

Garden City

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

Garden City
TABLE OF CONTENTS
June 30, 2019

	<u>Beginning on page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	45
Notes to Required Supplementary Information	47
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	48
Schedule of the Proportionate Share of the Net Pension Liability	49
Schedule of Contributions	50
OTHER REPORTS	51
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53
Independent Auditor's Report on Compliance and Report on Internal Control over Compliance as Required by the <i>State Compliance Audit Guide</i>	55

MANAGEMENT'S DISCUSSION AND ANALYSIS

This page intentionally left blank.

Garden City
Management's Discussion and Analysis
June 30, 2019

As management of Garden City (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of financial activities of the Town for the fiscal year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

- *Total net position for the Town as a whole increased by \$624,173
- *Total unrestricted net position for the Town as a whole decreased by \$343,095
- *Total net position for governmental activities increased by \$190,602
- *Total net position for business-type activities increased by \$433,570

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Town of Duchesne. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

The *statement of net position* presents information on all of the Town's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the Town available to cover any remaining costs of the functions or programs.

Garden City
Management's Discussion and Analysis
June 30, 2019

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. The Town also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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 government 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 government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains two major governmental funds, the general fund and the capital projects fund.

The Town adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses three enterprise funds to account for the operations of the water, sewer, and storm drain utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the Town.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

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 to the financial statements are reported later in this report; see Table of Contents.

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

Garden City
Management's Discussion and Analysis
June 30, 2019

FINANCIAL ANALYSIS

Garden City's Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current and other assets	\$ 2,575,727	2,329,069	2,366,310	2,323,925	4,942,037	4,652,994
Non-current assets	4,733,004	4,643,057	7,062,864	6,871,493	11,795,869	11,514,550
Deferred outflows of resources	57,457	56,206	38,284	37,450	95,741	93,656
Total assets and deferred outflows	\$ 7,366,188	7,028,332	9,467,459	9,232,868	16,833,647	16,261,200
Current liabilities	\$ 433,511	255,969	463,421	370,632	896,932	626,601
Long-term liabilities	473,316	456,711	4,375,611	4,640,539	4,848,926	5,097,250
Deferred inflows of resources	395,965	442,860	3,472	30,312	399,437	473,172
Total liabilities and deferred inflows	1,302,792	1,155,540	4,842,504	5,041,483	6,145,296	6,197,022
Net position:						
Net investment in capital assets	4,350,464	4,216,966	2,468,569	1,991,544	6,819,033	6,208,510
Restricted	576,239	439,233	961,801	742,064	1,538,040	1,181,297
Unrestricted	1,136,692	1,216,595	1,194,585	1,457,777	2,331,278	2,674,372
Total net position	\$ 6,063,396	5,872,794	4,624,955	4,191,385	10,688,350	10,064,177

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$10,688,350, an increase of \$624,173 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$2,331,278, which represents a decrease of \$343,095 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Garden City
Management's Discussion and Analysis
June 30, 2019

FINANCIAL ANALYSIS (continued)

Garden City's Change in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Program revenues:						
Charges for services	\$ 275,972	259,542	1,137,085	972,460	1,413,058	1,232,002
Operating grants	55,715	57,534	-	-	55,715	57,534
Capital grants	187,137	523,584	206,772	244,075	393,909	767,659
General revenues:						
Property taxes	299,750	288,480	-	-	299,750	288,480
Sales tax	242,365	215,694	-	-	242,365	215,694
Other taxes	548,125	483,559	-	-	548,125	483,559
Other revenues	305,444	134,924	105,188	25,907	410,632	160,831
Total revenues	1,914,508	1,963,317	1,449,045	1,242,442	3,363,553	2,780,468
Expenses:						
General government	524,964	544,908	-	-	524,964	544,908
Public safety	28,996	30,307	-	-	28,996	30,307
Highways and improvements	891,662	322,617	-	-	891,662	322,617
Parks and recreation	262,116	256,238	-	-	262,116	256,238
Interest on long-term debt	12,167	14,029	-	-	12,167	14,029
Water operations	-	-	1,015,780	868,239	1,015,780	868,239
Beach Access	-	-	3,695	29,931	3,695	29,931
Total expenses	1,719,905	1,168,099	1,019,475	898,170	2,739,380	1,925,443
Transfers in (out)	(4,000)	(30,000)	4,000	30,000	-	-
Change in net position	\$ 190,603	765,218	433,570	374,272	624,173	855,025

For the Town as a whole, total revenues increased by \$583,085 compared to the previous year, while total expenses increased by \$813,937. The total net change of \$624,173 is, in private sector terms, the net income for the year which is \$230,852 less than the previous year's net change (net income).

Governmental activities revenues of \$1,914,508 is a decrease of \$48,809 from the previous year. This increase is primarily due to a decrease in grant revenues. Governmental activities expenses of \$1,719,905 is an increase of \$551,806 from the previous year. While general government and public safety expenses decreased, highways and improvements and parks and recreation expenses increased.

Business-type activities revenue of \$1,449,045 is an increase of \$206,603 from the previous year. Business-type activities expenses of \$1,019,475 is an increase of \$121,305 from the previous year.

Garden City
Management's Discussion and Analysis
June 30, 2019

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more significant changes in fund balances and fund net position, and any restrictions on those amounts, is described below:

General Fund

The fund balance of \$1,475,386 reflects a decrease of \$33,820 from the previous year. Total revenues, excluding transfers in, decreased by \$43,977. Tax revenues, including property taxes and sales taxes increased by \$98,799. Intergovernmental revenue decreased by \$329,119. Licenses and permits revenue increased by \$26,088. Impact fee revenue decreased by \$9,147. All other revenues increased by \$169,402.

Total expenditures, excluding transfers out, increased by \$218,222. Current expenditure changes by department (excluding debt service related to the department) were as follows: general government decreased by \$17,538, public safety decreased by \$1,370, highways and public improvements increased by \$34,850, and parks and recreation increased by \$202,281. Expenditures for debt service increased by \$0.

Fund balance restricted for construction was \$505,245, resulting in an unassigned fund balance of \$970,141.

Water Fund

Net operating income for the year was \$257,364 compared to the previous year amount of \$210,360. While operating expenses increased \$117,621 during the year, operating income increased by \$164,625. The change in net position (net income) of \$432,765 was \$59,062 more than the previous year.

The amounts restricted for debt service and construction are \$136,639 and \$825,162, respectively. Unrestricted net position amounts to \$1,173,878.

Beach Access Fund

Net operating loss for the year was \$3,195. After a transfer in of \$4,000, the change in net position (net income) amounted to \$805. Unrestricted net position amounts to \$20,707.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$1,118,550. Budgeted revenues were not amended during the year. Actual revenues amounted to \$1,799,1236, which was \$680,573 more than budgeted.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$1,871,895. This amount was amended in the final budget to \$1,867,895. Actual expenditures amounted to \$1,461,984, which was \$405,911 under the budgeted amount.

Garden City
Management's Discussion and Analysis
June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Garden City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land and water rights	\$ 514,568	514,568	77,970	77,970	592,538	592,538
Buildings	2,323,805	2,323,805	533,516	533,516	2,857,321	2,857,321
Improvements other than buildings	1,421,640	1,421,640	-	-	1,421,640	1,421,640
Machinery and equipment	521,893	445,045	138,101	138,101	659,993	583,146
Infrastructure	1,059,310	1,059,310	-	-	1,059,310	1,059,310
Water system	-	-	8,140,388	8,140,388	8,140,388	8,140,388
Construction in progress	684,973	485,263	1,492,606	1,137,827	2,177,579	1,623,090
Total	6,526,188	6,249,631	10,382,580	10,027,801	16,908,769	16,277,432
Less accumulated depreciation	(1,793,184)	(1,606,574)	(3,419,064)	(3,156,309)	(5,212,247)	(4,762,882)
Net Capital Assets	\$ 4,733,004	4,643,057	6,963,517	6,871,493	11,696,521	11,514,550

The total amount of capital assets, net of depreciation, of \$11,696,521 is an increase of \$181,972 from the previous year.

Governmental activities capital assets, net of depreciation, of \$4,733,004 is an increase of \$89,947 from the previous year.

Business-type activities capital assets, net of depreciation, of \$6,963,517 is an increase of \$92,024 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

Garden City
Management's Discussion and Analysis
June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Garden City's Outstanding Debt - Revenue Bonds

	Current Year	Previous Year
Governmental activities:		
2006 SID Bond	\$ 5,837	29,735
2013 Real Property Lease	376,688	396,341
Total governmental	\$ 382,524	426,076
Business-type activities:		
2013 A Water Revenue Refunding	\$ 60,000	90,000
2013 GO Water Refunding	71,000	94,000
2008A Water Revenue	1,596,000	1,722,000
2013B Water Revenue	1,662,000	1,749,000
2013 Real Property Lease	376,718	396,371
2018 USDA Shundahai Tank	828,592	828,592
Total business-type	\$ 4,594,310	4,879,963
Total outstanding debt	\$ 4,976,834	5,306,039

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the Town are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Garden City's finances for all those with an interest in the Town's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Garden City Office
PO Box 207
Garden City, UT 84028
435-946-2901

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

Garden City
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,662,350	1,295,292	2,957,643
Accounts receivable, net	337,137	109,217	446,354
Total current assets	1,999,487	1,404,509	3,403,997
Non-current assets:			
Restricted cash and cash equivalents	576,239	961,801	1,538,040
Capital assets:			
Not being depreciated	1,199,541	1,593,076	2,792,617
Net of accumulated depreciation	3,533,463	5,469,788	9,003,252
Total non-current assets	5,309,244	8,024,665	13,333,909
Total assets	7,308,731	9,429,175	16,737,906
Deferred outflows of resources - pensions	57,457	38,284	95,741
Total assets and deferred outflows of resources	\$ 7,366,188	9,467,459	16,833,647
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 238,073	136,071	374,144
Customer deposits	162,777	-	162,777
Accrued interest payable	6,519	35,044	41,563
Revenue bonds due within one year	26,142	783,367	809,510
Total current liabilities	433,511	954,483	1,387,994
Non-current liabilities:			
Compensated absences	16,550	6,821	23,371
Revenue bonds due after one year	356,398	3,810,928	4,167,326
Net pension liability	100,368	66,800	167,168
Total non-current liabilities	473,316	3,884,549	4,357,865
Total liabilities	906,827	4,839,032	5,745,859
Deferred inflows of resources	395,965	3,472	399,437
Total liabilities and deferred inflows of resources	1,302,792	4,842,504	6,145,296
NET POSITION:			
Net investment in capital assets	4,350,464	2,468,569	6,819,033
Restricted for:			
Debt service	-	136,639	136,639
Construction	576,239	825,162	1,401,401
Unrestricted	1,136,692	1,194,585	2,331,278
Total net position	6,063,396	4,624,955	10,688,350
Total liabilities, deferred inflows of resources, and net position	\$ 7,366,188	9,467,459	16,833,647

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

Garden City
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
General government	\$ 524,964	191,703	-	-	(333,261)
Public safety	28,996	-	-	-	(28,996)
Streets and highways	891,662	13,356	55,715	129,162	(693,429)
Parks and recreation	262,116	70,914	-	57,975	(133,227)
Interest on long-term debt	12,167	-	-	-	(12,167)
Total governmental activities	1,719,905	275,972	55,715	187,137	(1,201,080)
Business-type activities:					
Water	1,015,780	1,136,585	-	206,772	327,577
Beach Access	3,695	500	-	-	(3,195)
Total business-type activities	1,019,475	1,137,085	-	206,772	324,382
Total primary government	\$ 2,739,380	1,413,058	55,715	393,909	(876,698)

(continued on next page)

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

Garden City
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2019

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (1,201,080)	324,382	(876,698)
General revenues:			
Property taxes	299,750	-	299,750
Sales tax	242,365	-	242,365
Other taxes	548,125	-	548,125
Gain on sale of capital assets	-	55,000	55,000
Unrestricted investment earnings	79,774	50,188	129,962
Miscellaneous	225,669	-	225,669
Total general revenues	1,395,683	105,188	1,500,871
Transfers in (out)	(4,000)	4,000	-
Change in net position	190,603	433,570	624,173
Net position - beginning restated	5,872,793	4,191,384	10,064,177
Net position - ending	\$ 6,063,396	4,624,955	10,688,350

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

Garden City
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

	Nonmajor Governmental Funds				Total
	General	Special	Debt	Capital	Governmental
	Fund	Revenue	Service	Projects	Funds
		Fund	Fund	Fund	
ASSETS					
Cash and cash equivalents	\$ 1,425,971	124,010	164	112,206	1,662,350
Accounts receivable, net of allowances	181,284	120,000	35,853	-	337,137
Restricted cash and cash equivalents	505,245	-	-	70,994	576,239
TOTAL ASSETS	\$ 2,112,500	244,010	36,017	183,200	2,575,727
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Liabilities:					
Accounts payable	\$ 208,532	-	-	-	208,532
Accrued liabilities	29,540	-	-	-	29,540
Customer deposits	162,777	-	-	-	162,777
Total liabilities	400,850	-	-	-	400,850
Deferred inflows of resources	236,264	120,000	34,471	-	390,735
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	637,114	120,000	34,471	-	791,585
FUND BALANCES:					
Restricted for:					
Construction	505,245	-	-	70,994	576,239
Committed	-	-	-	112,206	112,206
Assigned	-	-	1,546	-	1,546
Unassigned	970,141	124,010	-	-	1,094,151
TOTAL FUND BALANCES	1,475,386	124,010	1,546	183,200	1,784,142
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,112,500	244,010	36,017	183,200	2,575,727

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

Garden City
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2019

		Nonmajor Governmental Funds			
	General	Special	Debt	Capital	Total
	Fund	Revenue	Service	Projects	Governmental
		Fund	Fund	Fund	Funds
Revenues:					
Taxes:					
Property	\$ 202,044	97,707	-	-	299,750
Sales	242,365	-	-	-	242,365
Other taxes	548,125	-	-	-	548,125
License and permits	191,547	-	-	-	191,547
Intergovernmental revenues	105,715	-	-	-	105,715
Charges for services	70,914	155	13,356	-	84,425
Interest	75,626	1,718	2,431	-	79,774
Miscellaneous revenue	225,652	-	18	-	225,669
Total revenues	1,661,986	99,580	15,805	-	1,777,371
Expenditures:					
Current:					
General government	450,102	4,700	-	-	454,802
Public safety	29,007	-	-	-	29,007
Highways and public improvements	536,190	-	-	-	536,190
Parks, recreation and public property	415,991	-	-	-	415,991
Debt service:					
Principal	19,653	-	23,898	-	43,551
Interest	11,041	-	1,640	-	12,681
Total expenditures	1,461,984	4,700	25,538	-	1,492,222
Excess (deficiency) of revenues over (under) expenditures	200,002	94,880	(9,733)	-	285,149
Other financing sources and (uses):					
Impact fees	137,137	-	-	-	137,137
Grant returned to State	(360,459)	-	-	-	(360,459)
Transfers in	-	-	6,500	-	6,500
Transfers (out)	(10,500)	-	-	-	(10,500)
Total other financing sources and (uses)	(233,822)	-	6,500	-	(227,322)
Net change in fund balances	(33,820)	94,880	(3,233)	-	57,827
Fund balances - beginning of year	1,509,206	29,130	4,779	183,200	1,726,315
Fund balance - end of year	\$ 1,475,386	124,010	1,546	183,200	1,784,142

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

Garden City
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**
June 30, 2019

Total Fund Balance for Governmental Funds	<u>\$ 1,784,142</u>
--	----------------------------

Total net position reported for governmental activities in the statement of net position is different because:

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

Capital assets, at cost	6,526,188
Less accumulated depreciation	<u>(1,793,184)</u>
Net capital assets	<u>4,733,004</u>

Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.

57,457

Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.

General long-term debt	<u>(382,540)</u>
------------------------	------------------

Interest accrued but not yet paid on general long-term debt	<u>(6,519)</u>
---	----------------

Compensated absences	<u>(16,550)</u>
----------------------	-----------------

Net pension liability	<u>(100,368)</u>
-----------------------	------------------

Certain revenue is deferred in governmental funds but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.

Deferred inflows of resources - pensions	<u>(5,230)</u>
--	----------------

Total Net Position of Governmental Activities	<u><u>\$ 6,063,396</u></u>
--	-----------------------------------

Garden City
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ 57,827
---	------------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	276,558
Depreciation expense	(186,610)
Net	89,947

The Statement of Activities show pension benefits, pension expenses, and non-employer contributions related GASB 68 that are not shown in the fund statements.

371

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Long-term debt principal repayments	43,551
-------------------------------------	--------

Accrued interest for long-term debt is not reported as an expenditure for the current period, while it is recorded in the statement of activities.

Change in accrued interest	514
----------------------------	-----

Compensated absences expenses reported in the statment of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Change in compensated absences	(1,608)
--------------------------------	---------

Change in Net Position of Governmental Activities	\$ 190,603
--	-------------------

Garden City
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2019

	Water Fund	Beach Access Fund	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,274,585	20,707	1,295,292
Accounts receivable, net	109,217	-	109,217
Total current assets	<u>1,383,802</u>	<u>20,707</u>	<u>1,404,509</u>
Non-current assets:			
Restricted cash and cash equivalents	961,801	-	961,801
Capital assets:			
Not being depreciated	1,593,076	-	1,593,076
Net of accumulated depreciation	5,469,788	-	5,469,788
Net pension asset	-	-	-
Total non-current assets	<u>8,024,665</u>	<u>-</u>	<u>8,024,665</u>
Total assets	<u>9,408,467</u>	<u>20,707</u>	<u>9,429,175</u>
Deferred outflows of resources - pensions	38,284	-	38,284
Total assets and deferred outflows of resources	<u>\$ 9,446,751</u>	<u>20,707</u>	<u>9,467,459</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 136,071	-	136,071
Accrued interest payable	35,044	-	35,044
Revenue bonds, current portion	783,367	-	783,367
Total current liabilities	<u>954,483</u>	<u>-</u>	<u>954,483</u>
Non-current liabilities:			
Compensated absences	6,821	-	6,821
Revenue bonds, long-term	3,810,928	-	3,810,928
Net pension liability	66,800	-	66,800
Total non-current liabilities	<u>3,884,549</u>	<u>-</u>	<u>3,884,549</u>
Total liabilities	<u>4,839,032</u>	<u>-</u>	<u>4,839,032</u>
Deferred inflows of resources - pensions	3,472	-	3,472
Total liabilities and deferred inflows of resources	<u>4,842,504</u>	<u>-</u>	<u>4,842,504</u>
NET POSITION:			
Net investment in capital assets	2,468,569	-	2,468,569
Restricted for:			
Debt service	136,639	-	136,639
Construction	825,162	-	825,162
Unrestricted	1,173,878	20,707	1,194,585
Total net position	<u>4,604,247</u>	<u>20,707</u>	<u>4,624,955</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 9,446,751</u>	<u>20,707</u>	<u>9,467,459</u>

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

Garden City
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND
June 30, 2019

	Water Fund	Beach Access Fund	Total Enterprise Fund
Operating income:			
Charges for sales and service	\$ 1,124,772	500	1,125,272
Connection fees	4,350	-	4,350
Other operating income	7,464	-	7,464
Total operating income	1,136,585	500	1,137,085
Operating expenses:			
Personnel services	154,710	477	155,187
Utilities	28,512	-	28,512
Repair and maintenance	161,410	2,843	164,253
Professional and technical	207,575	375	207,950
Other supplies and expenses	45,075	-	45,075
Insurance expense	19,184	-	19,184
Depreciation expense	262,755	-	262,755
Total operating expense	879,221	3,695	882,916
Net operating income (loss)	257,364	(3,195)	254,169
Non-operating income (expense):			
Impact fees	206,772	-	206,772
Interest income	50,188	-	50,188
Gain on sale of capital assets	55,000	-	55,000
Interest on long-term debt	(136,559)	-	(136,559)
Total non-operating income (expense)	175,401	-	175,401
Income (loss) before transfers	432,765	(3,195)	429,570
Transfers in	-	4,000	4,000
Change in net position	432,765	805	433,570
Net position - beginning	4,171,482	19,903	4,191,384
Net position - ending	\$ 4,604,247	20,707	4,624,955

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

Garden City
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Water Fund	Beach Access Fund	Total Enterprise Fund
Cash flows from operating activities:			
Cash received from customers - service	\$ 1,137,341	500	1,137,841
Cash paid to suppliers	(369,225)	(3,218)	(372,443)
Cash paid to employees	(155,006)	(477)	(155,483)
Net cash provided (used) in operating activities	613,110	(3,195)	609,915
Cash flows from noncapital financing activities:			
Interfund transfers	-	4,000	4,000
Net cash provided (used) in noncapital financing activities	-	4,000	4,000
Cash flows from capital and related financing activities:			
Cash from impact fees	206,772	-	206,772
Cash from bond issues	-	-	-
Cash from sale of capital assets	55,000	-	55,000
Cash payments for capital assets	(454,127)	-	(454,127)
Cash payments for long-term debt principal	(285,653)	-	(285,653)
Cash payments for long-term debt interest	(142,954)	-	(142,954)
Net cash provided (used) in capital and related financing activities	(620,962)	-	(620,962)
Cash flows from investing activities:			
Cash received from interest earned	50,188	-	50,188
Net cash provided (used) in investing activities	50,188	-	50,188
Net increase (decrease) in cash	42,336	805	43,141
Cash balance, beginning	2,194,050	19,903	2,213,952
Cash balance, ending	\$ 2,236,386	20,707	2,257,093
Cash reported on the statement of net position:			
Cash and cash equivalents	\$ 1,274,585	20,707	1,295,292
Non-current restricted cash	961,801	-	961,801
Total cash and cash equivalents	\$ 2,236,386	20,707	2,257,093

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

Garden City
STATEMENT OF CASH FLOWS
PROPRIETARY (continued)
For the Year Ended June 30, 2019

Reconciliation of Operating Income to Net Cash Provided (Used) in Operating Activities:	Water Fund	Beach Access Fund	Total Enterprise Funds
Net operating income (expense)	\$ 257,364	(3,195)	254,169
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	262,755	-	262,755
Changes in assets and liabilities:			
(Increase) decrease in receivables	755	-	755
(Increase) decrease in net pension assets	-	-	-
(Increase) decrease in deferred outflows	(834)	-	(834)
Increase (decrease) in payables	92,532	-	92,532
Increase (decrease) in compensated absences	(48)	-	(48)
Increase (decrease) in net pension liabilities	27,426	-	27,426
Increase (decrease) in deferred inflows	(26,840)	-	(26,840)
Net cash provided (used) in operating activities	\$ 613,110	(3,195)	609,915

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

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Garden City (the Town) a municipal corporation located in Rich County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present their Town and its component units, entities for which the Town is considered to be financially accountable.

The Town has no component units and is not a component unit of another entity.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund 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* reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege 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.

Fund Financial Statements

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

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP).

The *government-wide statements* are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are 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. The Town 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, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Policy regarding use of restricted resources

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1-D. Fund types and major funds

Governmental funds

The Town reports the following major governmental fund:

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 Town reports the following as a non-major governmental fund:

The *redevelopment agency fund* accounts for the revenues and expenditures of the redevelopment agency.

The *debt service fund* accounts for the resources accumulated and payments made for principal interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for financial resources used for the acquisition or construction of the capital facilities of the Town (other than those of the enterprise funds).

Proprietary funds

The Town reports the following major proprietary funds:

The *water fund* is used to account for the activities of the water production, treatment, and distribution.

The *beach access fund* is used to account for the revenues and expenses of the beach access activities.

1-E. Assets, Liabilities, and Net Position or Equity

1-E-1. Deposit and Investments

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the Town are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 2.

1-E-2. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-3. *Receivables and Payable*

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either due to or due from other funds.

Property taxes are assessed and collected for the Town by Rich County and remitted to the Town 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.

1-E-4. *Restricted Assets*

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

1-E-5. *Inventories and Prepaid items*

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-6. 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.

1-E-7. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and 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 \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-40
Utility systems	45
Infrastructure	25
Vehicles and equipment	10

1-E-8. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond discounts or premiums and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-9. Fund Equity

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

Net investment in capital assets represents capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position are net assets 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.

Unrestricted net position are all other net position that does not meet the definition of "restricted" or "net investments in capital assets."

Equity is classified in governmental fund financial statements as fund balance and is further classified as nonspendable, restricted, committed, assigned or unassigned, as follows:

Nonspendable fund balance cannot be spent because it is either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance is fund balance with constraints placed 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.

Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the governments highest level of decision making authority, the Town Council. A resolution, ordinance or vote by the Town Council is required to establish, modify or rescind a fund balance commitment.

Assigned fund balance is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. The Mayor is authorized to assign amounts to a specific purpose in accordance with the Town's budget policy.

Unassigned fund balance is a residual classification of 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 a specific purpose within the General Fund.

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

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-10. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position includes 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 Town reports deferred outflows related to pensions as required by GASB 68.

In addition to liabilities, the statement of net position includes 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 then. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. Additionally, the Town reports assessment revenue, Raspberry Days revenue, and pensions related to GASB 68 as deferred inflows.

1-E-11. *Estimates*

The preparation of financial statements, in accordance with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town 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 Town 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 Town'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 75% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the Town 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.

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2019 consist of the following:

	Fair Value
Demand deposits - checking	\$ 134,669
Investments - PTIF	4,361,013
Total cash	\$ 4,495,683

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Cash and cash equivalents (current)	\$ 2,957,643
Restricted cash and cash equivalents (non-current)	1,538,040
Total cash and cash equivalents	\$ 4,495,683

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 72.

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The Town maintains monies not immediately needed for expenditure in PTIF accounts.

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3-A. Deposits and investments (continued)

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2019, the Town's investments in PTIF had an approximate fair value of \$4,361,013. The PTIF uses a Level 2 fair value measurement.

Deposit and Investment Risk

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the Town are available immediately.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2018, all of the Town's demand deposits are covered by FDIC insurance.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

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. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

3-B. Receivables

The allowance policy is described in Note 1-E-3. Receivables as of year end for the Town's funds are shown below:

	General Fund	Special Revenue Fund	Debt Service Fund	Water Fund	Total
Customers, current	\$ -	-	1,382	106,761	108,143
Customers, non-current	-	-	34,471	2,456	36,928
Property tax	181,284	120,000	-	-	301,284
Total receivables	\$ 181,284	120,000	35,853	109,217	446,354

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

Governmental activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and rights	\$ 514,568	-	-	514,568
Construction in progress	485,263	199,710	-	684,973
Total capital assets, not being depreciated	999,831	199,710	-	1,199,541
Capital assets, being depreciated:				
Buildings	2,323,805	-	-	2,323,805
Improvements other than buildings	1,421,640	-	-	1,421,640
Machinery and equipment	445,045	76,848	-	521,893
Infrastructure	1,059,310	-	-	1,059,310
Total capital assets, being depreciated	5,249,800	76,848	-	5,326,647
Less accumulated depreciation for:				
Buildings	721,782	77,460	-	799,242
Improvements other than buildings	229,704	40,618	-	270,321
Machinery and equipment	273,494	41,063	-	314,557
Infrastructure	381,594	27,470	-	409,063
Total accumulated depreciation	1,606,574	186,610	-	1,793,184
Total capital assets being depreciated, net	3,643,226	(109,763)	-	3,533,463
Governmental activities capital assets, net	\$ 4,643,057	89,947	-	4,733,004

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

Governmental activities:	
General government	\$ 68,751
Highways and public improvements	72,024
Parks, recreation and public property	45,835
Total	\$ 186,610

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3-C. Capital Assets (continued)

Capital asset activity for the business-type activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land and water shares	\$ 77,970	-	-	77,970
Construction in progress	1,137,827	354,779	-	1,492,606
Total capital assets, not being depreciated	1,215,797	354,779	-	1,570,576
Capital assets, being depreciated:				
Water buildings	533,516	-	-	533,516
Water system	8,140,388	-	-	8,140,388
Machinery and equipment	138,101	-	-	138,101
Total capital assets, being depreciated	8,812,004	-	-	8,812,004
Less accumulated depreciation for:				
Water buildings	187,217	17,784	-	205,001
Water system	2,866,409	232,579	-	3,098,988
Machinery and equipment	102,683	12,392	-	115,075
Total accumulated depreciation	3,156,309	262,755	-	3,419,064
Total capital assets being depreciated, net	5,655,696	(262,755)	-	5,392,941
Business-type activities capital assets, net	\$ 6,871,493	92,024	-	6,963,517

Depreciation expense was charged to functions/programs of the primary government business-type activities as follows:

Business-type activities:	
Water	\$ 262,755
Total	\$ 262,755

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3-D. Long-term debt

Long-term debt activity for the governmental activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2006 SID Bond							
Matures 6/1/2021	\$ 403,867	5.35	\$ 29,735	-	23,898	5,837	5,837
2013 Real Property Lease General							
Matures 11/15/2033	468,745	2.70	396,341	-	19,653	376,688	20,306
Total governmental activity							
 long-term liabilities			\$ 426,076	-	43,551	382,524	26,142

Bond debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2020	\$ 26,142	\$ 10,700	\$ 36,843
2021	20,980	9,714	30,694
2022	21,647	9,017	30,664
2023	22,396	8,298	30,694
2023	23,140	7,554	30,694
2025 - 2029	125,744	27,726	153,470
2030 - 2034	142,476	10,994	153,470
Total	\$ 382,524	\$ 84,003	\$ 466,528

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

3-D. Long-term debt (continued)

Long-term debt activity for the business-type activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2013A Water Revenue Refunding							
Matures 6/15/2021	\$ 221,000	2.269	\$ 90,000	-	30,000	60,000	31,000
2013 GO Water Refunding Bonds							
Matures 2/1/2022	181,000	2.368	94,000	-	23,000	71,000	23,000
2008 Water Revenue							
Matures 1/1/2029	2,700,000	2.31	1,722,000	-	126,000	1,596,000	129,000
2013B Water Revenue Bond							
Matures 9/15/2033	2,083,000	2.503	1,749,000	-	87,000	1,662,000	89,000
2013 Real Property Lease Water							
Matures 11/15/2033	468,775	2.7	396,371	-	19,653	376,718	20,306
2018 USDA Shundahai Tank							
Unknown	828,592	-	828,592	-	-	828,592	-
Total business-type activity							
 long-term liabilities			\$ 4,879,963	-	285,653	4,594,310	292,306

The 2018 USDA Shundahai Tank loan was issued during the year, however, no amortization schedule has been provided to the Town. Therefore, the balance owing at year end of \$828,592 is not included in the maturity schedule below.

Bond debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2020	\$ 292,306	\$ 93,962	\$ 386,268
2021	297,980	86,143	384,123
2022	275,677	77,690	353,367
2023	259,396	69,465	328,861
2023	267,140	61,497	328,637
2025 - 2029	1,604,744	204,995	1,809,739
2030 - 2034	768,476	47,792	816,268
Total	\$ 3,765,718	\$ 641,545	\$ 4,407,263

3-E. Interfund transfers

	Transfers In	Transfers Out
General Fund	\$ -	10,500
Debt Service Fund	6,500	-
Beach Access Fund	4,000	-
	\$ 10,500	10,500

The General Fund transferred \$6,500 to the Debt Service Fund for future debt service and \$4,000 to the Beach Access Fund to help fund activities related to that fund.

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The Town is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. 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 of 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.

4-C. 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:

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

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

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

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

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

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

4-C. General Information about the Pension Plan (continued)

Benefits provided:

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	Cola **
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 year age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.5%

* with actuarial reductions

** All past-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 costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contribution rates are as follows:

Utah Retirement Systems	Paid by Employer Employee	Employer Employer	Employer 401(k)
Contributory System			
111 - Local Government Div - Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15 - Local Government Div - Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%

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

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 30,218	N/A
Tier 2 Public Employees System	26,133	-
Total Contributions	\$ 56,351	-

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.

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

4-C. General Information about the Pension Plan (continued)

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

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$167,167.

	(Measurement Date): December 31, 2018			Proportionate	
	Net Pension	Net Pension	Proportionate	Share	
	Asset	Liability	Share	12/31/2017	Change
Noncontributory System	\$ -	\$ 161,894	0.0219854%	0.0222032%	0.0191853%
Tier 2 Public Employee System	-	5,273	0.0123131%	0.0150060%	0.0096518%
Total Net Pension Asset/Liability	\$ -	\$ 167,167			

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

For the year ended June 30, 2019, we recognize pension expense of \$55,731.

At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,119	\$ 4,109
Changes in assumptions	23,010	95
Net difference between projected and actual earnings on pension plan investments	35,405	-
Changes in proportion and difference between contributions and proportionate share of contributions	7,958	4,497
Contributions subsequent to the measurement date	27,249	-
Total	\$ 95,741	\$ 8,701

\$27,249 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2019	\$ 24,286
2020	13,151
2021	4,529
2022	16,793
2023	148
Thereafter	884

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

4-C. General Information about the Pension Plan (continued)

Actuarial assumptions:

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five year period ending December, 31, 2016.

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

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

Assets class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100.00%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

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

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

4-C. General Information about the Pension Plan (continued)

Discount rate:

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 331,796	161,894	20,411
Tier 2 Public Employee System	21,126	5,273	(6,961)
Total	\$ 352,922	167,167	13,450

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 Plan:

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

The Town participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems:

- 401(k) Plan
- Roth IRA Plan

Garden City
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

4-C. General Information about the Pension Plan (continued)

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

	2019	2018	2017
401(k) Plan			
Employer Contributions	\$ 2,231	\$ 2,437	\$ 2,767
Employee Contributions	8,400	2,200	2,875
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	4,050	3,600	925

4-D. Subsequent events

Subsequent events have been evaluated through December 31, 2019. There have been no subsequent events that provide additional evidence about conditions that existed at the balance sheet date.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

This page intentionally left blank.

Garden City
Notes to Required Supplementary Information
June 30, 2019

Budgetary Comparison Schedules

The Budgetary Comparison Schedule presented in this section of the report is for the Town's General Fund.

Budgeting and Budgetary Control

The budget for the General Fund is legally required and is prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Town 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 Excess of Expenditures over Appropriations

For the year ended June 30, 2019, spending within all departments was within the budget amounts.

Changes in Assumptions Related to Pensions

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

Garden City
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2019

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 785,000	785,000	992,533	207,533
Licenses and permits	115,000	115,000	191,547	76,547
Intergovernmental revenues	65,000	65,000	105,715	40,715
Charges for services	50,000	50,000	70,914	20,914
Interest	7,550	7,550	75,626	68,076
Miscellaneous revenue	44,000	44,000	225,652	181,652
Total revenues	1,066,550	1,066,550	1,661,986	595,436
Expenditures				
General government	517,450	517,450	480,796	36,654
Public safety	24,500	31,000	29,007	1,993
Highways and public improvements	662,400	622,985	536,190	86,795
Parks and recreation	667,545	696,460	415,991	280,469
Total expenditures	1,871,895	1,867,895	1,461,984	405,911
Excess (deficiency) of revenues over (under) expenditures	(805,345)	(801,345)	200,002	1,001,347
Other financing sources and (uses)				
Impact fees	52,000	52,000	137,137	85,137
Grant returned to State	-	-	(360,459)	(360,459)
Transfers in	50,000	50,000	-	(50,000)
Transfers out	(10,000)	(14,000)	(10,500)	3,500
Total other financing sources and (uses)	92,000	88,000	(233,822)	321,822
Net change in fund balances	(713,345)	(713,345)	(33,820)	679,525
Fund balances - beginning of year	1,509,206	1,509,206	1,509,206	-
Fund balances - end of year	\$ 795,861	795,861	1,475,386	679,525

Garden City
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2019
Last 10 Fiscal Years*

	For years ended December 31,				
	2018	2017	2016	2015	2014
Noncontributory Retirement System					
Proportion of the net pension liability (asset)	0.0219854%	0.0222032%	0.0194467%	0.0191853%	0.0246194%
Proportionate share of the net pension liability (asset)	\$ 161,894	\$ 97,279	\$ 124,872	\$ 108,560	\$ 106,903
Covered employee payroll	\$ 157,093	\$ 153,618	\$ 134,957	\$ 148,563	\$ 202,824
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	103.06%	63.33%	92.35%	73.07%	52.70%
Plan fiduciary net position as a percentage of the total pension liability	87.00%	91.90%	87.30%	87.80%	90.20%
Tier 2 Public Employees Retirement System					
Proportion of the net pension liability (asset)	0.0123131%	0.0150060%	0.0152585%	0.0096518%	0.0080526%
Proportionate share of the net pension liability (asset)	\$ 5,273	\$ 1,323	\$ 1,702	\$ (21)	\$ (244)
Covered employee payroll	\$ 143,217	\$ 146,886	\$ 125,132	\$ 62,383	\$ 39,527
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	3.68%	0.90%	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	90.80%	97.40%	95.10%	100.20%	103.50%

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

Garden City
SCHEDULE OF CONTRIBUTIONS
 June 30, 2019
 Last 10 Fiscal Years*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory Retirement System	2014	\$ 31,332	\$ 31,332	\$ -	\$ 180,323	17.38%
	2015	33,998	33,998	-	184,071	18.47%
	2016	24,937	24,937	-	135,016	18.47%
	2017	25,734	25,734	-	139,331	18.47%
	2018	28,270	28,270	-	153,103	18.46%
	2019	30,218	30,218	-	163,603	18.47%
Tier 2 Public Employees Retirement System	2014	\$ 6,062	\$ 6,062	\$ -	\$ 43,331	13.99%
	2015	6,546	6,546	-	43,817	14.94%
	2016	14,744	14,744	-	98,881	14.91%
	2017	20,086	20,086	-	134,713	14.91%
	2018	20,381	20,381	-	134,182	15.19%
	2019	30,218	30,218	-	163,603	15.54%

* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the past six years.

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