -	\$ 150,000
2019	150,000	-	150,000
2020	150,000	-	150,000
2021	150,000	-	150,000
2022	150,000	-	150,000
2023-2027	250,000	-	250,000
2028-2032	250,000	-	250,000
2033-2037	250,000	-	250,000
2038-2041	200,000	-	200,000
	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 1,700,000</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 2017, the "pledged revenues" were 1.57 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 \$160,000.

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

	Principal	Interest	Total
2018	\$ 20,000	\$ -	\$ 20,000
2019	20,000	-	20,000
2020	20,000	-	20,000
2021	20,000	-	20,000
2022	20,000	-	20,000
2023-2025	60,000	-	60,000
Total	\$ 160,000	\$ -	\$ 160,000

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 \$41,140.

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

	Principal	Interest	Total
2018	\$ 5,143	\$ -	\$ 5,143
2019	5,143	-	5,143
2020	5,143	-	5,143
2021	5,143	-	5,143
2022	5,143	-	5,143
2023-2025	15,425	-	15,425
Total	\$ 41,140	\$ -	\$ 41,140

1995 Community Impact Board Bonds:

During January of 1995, the City issued Irrigation Water Revenue Bonds in the amount of \$50,000 for the purpose of construction improvements to the City's irrigation system. The bonds require annual payments of \$2,500 with no interest. The bonds were retired in 2017.

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 \$30,000.

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

	Principal	Interest	Total
2018	10,000	99	10,099
2019	10,000	66	10,066
2020	10,000	33	10,033
Total	\$ 30,000	\$ 198	\$ 30,198

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)
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 were issued with an interest rate of 4.25%. Monthly payments of \$1,166 are to begin August 1, 2012 and mature June 1, 2049. The balance at year end was \$244,439.

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

	Principal	Interest	Total
2018	\$ 3,675	\$ 10,317	\$ 13,992
2019	3,833	10,159	13,992
2020	4,000	9,992	13,992
2021	4,173	9,819	13,992
2022	4,354	9,638	13,992
2023-2027	24,769	45,191	69,960
2028-2032	30,622	39,338	69,960
2033-2037	37,858	32,102	69,960
2038-2042	46,804	23,156	69,960
2043-2047	57,864	12,096	69,960
2048-2049	26,487	1,175	27,662
	\$ 244,439	\$ 202,983	\$ 447,422

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 \$634,279.

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

	Principal	Interest	Total
2018	\$ 12,607	\$ 17,285	\$ 29,892
2019	12,959	16,933	29,892
2020	13,319	16,573	29,892
2021	13,691	16,201	29,892
2022	14,071	15,821	29,892
2023-2027	76,460	73,000	149,460
2028-2032	87,715	61,745	149,460
2033-2037	100,630	48,830	149,460
2038-2042	115,444	34,016	149,460
2043-2047	132,440	17,020	149,460
2048-2049	54,943	1,502	56,445
	\$ 634,279	\$ 318,926	\$ 953,205

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. The balance at year end was \$68,404.

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

	Principal	Interest	Total
2018	\$ 1,364	\$ 1,864	\$ 3,228
2019	1,402	1,826	3,228
2020	1,441	1,787	3,228
2021	1,481	1,747	3,228
2022	1,522	1,706	3,228
2023-2027	8,272	7,868	16,140
2028-2032	9,490	6,650	16,140
2033-2037	10,887	5,253	16,140
2038-2042	12,490	3,650	16,140
2043-2047	14,328	1,812	16,140
2048-2049	5,727	151	5,878
	\$ 68,404	\$ 34,314	\$ 102,718

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, 2017 is \$6,627.

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,			
2018	\$ 12,000	\$ -	\$ 12,000
2019	12,000	-	12,000
2020	12,000	-	12,000
2021	12,000	-	12,000
2022	12,000	-	12,000
2023-2027	64,000	-	64,000
2028-2032	65,000	-	65,000
2033	13,000	-	13,000
	<u>\$ 202,000</u>	<u>\$ -</u>	<u>\$ 202,000</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, 2017 is \$26,388.

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,			
2018	\$ 38,000	\$ -	\$ 38,000
2019	38,000	-	38,000
2020	38,000	-	38,000
2021	38,000	-	38,000
2022	38,000	-	38,000
2023-2027	190,000	-	190,000
2028-2032	190,000	-	190,000
2033	28,000	-	28,000
	<u>\$ 598,000</u>	<u>\$ -</u>	<u>\$ 598,000</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG TERM DEBT (CONTINUED)

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 continuing until 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, 2017 is \$9,384.

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>
2018	\$ 3,180	\$ 6,204	\$ 9,384
2019	3,863	5,521	9,384
2020	3,669	5,715	9,384
2021	3,772	5,612	9,384
2022	3,876	5,508	9,384
2023-2027	21,063	25,857	46,920
2028-2032	24,164	22,756	46,920
2033-2037	27,722	19,198	46,920
2038-2042	31,802	15,118	46,920
2043-2047	36,485	10,435	46,920
2048-2052	41,856	5,064	46,920
2053-2054	15,074	361	15,435
	<u>\$ 216,526</u>	<u>\$ 127,349</u>	<u>\$ 343,875</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>
2018	\$ 105,969	\$ 35,769	\$ 141,738
2019	107,200	34,505	141,705
2020	107,572	34,100	141,672
2021	98,260	33,379	131,639
2022	98,966	32,673	131,639
2023-2027	459,989	151,916	611,905
2028-2032	406,991	130,489	537,480
2033-2037	218,097	105,383	323,480
2038-2042	206,540	75,940	282,480
2043-2047	241,117	41,363	282,480
2048-2052	129,013	7,892	136,905
2053-2054	15,074	361	15,435
	<u>\$ 2,194,788</u>	<u>\$ 683,770</u>	<u>\$ 2,878,558</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:

	Principal	Interest	Total
March 1,			
2018	\$ 13,000	\$ 6,210	\$ 19,210
2019	13,000	6,015	19,015
2020	13,000	5,820	18,820
2021	13,000	5,625	18,625
2022	13,000	5,430	18,430
2023-2027	70,000	24,075	94,075
2028-2032	75,000	18,675	93,675
2033-2037	81,000	12,900	93,900
2038-2042	87,000	6,660	93,660
2043-2044	36,000	810	36,810
	<u>\$ 414,000</u>	<u>\$ 92,220</u>	<u>\$ 506,220</u>

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
2018	221,000	13,093	234,093
2019	225,000	9,225	234,225
2020	225,000	4,838	229,838
	<u>\$ 671,000</u>	<u>\$ 27,156</u>	<u>\$ 698,156</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 balance at year end was \$316,521.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 16,			
2018	\$ 5,041	\$ 13,355	\$ 18,396
2019	5,260	13,136	18,396
2020	5,488	12,908	18,396
2021	5,725	12,671	18,396
2022	5,974	12,422	18,396
2023-2027	33,984	57,996	91,980
2028-2032	42,013	49,967	91,980
2033-2037	51,942	40,038	91,980
2038-2042	64,216	27,764	91,980
2043-2047	79,390	12,590	91,980
2048	17,488	395	17,883
	<u>\$ 316,521</u>	<u>\$ 253,242</u>	<u>\$ 569,763</u>

Electric System:

Electric Revenue Bond, Series 2017:

On March 30, 2017 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, 2017 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,			
2018	\$ 125,000	\$ 34,020	\$ 159,020
2019	128,000	30,983	158,983
2020	132,000	27,872	159,872
2021	135,000	24,665	159,665
2022	138,000	21,384	159,384
2023-2027	742,000	54,991	796,991
	<u>\$ 1,400,000</u>	<u>\$ 193,915</u>	<u>\$ 1,593,915</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in long-term debt at June 30, 2017:

Bond Issue:	Date of Issue	Interest Rate	Total Authorized	Outstanding June 30, 2016	Current Year Changes		Outstanding June 30, 2017	Due Within One Year
					Issued	Matured		
Governmental Long-Term Debt:								
Sales Tax Revenue Bond	2010	0.0%	\$ 1,500,000	\$ 1,250,000	-	\$ 50,000	\$ 1,200,000	\$ 50,000
CIB Street Bond	2011	0.0%	1,000,000	600,000	-	100,000	500,000	100,000
Total Governmental Bonds			2,500,000	1,850,000	-	150,000	1,700,000	150,000
Business-Type Long-Term Debt:								
Water:								
SJWCD Bond	1983	0.0%	800,000	180,000	-	20,000	160,000	20,000
SJWCD Contract	1997	0.0%	144,000	46,283	-	5,143	41,140	5,143
CIB Bond	1995	0.0%	50,000	2,500	-	2,500	-	-
DWB Bond	1999	3.5%	200,000	40,000	-	10,000	30,000	10,000
USDA Parity Revenue Bond	2009	4.3%	266,000	247,961	-	3,522	244,439	3,675
2012A Parity Revenue Bond	2012	3.375%	686,000	646,545	-	12,266	634,279	12,607
2012B Parity Revenue Bond	2012	3.0%	74,000	69,731	-	1,327	68,404	1,364
2012A Parity Revenue Bond	2012	0.0%	250,000	214,000	-	12,000	202,000	12,000
2013A Parity Revenue Bond	2013	0.0%	750,000	636,000	-	38,000	598,000	38,000
2014 Parity Revenue Bond	2014	3.5%	224,000	219,905	-	3,379	216,526	3,180
Total Water System			3,444,000	2,302,925	-	108,137	2,194,788	105,969
Sewer								
Wastewater Revenue Bond	2013	1.50%	450,000	426,000	-	12,000	414,000	13,000
Storm Water:								
Rural Development	2008	4.25%	350,000	321,353	-	4,832	316,521	5,041
Natural Gas:								
Natural Gas Refunding Bond	2013	.95% - 2.15%	1,529,000	889,000	-	218,000	671,000	221,000
Electricity:								
Electric Revenue Bond	2017	2.43%	1,400,000	-	1,400,000	-	1,400,000	125,000
Total Business-Type Bond Issues			7,173,000	3,939,278	1,400,000	342,969	4,996,309	470,010
Total Bond Issues			\$ 9,673,000	\$ 5,789,278	\$ 1,400,000	\$ 492,969	\$ 6,696,309	\$ 620,010

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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 470,010	\$ 102,447	\$ 572,457
2019	478,460	93,864	572,324
2020	483,060	85,538	568,598
2021	251,985	76,340	328,325
2022	255,940	71,909	327,849
2023-2027	1,305,973	288,978	1,594,951
2028-2032	524,004	199,131	723,135
2033-2037	351,039	158,321	509,360
2038-2042	357,756	110,364	468,120
2043-2047	356,507	54,763	411,270
2048-2052	146,501	8,287	154,788
2053-2054	15,074	361	15,435
	<u>\$ 4,996,309</u>	<u>\$ 1,250,303</u>	<u>\$ 6,246,612</u>

NOTE 6 - BOND RESERVES

The following is a summary of changes in Bond Reserves:

	<u>Maximum Required</u>	<u>Balance June 30, 2016</u>	<u>Annual Deposit</u>	<u>Balance June 30, 2017</u>
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	\$ 14,946	\$ 7,517	\$ 22,463
USDA Water Bonds, 2012A - M	31,704	15,852	7,926	23,778
USDA Water Bonds, 2012B	3,228	1,614	807	2,421
CIB Water Bonds, 2012A	13,000	4,460	2,167	6,627
CIB Water Bonds, 2013A	38,000	20,055	6,333	26,388
CIB Water Bonds, 2014	9,384	9,384	-	9,384
Total Bond Reserves - Bus.	<u>\$ 125,208</u>	<u>\$ 66,311</u>	<u>\$ 24,750</u>	<u>\$ 91,061</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

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 \$204,092.

The following is a schedule of changes in compensated absences:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Governmental	\$ 79,862	\$ 6,908	\$ -	\$ 86,770
Proprietary Fund	119,957	-	2,635	117,322
Total Compensated Absences	\$ 199,819	\$ 6,908	\$ 2,635	\$ 204,092

NOTE 8 - CLASS C ROADS

The following schedule outlines the transactions in the Class C Road account for the fiscal year ended June 30, 2017:

Balance - Beginning of Year	\$ 780,300
Receipts:	
Class C Road Allotment	\$ 223,045
Interest Earnings	5,592
Total Receipts	228,637
Disbursements	(456,737)
Balance - End of Year	\$ 552,200

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; 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 10 - 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 11 - 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 mixed agent and cost sharing, multi-employer 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 System's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

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

Benefits Provided:

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 11 - 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, 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.

Contributions:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the 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, 2017, are as shown on following page:

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 11 - 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	14.91%	1.78%
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%	22.75%	N/A
122 - Tier 2 DB Hybrid Public Safety	N/A	22.50%	1.33%
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 the Tier 1 plans.

For fiscal year ended June 30, 2017 the employer and employee contributions to the Systems were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 131,299	N/A
Public Safety System	64,779	-
Tier 2 Public Employees System	19,304	-
Tier 2 Public Safety and Firefighter	9,701	-
	<u> </u>	<u> </u>
Total Contributions	<u>\$ 225,083</u>	<u>\$ -</u>

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

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 11 - PENSION PLAN (CONTINUED)

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

At June 30, 2017, we reported a net pension asset of \$473 and a net pension liability of \$772,134.

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share - 2016</u>	<u>Proportionate Share - 2015</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	\$ 525,804	0.0818853%	0.0820545%	-0001692%
Public Safety System	-	244,949	0.1207075%	0.1153445%	.0053630%
Tier 2 Public Employees System	-	1,381	0.0123761%	0.0106732%	.0017029%
Tier 2 Public Safety/ Firefighter System	<u>473</u>	<u>-</u>	0.0544802%	0.0621595%	-.0076793%
Total	<u>\$ 473</u>	<u>\$ 772,134</u>			

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 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, 2017, we recognized pension expense of \$259,653.

At June 30, 2017 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,770	\$ 35,335
Changes in assumptions	\$ 114,820	\$ 25,837
Net difference between projected and actual earnings on pension plan investments	\$ 169,169	\$ 49,939
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 10,860	\$ 31,664
Contributions subsequent to the measurement date	<u>\$ 112,471</u>	<u>\$ -</u>
Total	<u>\$ 419,090</u>	<u>\$ 142,775</u>

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 11 - PENSION PLAN (CONTINUED)

\$112,471 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, 2016.

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>
2017	\$ 46,450
2018	\$ 52,684
2019	\$ 67,890
2020	\$ (4,133)
2021	\$ 71
Thereafter	\$ 883

Actuarial Assumptions:

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 Percent
Salary Increases	3.35 - 10.35 percent, average, including inflation
Investment rate of return	7.20 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, 2016, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2013.

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 11 - 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%	7.06%	2.82%
Debt Securities	20.00%	0.80%	0.16%
Real Assets	13.00%	5.10%	0.66%
Private Equity	9.00%	11.30%	1.02%
Absolute Return	18.00%	3.15%	0.57%
Cash and Cash Equivalentents	0.00%	0.00%	0.00%
Totals	100.00%		5.23%
			Inflation 2.60%
			Expected arithmetic nominal return 7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

Discount Rate:

The discount rate used to measure the total pension liability was 7.20%. 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 7.20 percent from 7.50 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 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate shown on the following page:

BLANDING CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 11 - PENSION PLAN (CONTINUED)

<u>System</u>	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Noncontributory System	\$ 1,089,118	\$ 525,804	\$ 55,749
Public Safety System	509,438	244,949	29,955
Tier 2 Public Employees System	9,397	1,381	(4,718)
Tier 2 Public Safety and Firefighter	3,309	(473)	(3,379)
	<u>\$ 1,611,262</u>	<u>\$ 771,661</u>	<u>\$ 77,607</u>

Pension Plan Fiduciary Net Position:

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

Defined Contribution Savings Plans:

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

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>2017</u>	<u>2016</u>	<u>2015</u>
401(K) Plan:			
Employer Contributions	\$ 10,585	\$ 8,319	\$ 5,654
Employee Contributions	\$ 11,127	\$ 4,840	\$ 59,269
Roth IRA Plan:			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 3,150	\$ -	\$ -

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

BLANDING CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS
For The Fiscal Year Ended June 30, 2017

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, 2017, 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, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
Revenues:				
Taxes:				
General Property Taxes	\$ 260,000	\$ 260,000	\$ 260,585	\$ 585
General Sales and Use Taxes	630,000	646,361	696,172	49,811
Room Tax	25,000	28,160	30,622	2,462
Franchise Taxes	10,800	9,500	10,850	1,350
Total Taxes	<u>925,800</u>	<u>944,021</u>	<u>998,229</u>	<u>54,208</u>
Licenses and Permits	<u>20,500</u>	<u>23,200</u>	<u>17,840</u>	<u>(5,360)</u>
Intergovernmental Revenue:				
Class C Road	137,329	177,074	223,045	45,971
State Liquor Allotment	10,000	10,000	7,534	(2,466)
State Grants	134,500	134,500	529	(133,971)
Federal Grants	50,000	50,000	-	(50,000)
Contributions from County	243,000	203,000	203,726	726
Total Intergovernmental Revenue	<u>574,829</u>	<u>574,574</u>	<u>434,834</u>	<u>(139,740)</u>
Charges for Services:				
Airport	28,925	28,925	36,714	7,789
Fire Revenue	10,000	10,000	40	(9,960)
Administrative Fees	160,500	160,500	160,500	-
Total Charges for Services	<u>199,425</u>	<u>199,425</u>	<u>197,254</u>	<u>(2,171)</u>
Fines and Forfeitures	<u>85,400</u>	<u>85,400</u>	<u>67,373</u>	<u>(18,027)</u>
Miscellaneous:				
Interest	30,000	42,000	88,806	46,806
Net Increase (Decrease) FMV of Investments	-	-	18,094	18,094
Recreation Revenue	36,250	34,800	33,232	(1,568)
Visitor's Center	13,000	13,000	18,205	5,205
Wellness Center Revenue	175,000	175,000	175,257	257
Miscellaneous	55,000	72,500	61,672	(10,828)
Use of Fund Balance	49,700	217,000	-	(217,000)
Total Miscellaneous Revenue	<u>358,950</u>	<u>554,300</u>	<u>395,266</u>	<u>(159,034)</u>
Total Revenues	<u>\$2,164,904</u>	<u>\$2,380,920</u>	<u>\$2,110,796</u>	<u>\$ (270,124)</u>

BLANDING CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For The Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis) (See Note A)	Variance With Final Budget
Expenditures:				
General Government:				
Legislative	\$ 24,431	\$ 27,028	\$ 19,187	\$ 7,841
Judicial	48,342	48,255	49,067	(812)
Administration	62,661	73,862	73,794	68
Attorney	28,000	28,000	25,640	2,360
Planning and Zoning	53,164	54,372	54,962	(590)
Total General Government	<u>216,598</u>	<u>231,517</u>	<u>222,650</u>	<u>8,867</u>
Public Safety:				
Police	736,292	756,020	589,842	166,178
Fire	179,543	179,198	119,646	59,552
Total Public Safety	<u>915,835</u>	<u>935,218</u>	<u>709,488</u>	<u>225,730</u>
Highway and Public Improvements:				
Construction and Maintenance	95,839	106,104	96,737	9,367
City Engineer	23,286	23,288	22,009	1,279
Class C Roads	100,000	100,000	100,000	-
Total Highways and Public Improvements	<u>219,125</u>	<u>229,392</u>	<u>218,746</u>	<u>10,646</u>
Parks and Recreation:				
Visitor's Center	118,101	133,230	113,121	20,109
Parks	214,411	224,293	229,151	(4,858)
Wellness Center	304,801	313,737	308,994	4,743
Total Parks and Recreation	<u>637,313</u>	<u>671,260</u>	<u>651,266</u>	<u>19,994</u>
Miscellaneous:				
Airport	10,810	10,310	9,560	750
Increase in Fund Balance	57,000	-	-	-
Total Miscellaneous	<u>67,810</u>	<u>10,310</u>	<u>9,560</u>	<u>750</u>
Transfers Out	<u>108,223</u>	<u>303,223</u>	<u>250,000</u>	<u>53,223</u>
Total Expenditures	<u>2,164,904</u>	<u>2,380,920</u>	<u>2,061,710</u>	<u>319,210</u>
Excess Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	49,086	<u>\$ 49,086</u>
Fund Balance - Beginning			<u>2,319,938</u>	
Fund Balance - Ending			<u>\$2,369,024</u>	

BLANDING CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
December 31, 2016
Last 10 Fiscal Years*

	Noncontributory Retirement System	Public Safety 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%
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)
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
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%
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%

* 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, 2015, and 2016.

**BLANDING CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS**

	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%
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%
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%
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%

* 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, 1011.

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, 2015, 2016, and 2017.

BLANDING CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
For The Fiscal Year Ended June 30, 2017

Changes in Assumptions:

The following assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

**COMBINING FINANCIAL
STATEMENTS**

BLANDING CITY
NONMAJOR PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2017

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, 2017**

	<u>Storm Water Fund</u>	<u>Solid Waste Fund</u>	<u>EDA Arts Fund</u>	<u>Total Nonmajor Funds</u>
ASSETS				
Current Assets:				
Cash and Investments:				
Unrestricted	\$ 197,686	\$ 324,019	\$ -	\$ 521,705
Accounts Receivable - Net	<u>15,913</u>	<u>21,527</u>	<u>-</u>	<u>37,440</u>
Total Current Assets	<u>213,599</u>	<u>345,546</u>	<u>-</u>	<u>559,145</u>
Noncurrent Assets:				
Net Pension Asset	2	5	-	7
Capital Assets - (net of accum depr)	<u>640,832</u>	<u>17,706</u>	<u>1,307,615</u>	<u>1,966,153</u>
Total Noncurrent Assets	<u>640,834</u>	<u>17,711</u>	<u>1,307,615</u>	<u>1,966,160</u>
TOTAL ASSETS	<u>854,433</u>	<u>363,257</u>	<u>1,307,615</u>	<u>2,525,305</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	<u>726</u>	<u>1,554</u>	<u>-</u>	<u>2,280</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 855,159</u>	<u>\$ 364,811</u>	<u>\$ 1,307,615</u>	<u>\$ 2,527,585</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ -	\$ 1,201	\$ -	\$ 1,201
Bonds Payable - Due Less Than One Year	4,631	-	-	4,631
Compensated Absences	<u>1,578</u>	<u>1,541</u>	<u>-</u>	<u>3,119</u>
Total Current Liabilities	<u>6,209</u>	<u>2,742</u>	<u>-</u>	<u>8,951</u>
Noncurrent Liabilities:				
Net Pension Liability	2,645	5,347	-	7,992
Bonds Payable - Due More Than One Year	<u>311,890</u>	<u>-</u>	<u>-</u>	<u>311,890</u>
Total Noncurrent Liabilities	<u>314,535</u>	<u>5,347</u>	<u>-</u>	<u>319,882</u>
TOTAL LIABILITIES	<u>320,744</u>	<u>8,089</u>	<u>-</u>	<u>328,833</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	<u>424</u>	<u>867</u>	<u>-</u>	<u>1,291</u>
NET POSITION				
Net Investment In Capital Assets	324,311	17,706	1,307,615	1,649,632
Unrestricted	<u>209,680</u>	<u>338,149</u>	<u>-</u>	<u>547,829</u>
TOTAL NET POSITION	<u>533,991</u>	<u>355,855</u>	<u>1,307,615</u>	<u>2,197,461</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 855,159</u>	<u>\$ 364,811</u>	<u>\$ 1,307,615</u>	<u>\$ 2,527,585</u>

BLANDING CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
For The Year Ended June 30, 2017

	Storm Water Fund	Solid Waste Fund	EDA Arts Fund	Total Nonmajor Funds
Operating Revenues:				
Charges for Services:				
Sanitation	\$ -	\$ 201,931	\$ -	\$ 201,931
Storm Water	138,944	-	-	138,944
 Total Operating Revenues	 <u>138,944</u>	 <u>201,931</u>	 <u>-</u>	 <u>340,875</u>
Operating Expenses:				
Salaries	4,722	11,531	-	16,253
Fringe Benefits	1,387	3,374	-	4,761
Materials and Supplies	1,040	2,494	-	3,534
Administrative Fees	1,500	6,000	-	7,500
Professional and Technical	-	150,459	-	150,459
Depreciation	19,417	590	-	20,007
 Total Operating Expenses	 <u>28,066</u>	 <u>174,448</u>	 <u>-</u>	 <u>202,514</u>
 Operating Income	 <u>110,878</u>	 <u>27,483</u>	 <u>-</u>	 <u>138,361</u>
Nonoperating Revenues (Expenses):				
Interest Expense	(13,564)	-	-	(13,564)
Net Increase (Decrease) FMV of Invstmts	-	839	-	839
Benefit Expense related to Pensions	183	344	-	527
Pension Expense	(209)	(397)	-	(606)
 Total Nonoperating Revenue (Expense)	 <u>(13,590)</u>	 <u>786</u>	 <u>-</u>	 <u>(12,804)</u>
 Change in Net Position	 97,288	 28,269	 -	 125,557
Net Position - Beginning	<u>436,703</u>	<u>327,586</u>	<u>1,307,615</u>	<u>2,071,904</u>
Net Position - Ending	<u>\$ 533,991</u>	<u>\$ 355,855</u>	<u>\$1,307,615</u>	<u>\$2,197,461</u>

BLANDING CITY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended June 30, 2017

	Storm Water Fund	Solid Waste Fund	Total Nonmajor Funds
Cash Flows From Operating Activities:			
Receipts From Customers	\$ 137,460	\$ 199,493	\$ 336,953
Payments to Supplies	(2,442)	(169,903)	(172,345)
Payments to Employees	(6,109)	(14,905)	(21,014)
	<u>128,909</u>	<u>14,685</u>	<u>143,594</u>
Net Cash Provided by Operating Activities			
Cash Flows From Capital and Related Financing Activities			
Capital Assets Acquired	(22,461)	-	(22,461)
Principal Payment on Long-Term Debt	(4,831)	-	(4,831)
Interest Paid	(13,564)	-	(13,564)
	<u>(40,856)</u>	<u>-</u>	<u>(40,856)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities			
Cash Flows from Investing Activities:			
Net Increase (Decrease) in FMV of Investments	-	839	839
	<u>-</u>	<u>839</u>	<u>839</u>
Net Cash Provided From Investing Activities			
Increase (Decrease) Cash and Investments	88,053	15,524	103,577
Cash and Investments - Beginning	109,633	308,495	418,128
Cash and Investments - Ending	<u>\$ 197,686</u>	<u>\$ 324,019</u>	<u>\$ 521,705</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating Income	\$ 110,878	\$ 27,483	\$ 138,361
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	19,417	590	20,007
Increase (Decrease) in Operating Assets:			
Accounts Receivable	(1,485)	(2,438)	(3,923)
Accounts Payable	-	(11,010)	(11,010)
Compensated Absences	99	60	159
	<u>18,031</u>	<u>(12,798)</u>	<u>5,233</u>
Total Adjustments			
Net Cash Provided (Used) by Operating Activities	<u>\$ 128,909</u>	<u>\$ 14,685</u>	<u>\$ 143,594</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, 2017, and the related notes to the financial statements, which collectively comprise Blanding City's financial statements, and have issued our report thereon dated August 22, 2017.

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 22, 2017
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 general 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, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 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, 2017.

Other Matters

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

Report on Internal Control Over Compliance

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

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

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

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 22, 2017
Richfield, Utah