

**Mayor**  
**Robert D. Houston**  
**City Manager**  
**Joseph M. Decker**  
**Treasurer**  
**Katherine Ohlwiler**



**City Council**  
**Arlon Chamberlain**  
**Celeste Meyeres**  
**Jeff Yates**  
**Michael East**  
**Byard Kershaw**

## KANAB CITY COUNCIL

October 27, 2020

26 NORTH 100 EAST, KANAB, UTAH

**NOTICE** is hereby given that the Kanab City Council will hold its regular council meeting on the 8th day of December 2020, in the City Council chambers at the Kanab City Office, 26 N 100 E, Kanab, Utah. The Council Meeting will convene at 6:30 p.m. and the agenda will be as follows:

### 6:30 P.M. Work Meeting

- FY 19-20 Audit Presentation – Steve Palmer, Hinton Burdick
- Employee of the month December

### Business Meeting

1. Call to Order and Roll Call
2. Approval of Agenda
3. Approval of minutes of previous meeting
4. Approval of Accounts payable vouchers
5. Public Comment Period – Members of the public are invited to address the Council. Participants are asked to keep their comments to 3 minutes and follow rules of civility outlined in Kanab Ordinance 3-601.
6. Discuss – Vote on Resolution 12-1-20 R “ A Resolution proposing the creation of the Zion Area Public Transit District Kane County, State of Utah”
7. Public Hearing - Plat Amendment to the Plum Tree Estates Subdivision for a Lot Line Adjustment combining Parcels K-154-10 and K-154-11 into one lot. Parcels are in the approximate area of 817 Pear Tree Ln.
8. Discuss - Vote on Plat Amendment to the Plum Tree Estates Subdivision for a Lot Line Adjustment combining Parcels K-154-10 and K-154-11 into one lot. Parcels are in the approximate area of 817 Pear Tree Ln.
9. Discuss – Vote on Plat Amendment to the Vermillion Lofts a Minor Subdivision to vacate a .25-acre section on Parcel K-312-1 and lot line adjustments from K-312-2 and K-19-17-Annex; located in the approximate area of 950 S. Hwy 89A.
10. Discuss- Vote on Ordinance 12-1-20 O “An Ordinance amending Kanab City General Ordinance section 6-700 Recreation, Arts and Parks Tax (RAP Tax)
11. Closed Session:
  - Discuss the purchase, exchange, or lease of real property
  - Discuss the character, professional competence, or physical or mental health of an individual.
  - Discuss pending or reasonably imminent litigation.

Times listed for each item on the agenda may be accelerated as time permits. If you are planning to attend this public meeting and due to a disability need assistance in understanding or participating in the meeting, please notify the City eight or more hours in advance of the meeting, and we will try to provide whatever assistance may be required. Please contact Katherine Ohlwiler at the Kanab City offices.

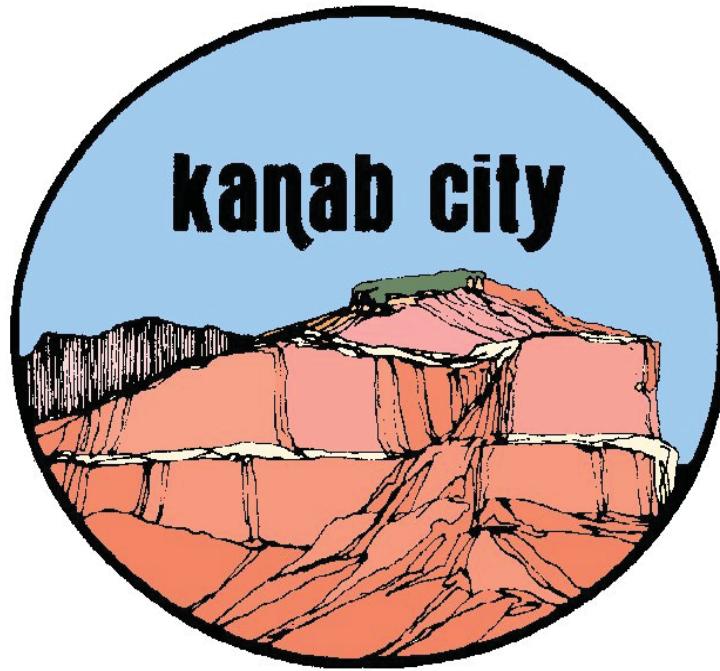
– A Western Classic –

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**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH REPORT OF  
CERTIFIED PUBLIC ACCOUNTANTS**

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## Independent Auditors' Report

The Honorable Mayor and  
Members of the City Council  
Kanab, Utah

### Report on the Financial Statements

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

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions 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 presentation of the financial statements.

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

## ***Opinions***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kanab City, Utah's basic financial statements. The budgetary comparison schedules for the major governmental funds, combining and the combining and individual non-major fund financial statements and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020, on our consideration of Kanab City, Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kanab City, Utah's internal control over financial reporting and compliance.



HintonBurdick, PLLC  
St. George, UT  
October 23, 2020

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## KANAB CITY, UTAH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Kanab (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. Please read it in conjunction with the accompanying basic financial statements.

#### **FINANCIAL HIGHLIGHTS**

- Total net position increased by \$1,479,211 which resulted in total assets plus deferred outflows in excess of total liabilities plus deferred inflows of resources (net position) of \$21.65 million at the close of the fiscal year.
- Total governmental revenues exceeded total governmental expenses by \$180,560.
- Total business-type net position increased by \$1,298,651.
- Total revenues from all sources were \$8.1 million.
- The total cost of all City programs was \$6.6 million.
- The General Fund reported an excess of revenues over expenditures of \$607,095, before transfers.
- Actual revenues received in the General Fund were more than the final budget by \$562,228 while actual expenditures were \$205,883 more than the final budget (before transfers).
- At the end of the current fiscal year, fund balance for the General Fund was \$552,647 or 19.3% of total General Fund revenues, excluding transfers.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net position and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

#### **Reporting the City as a Whole**

##### **The Statement of Net Position and the Statement of Activities (Government-wide)**

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. Net Position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the City’s basic services are considered to be governmental activities, including general government, public safety, judicial, public works (streets/storm water), culture and recreation, community support and interest on long-term debt. Property taxes, sales tax, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The distribution of culinary water, disposal of waste water, and storm water management are considered to be proprietary activities, as the City charges a fee to customers to cover all or most of the cost of the services provided.

## **Reporting the City’s Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City’s two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the City’s basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.
- Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities.

## **Reporting the City’s Fiduciary Responsibilities**

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, donations for a specific purpose and others. These fiduciary activities are reported in a separate Statement of Fiduciary Net position. The City is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the City’s other financial statements because the assets cannot be used to finance operations.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,645,968 as of June 30, 2020 as shown in the following condensed statement of net position. The City has chosen to account for its water and sewer operations in an enterprise fund which is shown as Business Activities.

### Kanab City Statement of Net Position

	Governmental activities		Business-type activities		Total	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Current and other assets	\$ 3,825,571	\$ 3,120,846	\$ 3,205,107	\$ 3,044,886	\$ 7,030,678	\$ 6,165,732
Capital assets	13,654,876	13,784,084	6,070,885	4,213,162	19,725,761	17,997,246
Total assets	17,480,447	16,904,930	9,275,992	7,258,048	26,756,439	24,162,978
Deferred outflows of resources	142,600	297,304	58,076	107,632	200,676	404,936
Long-term liabilities outstanding	2,958,310	2,974,364	853,005	407,996	3,811,315	3,382,360
Other liabilities	204,913	265,385	375,027	204,072	579,940	469,457
Total liabilities	3,163,223	3,239,749	1,228,032	612,068	4,391,255	3,851,817
Deferred inflows of resources	851,160	534,381	68,732	14,959	919,892	549,340
Net position:						
Invested in capital assets, net of related debt	9,323,618	9,323,618	4,785,466	4,057,916	14,109,084	13,381,534
Restricted	872,792	712,489	476,413	136,770	1,349,205	849,259
Unrestricted	3,412,254	3,391,997	2,775,425	2,543,967	6,187,679	5,935,964
Total net position	<u>\$ 13,608,664</u>	<u>\$ 13,428,104</u>	<u>\$ 8,037,304</u>	<u>\$ 6,738,653</u>	<u>\$ 21,645,968</u>	<u>\$ 20,166,757</u>

### Governmental Activities

The cost of all Governmental activities this year was \$4,945,449. As shown on the statement of Changes in Net Position on the following page, \$1,068,931 of this cost was paid for by those who directly benefited from the programs through charges for services, and \$1,024,985 was subsidized by grants received from other governmental organizations for both capital and operating activities. General taxes and investment earnings of governmental activities totaled \$3,130,361.

The City's programs include: General Government, Public Safety, Public Works, Parks & Recreation and Community Development. Each program's revenues and expenses are presented below.

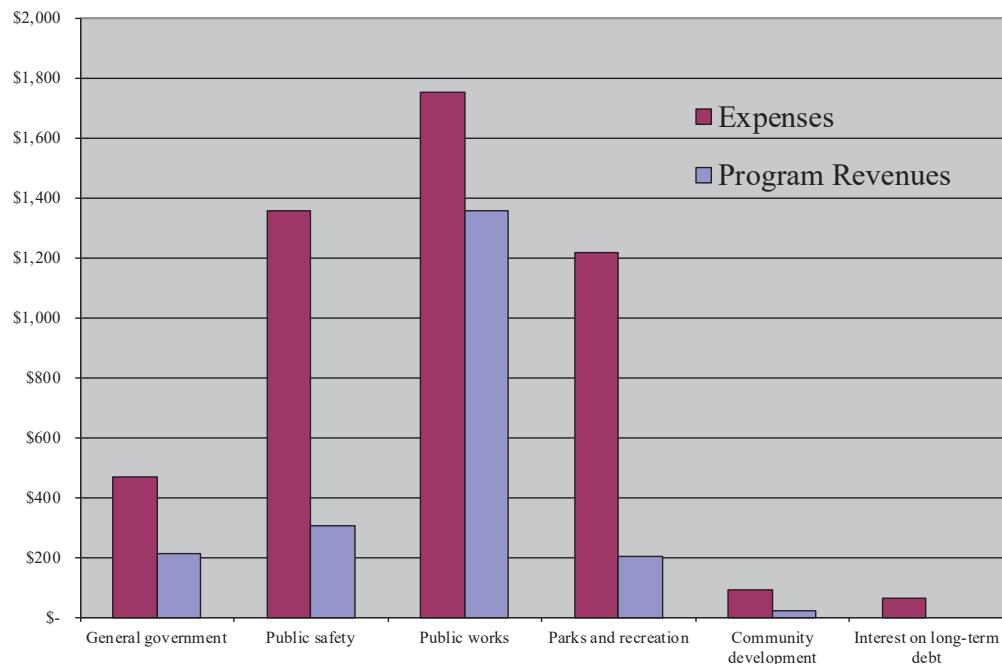
**Kanab City**  
**Changes in Net Position**

	Governmental activities		Business-type activities		Total	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,068,931	\$ 1,202,851	\$ 2,463,052	\$ 1,929,138	\$ 3,531,983	\$ 3,131,989
Operating grants and contributions	388,305	414,114	-	-	388,305	414,114
Capital grants and contributions	636,680	1,827,837	351,390	-	988,070	1,827,837
General revenues:						
Taxes	3,087,063	2,974,871	-	-	3,087,063	2,974,871
Other	43,298	60,663	66,134	33,959	109,432	94,622
Total revenues	<u>5,224,277</u>	<u>6,480,336</u>	<u>2,880,576</u>	<u>1,963,097</u>	<u>8,104,853</u>	<u>8,443,433</u>
<b>Expenses:</b>						
General government	468,892	539,816	-	-	468,892	539,816
Public safety	1,357,202	1,799,413	-	-	1,357,202	1,799,413
Public works	1,751,540	1,001,550	-	-	1,751,540	1,001,550
Parks and recreation	1,216,807	1,251,502	-	-	1,216,807	1,251,502
Community development	90,087	106,622	-	-	90,087	106,622
Interest on long-term debt	60,921	50,969	-	-	60,921	50,969
Water and sewer	-	-	1,563,192	1,613,482	1,563,192	1,613,482
Storm Water	-	-	117,001	96,414	117,001	96,414
Total expenses	<u>4,945,449</u>	<u>4,749,872</u>	<u>1,680,193</u>	<u>1,709,896</u>	<u>6,625,642</u>	<u>6,459,768</u>
(Decrease)/Increase in net position before transfers	278,828	1,730,464	1,200,383	253,201	1,479,211	1,983,665
Transfers	(98,268)	-	98,268	-	-	-
(Decrease)/Increase in net position	180,560	1,730,464	1,298,651	253,201	1,479,211	1,983,665
Net position, beginning	13,428,104	11,697,640	6,738,653	6,485,452	20,166,757	18,183,092
Restatement Adjustment	-	-	-	-	-	-
Net position, ending	<u>\$ 13,608,664</u>	<u>\$ 13,428,104</u>	<u>\$ 8,037,304</u>	<u>\$ 6,738,653</u>	<u>\$ 21,645,968</u>	<u>\$ 20,166,757</u>

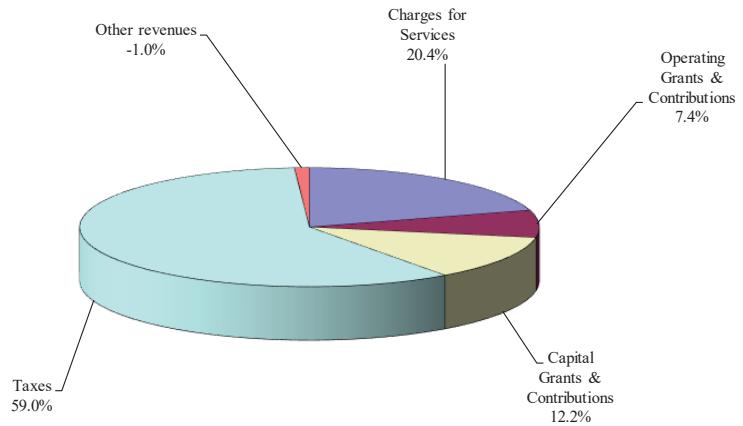
Total resources available during the year to finance governmental operations were \$18,554,113 consisting of Net Position at July 1, 2019 of \$13,428,104, program revenues of \$2,093,916 and General Revenues (including transfers when applicable) of \$3,032,093. Total Governmental Activities expenses during the year were \$4,945,449; thus Governmental Net Position increased by \$180,560 to \$13,608,664.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all governmental activities:

**Expenses and Program Revenues - Governmental Activities**  
(in Thousands)



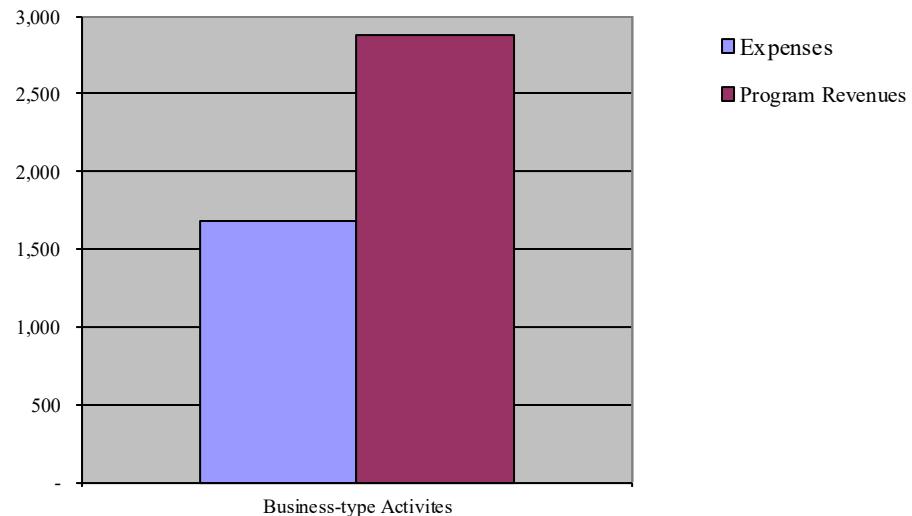
**Revenue By Source - Governmental Activities**



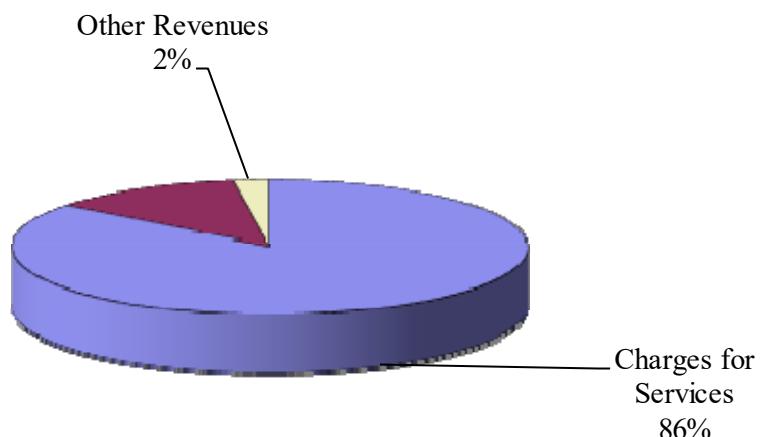
## **Business Type Activities**

Net position of the Business Type activities at June 30, 2020, as reflected in the Statement of Net Position was \$8.04 million. The cost of providing all Proprietary (Business Type) activities this year was \$1,680,193. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$2,463,052. The Net position increased by \$1,298,651.

### **Expenses and Program Revenues - Business-type Activities (in Thousands)**



### **Revenue By Source - Business-type Activities**



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

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

**Governmental funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the fiscal year ending June 30, 2020, the City's governmental funds reported combined ending fund balances of \$2,951,705 an increase of \$557,933 in comparison with the prior year.

The general fund is the chief operating fund of the City. As of the end of the fiscal year ending June 30, 2020, total fund balance is \$742,233. The City budgeted to increase the general fund balance by \$0 during the year and the general fund balance actually increased by \$206,345. Key factors in this change are as follows:

- Actual revenues received in the general fund were \$562,228 more than was budgeted while actual expenditures were \$205,883 more than budgeted.
- Actual transfers to other Funds were \$400,750 while the budgeted amount was \$250,750.

Other governmental funds consist of the Storm Water Capital Projects fund, Airport Capital Improvement Fund, Debt Service fund, Recreation fund, Public Safety Fitness fund, JH Park Expansion fund, Impact Fee Capital Projects fund, Existing Capital Repairs fund, Heritage House Capital Projects fund, Capital Projects fund, Wildland Fire fund, Fire Station Fund, and the Perpetual Care fund which have a combined total fund balance of \$2,209,472.

**Proprietary funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the Water/Sewer and Storm Water funds was \$8,037,304, consisting of \$4,785,466 in net investment in capital assets, \$172,914 in restricted for debt service, \$377,943 is restricted for capital outlay, and \$2,700,981 in unrestricted net position.

## **General Fund Budgetary Highlights**

The actual expenditures for the General Fund at year-end were \$205,883 higher (before transfers) than the final budget. Actual revenues were more than the final budget by \$562,228 mainly due to the fact that donations and other revenues, sales taxes, and licenses and permits were more than expected. The budget was amended during the year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2020, total capital assets of the government activities totaled \$13.66 million and the total capital assets of the business-type activities totaled \$6.06 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 5 to the financial statements.)

## **Debt**

At year-end, the City had \$2.96 million in governmental type debt, and \$850,000 in proprietary debt. During the current fiscal year, the City's total debt increased by \$650,000. (See note 6 to the financial statements for detailed descriptions.)

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

In considering the City Budget for fiscal year 2020/2021, the City Council and management were cautious as to the growth of revenues and expenditures, with revenues projected to grow slowly.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Kanab, 26 North 100 East, 84741.

## **BASIC FINANCIAL STATEMENTS**

**KANAB CITY, UTAH**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,557,133	\$ 2,930,862	\$ 5,487,995
Receivables (net of allowance)	406,288	220,241	626,529
Property taxes receivable	538,258	-	538,258
Inventory	11,473	83,439	94,912
Internal balances	202,349	(202,349)	-
Temporarily restricted assets:			
Cash and cash equivalents	92,133	172,914	265,047
Net pension asset	17,937	7,305	25,242
Capital assets not being depreciated:			
Land	453,213	313,032	766,245
Construction in progress	-	678,114	678,114
Capital assets, net of accumulated depreciation:			
Buildings	3,611,685	415,698	4,027,383
Improvements	5,451,062	-	5,451,062
Machinery and equipment	578,845	1,013,121	1,591,966
Automobiles and trucks	496,829	181,864	678,693
Distribution system	-	3,461,751	3,461,751
Infrastructure	3,063,242	-	3,063,242
Total assets	<u>17,480,447</u>	<u>9,275,992</u>	<u>26,756,439</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	<u>142,600</u>	<u>58,076</u>	<u>200,676</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	173,535	271,463	444,998
Unearned revenue	-	101,585	101,585
Interest payable	31,378	1,979	33,357
Noncurrent liabilities:			
Due within one year	228,290	676,815	905,105
Due in more than one year	2,730,020	176,190	2,906,210
Total liabilities	<u>3,163,223</u>	<u>1,228,032</u>	<u>4,391,255</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions	168,766	68,732	237,498
Unavailable revenue - property taxes	682,394	-	682,394
Total deferred inflows of resources	<u>851,160</u>	<u>68,732</u>	<u>919,892</u>
<b>Net Position</b>			
Net investment in capital assets	9,323,618	4,785,466	14,109,084
Restricted for:			
Debt service	92,133	136,770	228,903
Capital projects	375,688	339,643	715,331
Perpetual care - nonexpendable	404,971	-	404,971
Unrestricted	<u>3,412,254</u>	<u>2,775,425</u>	<u>6,187,679</u>
Total Net Position	<u><u>\$ 13,608,664</u></u>	<u><u>\$ 8,037,304</u></u>	<u><u>\$ 21,645,968</u></u>

The accompanying notes are an integral part of the financial statements.

**KANAB CITY, UTAH**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 468,892	\$ 212,102	\$ -	\$ -	\$ (256,790)	\$ -	\$ (256,790)
Public safety	1,357,202	284,758	21,457	-	(1,050,987)	-	(1,050,987)
Public works	1,751,540	424,347	293,269	636,680	(397,244)	-	(397,244)
Parks and recreation	1,216,807	136,080	65,865	-	(1,014,862)	-	(1,014,862)
Community development	90,087	11,644	7,714	-	(70,729)	-	(70,729)
Interest on long-term debt	60,921	-	-	-	(60,921)	-	(60,921)
<b>Total governmental activities</b>	<b>4,945,449</b>	<b>1,068,931</b>	<b>388,305</b>	<b>636,680</b>	<b>(2,851,533)</b>	<b>-</b>	<b>(2,851,533)</b>
<b>Business-type activities:</b>							
Water & Sewer	1,563,192	1,640,554	-	243,067	-	320,429	320,429
Storm water	117,001	822,498	-	108,323	-	813,820	813,820
<b>Total business-type activities</b>	<b>1,680,193</b>	<b>2,463,052</b>	<b>-</b>	<b>351,390</b>	<b>-</b>	<b>1,134,249</b>	<b>1,134,249</b>
<b>Total primary government</b>	<b>6,625,642</b>	<b>3,531,983</b>	<b>388,305</b>	<b>988,070</b>	<b>(2,851,533)</b>	<b>1,134,249</b>	<b>(1,717,284)</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes levied for general purposes				583,069	-	583,069	
Sales and use taxes				2,447,141	-	2,447,141	
Franchise taxes				56,853	-	56,853	
Unrestricted investment earnings				43,298	66,134	109,432	
Transfers				(98,268)	98,268	-	
Total general revenues				3,032,093	164,402	3,196,495	
Change in net position				180,560	1,298,651	1,479,211	
Net position - beginning				13,428,104	6,738,653	20,166,757	
<b>Net position- ending</b>	<b>\$ 13,608,664</b>	<b>\$ 8,037,304</b>	<b>\$ 21,645,968</b>				

The accompanying notes are an integral part of the financial statements.

**KANAB CITY, UTAH**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	<b>General Fund</b>	<b>Capital Projects</b>	<b>Impact Fees Capital Project Fund</b>	<b>Airport Capital Project Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 388,127	\$ 1,151,902	\$ 291,164	\$ -	\$ 725,940	\$ 2,557,133
Receivables	27,544	-	-	-	-	27,544
Property taxes receivable	538,258	-	-	-	-	538,258
Due from other governments	58,382	-	-	320,362	-	378,744
Due from other funds	464,266	-	-	-	-	464,266
Inventory	11,473	-	-	-	-	11,473
Restricted cash and cash equivalents	92,133	-	-	-	-	92,133
Total assets	<b>\$ 1,580,183</b>	<b>\$ 1,151,902</b>	<b>\$ 291,164</b>	<b>\$ 320,362</b>	<b>\$ 725,940</b>	<b>\$ 4,069,551</b>
<b>Liabilities</b>						
Accounts payable	\$ 99,874	\$ 267	\$ -	\$ -	\$ 17,712	\$ 117,853
Accrued liabilities	55,682	-	-	-	-	55,682
Due to other funds	-	-	-	261,917	-	261,917
Total liabilities	<b>\$ 155,556</b>	<b>267</b>	<b>-</b>	<b>261,917</b>	<b>17,712</b>	<b>435,452</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - property taxes	682,394	-	-	-	-	682,394
Total deferred inflows of resources	<b>682,394</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>682,394</b>
<b>Fund Balances</b>						
Nonspendable for:						
Inventory	11,473	-	-	-	-	11,473
Perpetual care	-	-	-	-	404,971	404,971
Restricted for:						
Debt service	92,133	-	-	-	-	92,133
Capital outlay	-	-	291,164	58,445	26,079	375,688
Committed for:						
Capital outlay	-	1,151,635	-	-	64,575	1,216,210
Recreation	-	-	-	-	82,325	82,325
Assigned to:						
Debt service	-	-	-	-	26,213	26,213
Capital outlay	-	-	-	-	14,942	14,942
Fire Department	-	-	-	-	89,123	89,123
Equipment replacement	250,000	-	-	-	-	250,000
Sick leave reimbursement	172,159	-	-	-	-	172,159
Unassigned	216,468	-	-	-	-	216,468
Total fund balances	<b>\$ 742,233</b>	<b>\$ 1,151,635</b>	<b>\$ 291,164</b>	<b>\$ 58,445</b>	<b>\$ 708,228</b>	<b>\$ 2,951,705</b>
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 1,580,183</b>	<b>\$ 1,151,902</b>	<b>\$ 291,164</b>	<b>\$ 320,362</b>	<b>\$ 725,940</b>	<b>\$ 4,069,551</b>

The accompanying notes are an integral part of the financial statements.

**KANAB CITY, UTAH**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2020**

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Total fund balances - total governmental funds	\$ 2,951,705
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Governmental capital assets	\$ 26,975,453
Accumulated depreciation	<u>(13,320,577)</u>
	13,654,876
Net pension asset is not an available resource and, therefore, is not reported in the funds.	
	17,937
Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	\$ (2,157,000)
Capital leases payable	(389,500)
Compensated absences	(92,802)
Net pension liability	(319,008)
Accrued interest payable	<u>(31,378)</u>
	(2,989,688)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds	
Deferred outflows	\$ 142,600
Deferred inflows	<u>(168,766)</u>
	<u>(26,166)</u>
Net position of governmental activities	<u><u>\$ 13,608,664</u></u>

The accompanying notes are an integral part of the financial statements.

**KANAB CITY, UTAH**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	<b>General</b>	<b>Capital Project</b>	<b>Impact Fee Capital Project Fund</b>	<b>Airport Capital Project Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Taxes	\$ 341,004	\$ 11,500	\$ -	\$ -	\$ 193,500	\$ 546,004
Fees in lieu of property taxes	37,065	-	-	-	-	37,065
Sales and use taxes	2,447,141	-	-	-	-	2,447,141
Franchise taxes	56,853	-	-	-	-	56,853
Licenses, permits and fees	220,165	-	-	-	-	220,165
Intergovernmental revenue	350,158	-	-	606,680	26,400	983,238
Sanitation service revenues	17,565	-	-	-	-	17,565
Charges for services	4,524	-	-	-	223,082	227,606
Fines and forfeitures	1,506	-	-	-	-	1,506
Impact fees	-	-	253,502	-	-	253,502
Donations and other revenues	360,334	-	-	-	-	360,334
Investment earnings	13,095	14,198	4,050	-	11,955	43,298
Other revenues	-	-	-	30,000	-	30,000
Total revenues	<u>3,849,410</u>	<u>25,698</u>	<u>257,552</u>	<u>636,680</u>	<u>454,937</u>	<u>5,224,277</u>
<b>Expenditures</b>						
Current:						
General government	393,764	-	-	-	500	394,264
Public safety	1,361,434	-	-	-	66,481	1,427,915
Public works	706,261	-	-	-	-	706,261
Parks and recreation	692,734	-	-	-	282,930	975,664
Community development	73,496	-	-	-	-	73,496
Debt service:						
Principal	-	-	-	-	142,000	142,000
Interest	-	-	-	-	60,915	60,915
Capital outlay	<u>14,626</u>	<u>86,341</u>	<u>-</u>	<u>598,235</u>	<u>477,859</u>	<u>1,177,061</u>
Total expenditures	<u>3,242,315</u>	<u>86,341</u>	<u>-</u>	<u>598,235</u>	<u>1,030,685</u>	<u>4,957,576</u>
Excess (deficiency) of revenues over (under) expenditures	<u>607,095</u>	<u>(60,643)</u>	<u>257,552</u>	<u>38,445</u>	<u>(575,748)</u>	<u>266,701</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	279,000	-	20,000	182,915	481,915
Transfers out	(400,750)	-	(96,902)	-	(82,531)	(580,183)
Total other financing sources and uses	<u>(400,750)</u>	<u>279,000</u>	<u>(96,902)</u>	<u>20,000</u>	<u>489,884</u>	<u>291,232</u>
Net change in fund balances	206,345	218,357	160,650	58,445	(85,864)	557,933
Fund balances, beginning of year	<u>535,888</u>	<u>933,278</u>	<u>130,514</u>	<u>-</u>	<u>794,092</u>	<u>2,393,772</u>
Fund balances, end of year	<u>\$ 742,233</u>	<u>\$ 1,151,635</u>	<u>\$ 291,164</u>	<u>\$ 58,445</u>	<u>\$ 708,228</u>	<u>\$ 2,951,705</u>

The accompanying notes are an integral part of the financial statements.

**KANAB CITY, UTAH**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2020**

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

Net change in fund balances - total governmental funds	\$ 557,933
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.	
Capital outlay	\$ 1,358,267
Depreciation expense	<u>(1,487,475)</u>
	(129,208)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	142,000
Issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net position.	(389,500)
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured six months before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.	
Pension contributions	\$ 179,439
Pension expense	<u>(173,667)</u>
	5,772
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Change in compensated absences	\$ (6,431)
Change in accrued interest	<u>(6)</u>
	(6,437)
Change in net position of governmental activities	<u><u>\$ 180,560</u></u>

The accompanying notes are an integral part of the financial statements.

**KANAB CITY, UTAH**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

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	<u>Water &amp; Sewer</u>	<u>Storm Water</u>	<u>Total</u>
			<u>Proprietary Funds</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 2,930,862	\$ -	\$ 2,930,862
Receivables, net of allowance	180,766	39,475	220,241
Inventory	83,439	-	83,439
Total current assets	<u>3,195,067</u>	<u>39,475</u>	<u>3,234,542</u>
Noncurrent assets:			
Restricted cash and cash equivalents	136,770	36,144	172,914
Net pension asset	7,305	-	7,305
Capital assets:			
Land	313,032	-	313,032
Buildings	639,096	-	639,096
Machinery and equipment	1,570,171	-	1,570,171
Automobiles and trucks	468,626	-	468,626
Distribution system	8,380,650	1,120,425	9,501,075
Construction in progress	483,259	194,855	678,114
Less: Accumulated depreciation	(7,101,866)	(4,668)	(7,106,534)
Total noncurrent assets	<u>4,897,043</u>	<u>1,346,756</u>	<u>6,243,799</u>
Total assets	<u>8,092,110</u>	<u>1,386,231</u>	<u>9,478,341</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	<u>58,076</u>	<u>-</u>	<u>58,076</u>
<b>Liabilities</b>			
Current liabilities:			
Accrued liabilities	207,454	25,551	233,005
Customer deposits	38,458	-	38,458
Due to other funds	-	202,349	202,349
Unearned revenue	101,585	-	101,585
Interest payable	1,979	-	1,979
Current portion of noncurrent liabilities	676,815	-	676,815
Total current liabilities	<u>1,026,291</u>	<u>227,900</u>	<u>1,254,191</u>
Noncurrent liabilities:			
Compensated absences	36,278	-	36,278
Leases payable	86,808	-	86,808
Net pension liability	129,919	-	129,919
Bonds payable	600,000	-	600,000
Less current portion of noncurrent liabilities	(676,815)	-	(676,815)
Total noncurrent liabilities	<u>176,190</u>	<u>-</u>	<u>176,190</u>
Total liabilities	<u>1,202,481</u>	<u>227,900</u>	<u>1,430,381</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions	<u>68,732</u>	<u>-</u>	<u>68,732</u>
<b>Net Position</b>			
Net investment in capital assets	3,669,709	1,115,757	4,785,466
Restricted for debt service	136,770	-	136,770
Restricted for capital outlay	303,499	36,144	339,643
Unrestricted	2,768,995	6,430	2,775,425
Total net position	<u>\$ 6,878,973</u>	<u>\$ 1,158,331</u>	<u>\$ 8,037,304</u>

The accompanying notes are an integral part of the financial statements.

**KANAB CITY, UTAH**  
**Statement of Revenues, Expenses, and Changes In Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

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	<u>Water &amp; Sewer</u>	<u>Storm Water</u>	<u>Total</u>
			<u>Proprietary Funds</u>
<b>Operating revenues:</b>			
Charges for services	\$ 1,536,642	\$ 408,813	\$ 1,945,455
Connection fees	75,249	-	75,249
Other revenues	28,663	413,685	442,348
Total operating revenues	<u>1,640,554</u>	<u>822,498</u>	<u>2,463,052</u>
<b>Operating expenses:</b>			
Rent	8,958	-	8,958
Salaries and wages	420,327	-	420,327
Employee benefits	266,719	-	266,719
Distribution system repairs and maintenance	236,284	-	236,284
Office expense	69,226	-	69,226
Insurance	25,562	-	25,562
Depreciation	343,675	4,668	348,343
Utilities	75,979	-	75,979
Professional services	50,418	71,920	122,338
Travel and training	2,285	40,413	42,698
Miscellaneous	<u>13,224</u>	<u>-</u>	<u>13,224</u>
Total operating expenses	<u>1,512,657</u>	<u>117,001</u>	<u>1,629,658</u>
Operating income	<u>127,897</u>	<u>705,497</u>	<u>833,394</u>
<b>Nonoperating revenues (expenses):</b>			
Impact fees	243,067	108,323	351,390
Interest income	64,990	1,144	66,134
Interest expense and fiscal charges	(535)	-	(535)
Payment to Kane County Water Conservancy Dist.	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
Total nonoperating revenues (expenses)	<u>257,522</u>	<u>109,467</u>	<u>366,989</u>
Income before contributions and transfers	<u>385,419</u>	<u>814,964</u>	<u>1,200,383</u>
Transfers from other funds	<u>56,932</u>	<u>41,336</u>	<u>98,268</u>
<b>Change in net position</b>	<b>442,351</b>	<b>856,300</b>	<b>1,298,651</b>
Total net position, beginning of year	<u>6,436,622</u>	<u>302,031</u>	<u>6,738,653</u>
<b>Total net position, end of year</b>	<b><u>\$ 6,878,973</u></b>	<b><u>\$ 1,158,331</u></b>	<b><u>\$ 8,037,304</u></b>

The accompanying notes are an integral part of the financial statements.

**KANAB CITY, UTAH  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2020**

	Water & Sewer	Storm Water	Total Proprietary Funds
<b>Cash flows from operating activities:</b>			
Cash received from customers, service fees	\$ 1,475,324	\$ 406,588	\$ 1,881,912
Cash received from customers, other	103,912	413,685	517,597
Cash paid to suppliers	(481,936)	(112,333)	(594,269)
Cash paid to employees	(518,496)	16,914	(501,582)
Cash flows from operating activities	<u>578,804</u>	<u>724,854</u>	<u>1,303,658</u>
<b>Cash flows from noncapital financing activities:</b>			
Payments (to) from other funds	-	202,349	-
Transfers (to) from other funds	<u>56,932</u>	<u>41,336</u>	<u>98,268</u>
Cash flows from noncapital financing activities	<u>56,932</u>	<u>243,685</u>	<u>98,268</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal payments on long-term debt	(276,938)	-	(276,938)
Proceeds from debt issuance	808,500	-	808,500
Interest paid	(535)	-	(535)
Purchase of capital assets	(867,035)	(1,315,280)	(2,182,315)
Proceeds from the sale of capital assets	-	-	-
Payment to Kane County Water Conservancy Dist.	(50,000)	-	(50,000)
Impact fees	<u>243,067</u>	<u>108,323</u>	<u>351,390</u>
Cash flows from capital and related financing activities:	<u>(142,941)</u>	<u>(1,206,957)</u>	<u>(1,349,898)</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	<u>64,990</u>	<u>1,144</u>	<u>66,134</u>
Net change in cash and cash equivalents	<u>557,785</u>	<u>(237,274)</u>	<u>118,162</u>
Cash and cash equivalents, including restricted cash, beginning of year	<u>2,509,847</u>	<u>273,418</u>	<u>2,783,265</u>
<b>Cash and cash equivalents, including restricted cash, end of year</b>	<u><u>\$ 3,067,632</u></u>	<u><u>\$ 36,144</u></u>	<u><u>\$ 2,901,427</u></u>
Reconciliation of operating income to net cash flows from operating activities:			
Net operating income	\$ 127,897	\$ 705,497	\$ 833,394
Adjustments to reconcile net income to net cash flows from operating activities			
Depreciation/amortization	343,675	4,668	348,343
Pension expense	57,418	-	57,418
Employer pension contributions	(62,697)	-	(62,697)
Changes in operating assets and liabilities:			
(Increase) Decrease in receivables	(37,813)	(2,225)	(40,038)
(Increase) Decrease in inventory	-	-	-
Increase (Decrease) in deferred revenue	(23,505)	-	(23,505)
Increase (Decrease) in accounts payable	-	-	-
Increase (Decrease) in accrued liabilities	<u>173,829</u>	<u>16,914</u>	<u>190,743</u>
Cash flows from operating activities	<u>\$ 578,804</u>	<u>\$ 724,854</u>	<u>\$ 1,303,658</u>

**Supplemental Schedule of Non-cash**

### **Financing and Investing Activities:**

The accompanying notes are an integral part of the financial statements.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 1. Summary of Significant Accounting Policies**

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**Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., 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. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**Reporting Entity**

Kanab City, Utah (government) is governed by an elected mayor and governing council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Blended component unit.** The Municipal Building Authority of the City of Kanab (the Authority) was formally recognized by the State of Utah as an incorporated entity in 1986. The Authority was formed for the purpose of accomplishing the public purposes for which the City of Kanab exists by acquiring, improving, or extending one or more projects and financing the cost of such projects on behalf of the City of Kanab. The Authority is governed by the board of trustees comprised of the elected officials of the City of Kanab.

**Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. 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.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

**Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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

The City reports the following major governmental funds:

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

The **Capital Project Fund** is used to account for the financial resources used to acquire and/or construct major capital assets.

The **Impact Fee Capital Project** is used to account for the collection of impact fees and the expenditure of these fees on public facilities and infrastructure.

The **Airport Capital Project Fund** is used to account for the financial resources used to improve and renovate the City owned airport.

The City reports the following major proprietary funds:

The **Water & Sewer Fund** is used to account for the provision of water & sewer services to the residents of the City.

The **Storm Water Fund** is used to account for the revenue from the Storm water utility fee that is used to fund the operations, maintenance and capital improvements of the City's storm water collection system.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

The 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, the government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, room taxes, licenses, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Deposits and Investments***

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to" or "due from other funds." All trade accounts receivable in the enterprise funds are shown net of an allowance for uncollectable amounts. Due to the nature of the accounts receivable in governmental type activities, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

***Inventories and Prepaid Items***

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Inventories of the business type activities are valued at the lower of cost or market. Market is considered as replacement cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

***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 activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three 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 the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. 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.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements	20-40 years
Automobiles and trucks	5-7 years
Machinery and equipment	7 years
Infrastructure	20 years

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has one type of item that qualifies for reporting in this category. It is pension related items reported on the government-wide financial statements. See footnote 8 for more information.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Pension related items reported on the government-wide and proprietary fund financial statements. See footnote 8 for more information. Another item, *unavailable revenue*, is reported in the governmental funds balance sheet and governmental activities statement of net position. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***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.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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***Net Position Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***Fund Balance Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Manager is authorized to assign amounts to a specific purpose in accordance with the City’s budget policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Property Taxes**

Property taxes are collected by the Kane County Treasurer and remitted to the City in three installments: July, December, and March. Taxes are levied and are due and payable on November 1 and delinquent after November 30 of each year at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes has not been made, as the amounts are not material in relationship to the financial statements taken as a whole.

***Compensated Absences***

For governmental funds, amounts of vested or accumulated vacation and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and comp time in the proprietary funds are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Accumulated unpaid vacation pay and comp time are accrued based upon the City's expected legal obligation as of the statement date. No provision is made for accumulated sick leave because the City is not obligated to pay accumulated sick leave upon termination or retirement.

***Proprietary Fund Operating and Non-operating Revenues and Expenses***

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

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 1. Summary of Significant Accounting Policies, Continued**

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***Utah Minimum Fund Balance***

Utah code 10-6-116(4) indicates that only the “fund balance in excess of 5% of total revenue of the general fund may be utilized for budget purposes”. The remaining 5% must be maintained as a minimum fund balance. The City does not currently have any other fund balance stabilization arrangements.

***Use of Estimates***

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

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**NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements**

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The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 17.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 19.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 3. Stewardship, Compliance, and Accountability**

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**Budgets and Budgetary Accounting**

The City Council observes the following procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the first meeting in May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgets are required for the General Fund, Debt Service Fund, Special Revenue Fund, Capital Projects Funds, Permanent Funds and the Enterprise Funds.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to June 22, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager is authorized to transfer budgeted amounts within departments; however, to transfer budgeted amounts between departments requires City Council approval. Any revisions that alter the total expenditures of any fund must be approved through public hearing by the City Council and can be made at any time during the fiscal year.

Budgets for the General Fund, Debt Service Fund, Special Revenue Fund, Capital Projects Funds and Permanent Funds are prepared on the modified accrual method of accounting. Budgets for the Enterprise Funds are prepared on the accrual basis of accounting. Control is maintained at the function level. (i.e. Public Safety, Highways and Public Improvements, etc.) All appropriations lapse at year-end. Utah State law requires budgets to be prepared and reported on for the General Fund, Debt Service Fund, Special Revenue Fund, Capital Projects Funds and Permanent Funds. The budget was amended during the current fiscal year.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 4. Deposits and Investments**

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Deposits and investments of the City at June 30, 2020 consist of the following:

Deposits	
Cash on hand	\$ 100
Cash in bank	204,278
Investments	
State treasurer's investment pool	<u>5,548,662</u>
Total deposits and investment	<u><u>\$ 5,753,040</u></u>

A reconciliation of cash and investments as shown of the Statement of Net Position follows:

Cash and cash equivalents	\$ 5,487,993
Restricted cash and cash equivalents	<u>265,047</u>
Total cash and cash equivalents	<u><u>\$ 5,753,040</u></u>

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, Section 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.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 4. Deposits and Investments, Continued**

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**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2020, \$202,428 of the City's deposits were in excess of FDIC insurance.

**Investments**

The Money Management Act defines the types of securities authorized as appropriate investment for the City 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.

The Act authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase 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 Act; the Utah Public Treasurer's Investment Fund; and reciprocal deposits subject to rules of the State Money Management Council.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. 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 gain or losses on investments. Financial statements for the PTIF funds can be obtained by contacting the Utah State Treasurer's Office.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 4. Deposits and Investments, Continued**

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The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated 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.

As of June 30, 2020 the government had the following investments, ratings, and maturities:

Investment Type	Fair Value	Quality Rating (1)	Weighted Average Maturity (2)
State of Utah Public Treasurer's Investment Fund	\$ 5,548,662	N/A	53.03
Total Fair Value	<u>\$ 5,548,662</u>		

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

**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 Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**Credit risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing exposure to credit risk is to comply with the State of Utah's Money Management Act.

**Fair value measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2020:

- PTIF are valued using amortized cost (Level 2 inputs).

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 5. Capital Assets**

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

<b>Governmental Activities:</b>	<b>Balance</b>			<b>Balance</b>
	<b>6/30/2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>6/30/2020</b>
Capital assets, not being depreciated:				
Land	\$ 453,213	\$ -	\$ -	\$ 453,213
Construction in Progress	<u>780,710</u>	<u>627,362</u>	<u>(1,408,072)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,233,923</u>	<u>627,362</u>	<u>(1,408,072)</u>	<u>453,213</u>
Capital assets, being depreciated:				
Buildings	4,599,362	1,240,051	-	5,839,413
Improvements	10,116,401	-	-	10,116,401
Machinery & equipment	1,498,380	341,403	-	1,839,783
Library books	164,677	-	-	164,677
Automobiles and trucks	233,623	389,500	-	623,123
Infrastructure	<u>7,770,820</u>	<u>168,023</u>	<u>-</u>	<u>7,938,843</u>
Total capital assets, being depreciated	<u>24,383,263</u>	<u>2,138,977</u>	<u>-</u>	<u>26,522,240</u>
Less accumulated depreciation for:				
Buildings	(2,011,862)	(215,866)	-	(2,227,728)
Improvements	(3,756,989)	(908,350)	-	(4,665,339)
Machinery & equipment	(1,197,682)	(63,256)	-	(1,260,938)
Library books	(164,677)	-	-	(164,677)
Automobiles and trucks	(77,140)	(49,154)	-	(126,294)
Infrastructure	<u>(4,624,752)</u>	<u>(250,849)</u>	<u>-</u>	<u>(4,875,601)</u>
Total accumulated depreciation	<u>(11,833,102)</u>	<u>(1,487,475)</u>	<u>-</u>	<u>(13,320,577)</u>
Total capital assets, being depreciated, net	<u>12,550,161</u>	<u>651,502</u>	<u>-</u>	<u>13,201,663</u>
Governmental activities capital assets, net	<u>\$ 13,784,084</u>	<u>\$ 1,278,864</u>	<u>\$ (1,408,072)</u>	<u>\$ 13,654,876</u>

Depreciation expense was charged to the functions/programs of the City as follows:

<b>Governmental Activities:</b>	
General government	\$ 74,561
Public safety	110,114
Public works	1,045,233
Parks and recreation	240,976
Community development	16,591
Total depreciation expense - governmental activities	<u>\$ 1,487,475</u>

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 5. Capital Assets, Continued**

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<b>Business Type Activities:</b>	<b>Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b>
	<b>6/30/2019</b>			<b>6/30/2020</b>
Capital assets not being depreciated:				
Land	\$ 313,032	\$ -	\$ -	\$ 313,032
Construction in Progress	- -	1,798,539	1,120,425	678,114
Total capital assets, not being depreciated	<u>313,032</u>	<u>1,798,539</u>	<u>1,120,425</u>	<u>991,146</u>
Capital assets being depreciated:				
Buildings	639,096	-	-	639,096
Machinery & equipment	1,319,118	251,053	-	1,570,171
Automobiles and trucks	428,942	39,684	-	468,626
Distribution system	8,271,164	1,229,911	-	9,501,075
Total capital assets, being depreciated	<u>10,658,320</u>	<u>1,520,648</u>	<u>-</u>	<u>12,178,968</u>
Less accumulated depreciation for:				
Buildings	(206,820)	(16,578)	-	(223,398)
Machinery & equipment	(482,956)	(74,094)	-	(557,050)
Automobiles and trucks	(250,690)	(36,072)	-	(286,762)
Distribution system	(5,817,724)	(221,600)	-	(6,039,324)
Total accumulated depreciation	<u>(6,758,190)</u>	<u>(348,344)</u>	<u>-</u>	<u>(7,106,534)</u>
Total capital assets, being depreciated, net	<u>3,900,130</u>	<u>1,172,304</u>	<u>-</u>	<u>5,072,434</u>
Business-type activities capital assets, net	<u><u>\$ 4,213,162</u></u>	<u><u>\$ 2,970,843</u></u>	<u><u>\$ 1,120,425</u></u>	<u><u>\$ 6,063,580</u></u>

Depreciation expense was charged to the functions/programs of the City as follows:

**Business Type Activities:**

Water and Sewer Fund	\$ 343,676
Storm Water Fund	4,668
Total depreciation expense - business type activities	<u><u>\$ 348,344</u></u>

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 6. Long-Term Liabilities**

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The following is a summary of changes in long-term liabilities for the year ended June 30, 2020.

	Balance 6/30/2019	Additions	Retirements	Balance 6/30/2020	Current Portion
<b>Governmental Activities:</b>					
Bonds from direct placements:					
Revenue bonds	\$ 2,299,000	\$ -	\$ (142,000)	\$ 2,157,000	\$ 124,000
Capital Leases	- 389,500	389,500	- 389,500	34,290	34,290
Net pension liability	589,003	- (269,995)	319,008	-	-
Accrued compensated absences	86,361	83,671	(77,230)	92,802	70,000
Governmental activity					
Long-term liabilities	<u>2,974,364</u>	<u>473,171</u>	<u>(489,225)</u>	<u>2,958,310</u>	<u>228,290</u>
<b>Business-type activities:</b>					
Bonds from direct placements:					
Revenue bonds	26,769	- (26,769)	-	-	-
Bond Anticipation Notes	- 600,000	600,000	- 600,000	600,000	600,000
Capital leases	128,477	208,500	(250,169)	86,808	42,815
Accrued Compensated Absences	39,515	32,708	(35,945)	36,278	34,000
Net pension liability	213,235	- (83,316)	129,919	-	-
Business-type activity					
Long-term liabilities	<u>407,996</u>	<u>841,208</u>	<u>(396,199)</u>	<u>853,005</u>	<u>676,815</u>
Total long-term liabilities	<u><u>\$ 3,382,360</u></u>	<u><u>\$ 1,314,379</u></u>	<u><u>\$ (885,424)</u></u>	<u><u>\$ 3,811,315</u></u>	<u><u>\$ 905,105</u></u>

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 6. Long-Term Liabilities, Continued**

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Bonds Payable at June 30, 2020 are comprised of the following issues:

**Revenue Bonds:**

**Bonds from Direct Placements:**

**Governmental Activities:**

Municipal Building Authority Lease Revenue Bonds, Series 2007, due in annual principal and interest installments ranging from \$81,075 to \$82,800, bearing interest at 3.5%, maturing December 1, 2037.	\$ 1,077,000
Parity Street Improvement Bonds, Series 2011, due in annual principal installments of \$20,000, bearing interest at 0%, maturing January 1, 2021.	20,000
Parity Street Improvement Bonds, Series 2012, due in annual principal and interest installments ranging from \$18,450 to \$19,075, bearing interest at 2.5%, maturing July 1, 2022.	53,000
Sales Tax Revenue Bonds, Series 2015, due in annual principal and interest installments ranging from \$27,825 to \$28,805, bearing interest at 1.50%, maturing October 1, 2045.	606,000
Sales Tax Revenue Bonds, Series 2018, due in annual principal and interest installments ranging from \$34,625 to \$32,800, bearing interest at 2.5%, maturing March 1, 2034 with payments beginning on March 1, 2020.	<u>401,000</u>
Total Bonds Payable from Direct Placements	<u><u>\$ 2,157,000</u></u>

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 6. Long-Term Liabilities, Continued**

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Other long-term liabilities at June 30, 2020 are comprised of the following:

Other long term debt at June 30, 2020 is comprised of the following:

**Notes Payable:**

**Notes Payable from Direct Placements:**

**Business-type Activities:**

Bond Anticipation Note Payable, bearing interest at 2.26%.  
 This Note is expected to be redeemed in fiscal year 2021 by a  
 new Bond Anticipation Note.

\$ 600,000

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Total Notes Payable

600,000

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**Leases Payable:**

**Governmental Activities:**

Fire Truck lease payable in annual installments of \$45,196  
 through February 2030, at interest of 2.80%.

389,500

**Business-type Activities:**

Dump Truck lease payable in annual installments of \$45,202  
 through June 2022, at interest of 4.67%.

86,808

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Total Leases Payable

476,308

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Accrued Vacation and Comp Time Payable:

129,080

Net Pension Liability

448,927

Total Long-Term Liabilities

3,811,315

Less Current Portion:

Governmental-type Activities

(228,290)

Business-type Activities

(676,815)

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Net Long-Term Liabilities

\$ 2,906,210

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There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 6. Long-Term Liabilities, Continued**

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The annual requirements to amortize bonds payable from direct placements at June 30, 2020 are as follows:

Fiscal Year Ended June 30	Revenue Bonds	
	Principal	Interest
2021	\$ 124,000	\$ 58,135
2022	108,000	55,285
2023	111,000	52,335
2024	95,000	49,290
2025	97,000	46,625
2026-2030	532,000	190,335
2031-2035	575,000	110,575
2036-2040	354,000	34,040
2041-2045	133,000	7,830
2046-2050	28,000	420
Total	<u>\$ 2,157,000</u>	<u>\$ 604,870</u>

The city has entered issued several bonds payable under direct placements. Each of these bonds was placed with the State of Utah Community Impact Board (CIB). In the event the city should not make the payments as scheduled in the debt agreements, interest shall begin to accrue at the rate of 18% until the default is cured. In addition, revenues of the city secure each of the bonds. The pledged revenues include B&C road funds and sales tax revenues. The Series 2007 Municipal Building Authority Lease Revenue Bond is also secured by the city owned swimming pool.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 6. Long-Term Liabilities, Continued**

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The city has entered into lease agreements, which are considered capital leases in accordance with generally accepted accounting principles. The following is an annual schedule of future minimum lease payments with interest rates of 2.75% and 2.80%, together with the present value of the net minimum lease payments:

Year Ending June 30	Governmental Activities	Business-Type Activities
2021	\$ 45,196	\$ 45,202
2022	45,196	45,202
2023	45,196	-
2024	45,196	-
2025	45,196	-
2026	45,196	-
2027	45,196	-
2028	45,196	-
2029	45,196	-
2030	45,196	-
Total remaining minimum lease payments	<u>451,960</u>	<u>90,404</u>
Less amount representing interest	<u>(62,460)</u>	<u>(3,596)</u>
Present value of net remaining minimum lease payments	<u><u>\$ 389,500</u></u>	<u><u>\$ 86,808</u></u>

A summary of the assets acquired through capital leases is as follows:

	Cost	Depreciation Expense	Accumulated Depreciation
	\$ 598,000	\$ 44,163	\$ 55,023
Vehicles and Equipment			

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 7. Interfund Transactions and Balances**

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Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursed expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund balances as of June 30, 2020 are as follows:

Due To:	Due From:			Total
	Airport Capital Projects	Storm Water		
General Fund	\$ 261,917	\$ 202,349		\$ 464,266

Interfund transfers for the fiscal year ended June 30, 2020 are as follows:

Transfers To:	Transfers From:				Total
	General	Impact Fee	Nonmajor Govt. Funds		
Airport Capital Projects	\$ 20,000	\$ -	\$ -		\$ 20,000
Capital Projects	279,000	-	-		279,000
Utility Fund	-	56,932	-		56,932
Storm Water Fund	-	39,970	1,366		41,336
Nonmajor Govt. Funds	101,750	-	81,165		182,915
 Total transfers	 \$ 400,750	 \$ 96,902	 \$ 82,531	 \$ 580,183	

Transfers are used to (1) move revenues from the fund that statute or budget requirements to collect them to the fund that statute or budget requires to expand them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8.      Pension Plans**

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***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);
- Firefighters Retirement System (Firefighters System);  
Are multiple employer, cost-sharing retirement systems.
- Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-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;

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](http://www.urs.org).

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8. Pension Plans, Continued**

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

**Summary of Benefits by System**

<b>System</b>	<b>Final average salary</b>	<b>Years of service required and/or age eligible for benefit</b>	<b>Benefit percent per year of service</b>	<b>COLA**</b>
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
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% to 4% depending on the 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%

\* 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.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8. Pension Plans, Continued**

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

**Utah Retirement Systems**

	<b>Employee</b>	<b>Employer</b>	<b>Employer 401(k)</b>
Contributory System			
111 – Local Governmental Division Tier 2	N/A	15.66 %	1.03%
Noncontributory System			
15 – Local Governmental Division Tier 1	N/A	18.47 %	N/A
Public Safety System Contributory			
122 – Tier 2 DB Hybrid Public Safety	N/A	23.13 %	.70%
Public Safety System Noncontributory			
43 – Other Div A with 2.5% COLA	N/A	34.04 %	N/A
Firefighters System			
31 – Other Division A	15.05 %	4.61 %	N/A
132 – Tier 2 DB Hybrid Firefighters	N/A	11.38	.70%
Tier 2 DC Only			
211 – Local Government	N/A	6.69 %	10%
222 – Public Safety	N/A	11.83 %	12%
232 – Firefighters	N/A	0.08 %	12%

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

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

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 42,899	N/A
Public Safety System	76,071	-
Firefighters System	3,129	10,215
Tier 2 Public Employees System	90,375	-
Tier 2 Public Safety and Firefighter System	18,658	-
<b>Total Contributions</b>	<b>\$ 231,131</b>	<b>\$ 10,215</b>

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

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8. Pension Plans, Continued**

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

At June 30, 2020, we reported a net pension asset of \$25,242 and a net pension liability of \$448,928.

**(Measurement Date): December 31, 2019**

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2018	Change (Decrease)
Noncontributory System	\$ -	\$ 174,260	0.0462366%	0.0488386%	(0.0026020)%
Public Safety System	-	262,439	0.1634505%	0.1564540%	0.0069965%
Firefighters System	25,242	-	0.2035297%	0.2022597%	0.0012700%
Tier 2 Public Employees System	-	8,507	0.0378240%	0.0308330%	0.0069910%
Tier 2 Public Safety and Firefighter	-	3,722	0.0395648%	0.0257228%	0.0138420%
	<u>\$ 25,242</u>	<u>\$ 448,928</u>			

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

For the year ended June 30, 2020 the City recognized pension expense of \$238,108.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,812	\$ 14,558
Changes in assumptions	42,690	2,320
Net difference between projected and actual earnings on pension plan investments	-	201,724
Changes in proportion and differences between contributions and proportional share of contributions	16,398	18,896
Contributions subsequent to the measurement date	<u>112,776</u>	<u>-</u>
	<u>\$ 200,675</u>	<u>\$ 237,498</u>

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8. Pension Plans, Continued**

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\$112,776 reported as deferred outflows of resources related to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2020	\$ (41,422)
2021	\$ (47,446)
2022	\$ 5,581
2023	\$ (74,116)
2024	\$ 1,338
Thereafter	\$ 6,468

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

For the year ended June 30, 2020, we recognized pension expense of \$77,265.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 15,851	\$ 2,503
Changes in assumptions	18,456	-
Net difference between projected and actual earnings on pension plan investments	-	88,125
Changes in proportion and differences between contributions and proportional share of contributions	-	15,118
Contributions subsequent to the measurement date	20,928	-
	<b><u>\$ 55,234</u></b>	<b><u>\$ 105,746</u></b>

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8. Pension Plans, Continued**

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\$20,928 reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2020	\$ (14,834)
2021	\$ (24,046)
2022	\$ 944
2023	\$ (33,504)
2024	\$ -
Thereafter	\$ -

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

For the year ended June 30, 2020, we recognized pension expense of \$ 118,568.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,564	\$ 5,604
Changes in assumptions	8,955	-
Net difference between projected and actual earnings on pension plan investments	-	89,614
Changes in proportion and differences between contributions and proportional share of contributions	8,619	3,071
Contributions subsequent to the measurement date	<u>33,917</u>	-
	<u><u>\$ 56,054</u></u>	<u><u>\$ 98,289</u></u>

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8. Pension Plans, Continued**

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\$33,917 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2020	\$ (22,314)
2021	\$ (20,180)
2022	\$ 393
2023	\$ (34,050)
2024	\$ -
Thereafter	\$ -

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

For the year ended June 30, 2020, we recognized pension expense of (\$ 16,515).

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,904	\$ 3,530
Changes in assumptions	10,763	2,042
Net difference between projected and actual earnings on pension plan investments	-	16,531
Changes in proportion and differences between contributions and proportional share of contributions	394	7
Contributions subsequent to the measurement date	1,576	-
	<b><u>\$ 17,636</u></b>	<b><u>\$ 22,110</u></b>

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8. Pension Plans, Continued**

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\$1,576 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2020	\$ (3,272)
2021	\$ (2,362)
2022	\$ 3,844
2023	\$ (4,591)
2024	\$ 333
Thereafter	\$ -

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

For the year ended June 30, 2020, we recognized pension expense of \$ 47,890.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,380	\$ 2,920
Changes in assumptions	3,632	244
Net difference between projected and actual earnings on pension plan investments	-	6,539
Changes in proportion and differences between contributions and proportional share of contributions	7,385	-
Contributions subsequent to the measurement date	<u>45,261</u>	<u>-</u>
	<u><u>\$ 58,657</u></u>	<u><u>\$ 9,703</u></u>

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8. Pension Plans, Continued**

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\$45,261 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2020	\$ (844)
2021	\$ (716)
2022	\$ 401
2023	\$ (1,695)
2024	\$ 921
Thereafter	\$ 5,624

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

For the year ended June 30, 2020, we recognized pension expense of \$10,899.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,113	\$ 1
Changes in assumptions	884	34
Net difference between projected and actual earnings on pension plan investments	-	915
Changes in proportion and differences between contributions and proportional share of contributions	-	699
Contributions subsequent to the measurement date	11,095	-
	<b><u>\$ 13,092</u></b>	<b><u>\$ 1,649</u></b>

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8.      Pension Plans, Continued**

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\$ 11,095 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2020	\$ (159)
2021	\$ (143)
2022	\$ (2)
2023	\$ (277)
2024	\$ 84
Thereafter	\$ 843

**Actuarial assumptions:** The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 Percent
Salary increases	3.25- 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8. Pension Plans, Continued**

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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:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Return Arithmetic Basis</b>		<b>Long-Term Expected Portfolio Real Rate of Return</b>
		<b>Real Return Arithmetic Basis</b>		
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%
<b>Totals</b>	<b>100%</b>			<b>4.75%</b>
<b>Inflation</b>				<b>2.50%</b>
<b>Expected arithmetic nominal return</b>				<b>7.25%</b>

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

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

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 8. Pension Plans, Continued**

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 544,274	\$ 174,260	\$ (134,328)
Public Safety System	679,819	262,439	(76,763)
Firefighters System	51,620	(25,242)	(87,592)
Tier 2 Public Employees System	73,359	8,507	(41,612)
Tier 2 Public Safety and Firefighter	13,147	3,722	(3,275)
<b>Total</b>	<b><u>\$ 1,362,219</u></b>	<b><u>\$ 423,686</u></b>	<b><u>\$ (343,570)</u></b>

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

***Defined Contribution Savings Plans***

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

City of Kanab 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:

<b>401(k) Plan</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Employer Contributions	21,386	17,951	20,279	9,649	5,283
Employee Contributions	18,645	13,030	18,480	7,530	25,910
 <b>Roth IRA Plan</b>					
Employer Contributions	N/A	N/A	N/A	N/A	N/A
Employee Contributions	-	-	5,403	2,760	640

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 9. Risk Management**

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The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk financing activities are accounted for in various operating funds, with unallocated or City-wide activities being accounted for in the general fund.

The City maintains insurance for general liability, auto liability, and employee dishonesty through Utah Local Government's Insurance Trust and Fred A. Moreton and Company. Worker's compensation coverage is carried through the State Worker's Compensation Fund.

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**NOTE 10. Garbage Contract**

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The City has a solid waste collection and disposal contract with Kane County Special Service District (the District). The contract provides for the collection and disposal of residential and commercial solid waste within the City. In connection with the agreement, the City is responsible for the monthly billing, collection, and payment of residential collections to the District. The fees are accounted for in the General Fund; however, only the City's portion of the net fees are reported in the financial statement.

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**NOTE 11. Contract with Kane County Water Conservancy District**

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The City has entered into a contract with the Kane County Water Conservancy District related to the construction of a waterline. Beginning in fiscal year 2012, the City has agreed to pay the Conservancy District \$50,000 per year for 30 years. At the end of the thirty year term title to the waterline will be conveyed to the City. Until the City has made the final payment title to the waterline will remain with the Conservancy District. All debt associated with the construction of the waterline was issued by the Conservancy District. Since the City has not issued any debt related to this project and they do not yet have title to the asset, the City has not recorded a capital asset or any debt related to this project. The City is responsible for maintaining and repairing the waterline. Any subsequent improvements made will be owned by the City.

**KANAB CITY, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**NOTE 12. Contingencies and Commitments**

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The City is involved with various matters of litigation from year to year. It is the opinion of City officials that these cases will either be handled by the City's insurance coverage or that they will not have a material effect on the City's financial condition.

In fiscal year 2017 the City entered into an agreement with the Kane County School District (District) for the acquisition of a building owned by the District. As part of this agreement, the City has agreed to waive impact fees and certain inspection fees that may be charged to the District for future District building projects for a period of twenty years. In addition, The City has agreed to provide for a period of ten years, without charge to the District, sixteen million gallons of water per calendar year. Any amount used in excess of sixteen million gallons will be also be used to reduce the amount owed to the District as calculated by the City's standard rates. If the District uses less than sixteen million gallons in a calendar year, the unused balance shall be carried over and may be used in a subsequent year over and above the sixteen million gallon annual allowance without charge. The City calculated the value of the water expected to be provided under this agreement at \$177,920. The city capitalized this amount as the value of the building. Likewise, the City recorded unearned revenue in the same amount. During fiscal year 2020 the District used water valued at \$23,505. The City recognized revenue in this amount and decreased the balance in the unearned revenue account by the same amount.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**KANAB CITY, UTAH**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
			Actual Amounts		
	Original	Final			
<b>Revenues</b>					
Taxes	\$ 280,000	\$ 280,000	\$ 341,004	\$ 61,004	
Fees in lieu of property taxes	30,000	30,000	37,065	7,065	
Sales and use taxes	2,265,682	2,265,682	2,447,141	181,459	
Franchise taxes	57,000	57,000	56,853	(147)	
Licenses, permits and fees	112,000	112,000	220,165	108,165	
Intergovernmental revenue	284,000	284,000	350,158	66,158	
Sanitation service revenue	14,000	14,000	17,565	3,565	
Fines and forfeitures	1,500	1,500	1,506	6	
Donations and other revenues	225,500	225,500	360,334	134,834	
Charges for services	2,500	2,500	4,524	2,024	
Investment earnings	15,000	15,000	13,095	(1,905)	
Total revenues	<u>3,287,182</u>	<u>3,287,182</u>	<u>3,849,410</u>	<u>562,228</u>	
<b>Expenditures</b>					
Current:					
General government	356,090	368,479	393,764	(25,285)	
Public safety	1,334,932	1,334,932	1,361,434	(26,502)	
Public works	671,629	675,998	706,261	(30,263)	
Parks and recreation	581,523	581,523	692,734	(111,211)	
Community development	70,500	70,500	73,496	(2,996)	
Capital outlay	5,000	5,000	14,626	(9,626)	
Total expenditures	<u>3,019,674</u>	<u>3,036,432</u>	<u>3,242,315</u>	<u>(205,883)</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>267,509</u>	<u>250,750</u>	<u>607,095</u>	<u>356,345</u>	
<b>Other Financing Sources (Uses)</b>					
Transfers out	<u>(250,750)</u>	<u>(250,750)</u>	<u>(400,750)</u>	<u>(150,000)</u>	
Total other financing sources and uses	<u>(250,750)</u>	<u>(250,750)</u>	<u>(400,750)</u>	<u>(150,000)</u>	
Net change in fund balances	16,759	-	206,345	206,345	
Fund balance, beginning of year	535,888	535,888	535,888	-	
Fund balance, end of year	<u>\$ 552,647</u>	<u>\$ 535,888</u>	<u>\$ 742,233</u>	<u>\$ 206,345</u>	

**KANAB CITY, UTAH**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Last 10 Fiscal Years**

	As of fiscal year ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
<b>Noncontributory System</b>	2015	0.0545545%	\$ 236,888	\$ 466,902	50.74%	90.20%
	2016	0.0549982%	311,207	466,032	66.78%	87.80%
	2017	0.0506736%	325,387	404,685	80.41%	87.30%
	2018	0.0505070%	221,286	375,749	58.89%	91.90%
	2019	0.0488839%	359,634	343,361	104.74%	87.00%
	2020	0.0462366%	174,260	268,114	64.99%	93.70%
<b>Public Safety System</b>	2015	0.1501533%	\$ 188,830	\$ 223,255	84.58%	90.50%
	2016	0.1567939%	280,857	237,023	118.49%	87.10%
	2017	0.1601547%	324,998	245,615	132.32%	86.50%
	2018	0.1619829%	254,096	295,653	85.94%	90.20%
	2019	0.1564540%	402,491	321,192	125.31%	84.70%
	2020	0.1634505%	262,439	340,856	76.99%	90.90%
<b>Firefighters System</b>	2015	0.2393637%	\$ (13,569)	\$ 62,609	-21.67%	103.50%
	2016	0.2128539%	(3,855)	57,276	-6.73%	101.00%
	2017	0.2034758%	(1,604)	57,157	-2.81%	100.40%
	2018	0.2015288%	(12,587)	58,959	-21.35%	103.00%
	2019	0.2022597%	26,263	62,565	41.98%	94.30%
	2020	0.2035297%	(25,242)	65,166	-38.73%	105.00%
<b>Tier 2 Public Employees System</b>	2015	0.0078555%	\$ (238)	\$ 38,617	-0.62%	103.50%
	2016	0.0124891%	(27)	80,712	-0.03%	100.20%
	2017	0.0238077%	2,656	195,237	1.36%	95.10%
	2018	0.0296455%	2,614	289,915	0.90%	97.40%
	2019	0.0308330%	13,205	360,034	3.67%	90.80%
	2020	0.0378240%	8,507	525,613	1.62%	96.50%
<b>Tier 2 Public Safety and Firefighters Retirement System</b>	2015	0.0000000%	\$ -	\$ -	0.00%	0.00%
	2016	0.0000000%	-	-	0.00%	0.00%
	2017	0.0000000%	-	-	0.00%	0.00%
	2018	0.0000000%	-	-	0.00%	0.00%
	2019	0.0257228%	645	34,358	1.88%	95.60%
	2020	0.0395648%	3,722	65,179	5.71%	89.60%

\* In accordance with paragraph 81.a of GAB 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.

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**KANAB CITY, UTAH**  
**Schedule of Contributions**  
**Last 10 Fiscal Years**

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	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll **
<b>Noncontributory System</b>	2014	\$ 87,610	\$ 87,610	\$ -	\$ 580,627	15.09%
	2015	84,092	84,092	-	466,337	18.03%
	2016	83,450	83,450	-	471,291	17.71%
	2017	66,762	66,762	-	368,127	18.14%
	2018	69,736	69,736	-	396,388	17.59%
	2019	52,137	52,137	-	292,111	17.85%
	2020	42,899	42,899	-	245,569	17.47%
<b>Public Safety System</b>	2014	\$ 72,808	\$ 72,808	\$ -	\$ 231,541	31.44%
	2015	78,994	78,994	-	232,061	34.04%
	2016	82,372	82,372	-	241,986	34.04%
	2017	84,843	84,843	-	249,245	34.04%
	2018	79,179	79,179	-	319,570	24.78%
	2019	85,218	85,218	-	346,790	24.57%
	2020	76,071	76,071	-	333,137	22.83%
<b>Firefighters System</b>	2014	\$ 1,682	\$ 1,682	\$ -	\$ 57,047	2.95%
	2015	3,045	3,045	-	61,760	4.93%
	2016	2,191	2,191	-	56,312	3.89%
	2017	2,314	2,314	-	58,002	3.99%
	2018	2,355	2,355	-	59,916	3.93%
	2019	2,898	2,898	-	64,083	4.52%
	2020	3,129	3,129	-	67,872	4.61%
<b>Tier 2 Public Employees System*</b>	2014	\$ 3,835	\$ 3,835	\$ -	\$ 27,866	13.76%
	2015	8,267	8,267	-	55,415	14.92%
	2016	18,250	18,250	-	122,401	14.91%
	2017	37,137	37,137	-	249,072	14.91%
	2018	50,685	50,685	-	335,950	15.09%
	2019	67,938	67,938	-	436,289	15.57%
	2020	90,375	90,375	-	599,116	15.08%
<b>Tier 2 Public Safety and Firefighter System*</b>	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	3,042	3,042	-	13,478	22.57%
	2019	9,740	9,740	-	42,133	23.12%
	2020	18,658	18,658	-	67,807	27.52%

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

Paragraph 81.b 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 costs.

**KANAB CITY, UTAH**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2020**

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***Changes in Assumptions:***

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier I Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

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**KANAB CITY, UTAH  
SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULES  
FOR THE FOLLOWING MAJOR GOVERNMENTAL FUNDS:**

The **Capital Project Fund** is used to account for the financial resources used to acquire and/or construct major capital assets.

The **Impact Fee Capital Project** is used to account for the collection of impact fees and the expenditure of these fees on public facilities and infrastructure.

The **Airport Capital Project Fund** is used to account for the financial resources used to improve and renovate the City owned airport.

**KANAB CITY, UTAH**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Taxes	\$ 11,500	\$ 11,500	\$ 11,500	\$ -
Investment earnings	<u>10,000</u>	<u>10,000</u>	<u>14,198</u>	<u>4,198</u>
Total revenues	<u>21,500</u>	<u>21,500</u>	<u>25,698</u>	<u>4,198</u>
<b>Expenditures</b>				
Capital outlay	-	-	86,341	(86,341)
Total expenditures	-	-	86,341	(86,341)
Excess (deficiency) of revenues over (under) expenditures	<u>21,500</u>	<u>21,500</u>	<u>(60,643)</u>	<u>(82,143)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>279,000</u>	<u>129,000</u>	<u>279,000</u>	<u>150,000</u>
Total other financing sources and uses	<u>279,000</u>	<u>129,000</u>	<u>279,000</u>	<u>150,000</u>
Net change in fund balances	300,500	150,500	218,357	67,857
Fund balance, beginning of year	<u>933,278</u>	<u>933,278</u>	<u>933,278</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,233,778</u></u>	<u><u>\$ 1,083,778</u></u>	<u><u>\$ 1,151,635</u></u>	<u><u>\$ 67,857</u></u>

**KANAB CITY, UTAH**  
**Impact Fees - Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Impact fees	\$ -	\$ -	\$ 253,502	\$ 253,502
Investment earnings	<u>-</u>	<u>-</u>	<u>4,050</u>	<u>4,050</u>
Total revenues	<u>-</u>	<u>-</u>	<u>257,552</u>	<u>257,552</u>
<b>Expenditures</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>257,552</u>	<u>257,552</u>
<b>Other Financing Sources (Uses)</b>				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(96,902)</u>	<u>(96,902)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>160,650</u>	<u>160,650</u>
Fund balance, beginning of year	<u>130,514</u>	<u>130,514</u>	<u>130,514</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 130,514</u>	<u>\$ 130,514</u>	<u>\$ 291,164</u>	<u>\$ 160,650</u>

**KANAB CITY, UTAH**  
**Airport - Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ -	\$ 606,680	\$ 606,680
Other revenues	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Total revenues	<u>-</u>	<u>-</u>	<u>636,680</u>	<u>636,680</u>
<b>Expenditures</b>				
Capital outlay	<u>-</u>	<u>-</u>	<u>598,235</u>	<u>(598,235)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>598,235</u>	<u>(598,235)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>38,445</u>	<u>38,445</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total other financing sources and uses	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	20,000	20,000	58,445	38,445
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ 20,000</u></u>	<u><u>\$ 20,000</u></u>	<u><u>\$ 58,445</u></u>	<u><u>\$ 38,445</u></u>

**KANAB CITY, UTAH  
SUPPLEMENTARY INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS AND BUDGETARY COMPARISON SCHEDULES**

**Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities and equipment other than those financed by proprietary funds and trust funds.

**Public Safety Fitness Fund** – This fund is used to account for the construction of a Public Safety Fitness Skills Facility.

**Jacob Hamblin Park Expansion Fund** – This fund was established to account for the Jacob Hamblin park improvement project.

**Fire Station Fund** – Fund is used to account for the financial resources used to complete the construction and renovation of a City owned Fire Station..

**Existing Capital Repairs Fund** – This fund is used to account for repairs of existing capital facilities.

**Storm Water Capital Project Fund** – This fund is used to account for the collection of CIB funds and the expenditure of these funds for storm water improvements.

**Heritage House Fund** – This fund is used to account for the construction of bathrooms at the heritage house.

**Special Revenue Funds**

Special Revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes.

**Recreation Fund** – is used to account for the receipt and use of Recreation Tax revenues.

**Wildland Fire Fund** – This fund is used to account for the receipt and use of revenues received from Wildland Fire activities.

**Debt Service Fund**

The **Debt Service Fund** – This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

**Permanent Fund**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for the purposes that support the reporting government's programs.

**Perpetual Care Permanent Fund** – This fund is used to account for the principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

**KANAB CITY, UTAH**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	<b>Capital Projects</b>				
	<b>Public Safety</b>	<b>JH Park</b>	<b>Fire Station</b>	<b>Existing</b>	<b>Capital</b>
	<b>Fitness</b>	<b>Expansion</b>	<b>Repairs</b>	<b>Repairs</b>	<b>Storm</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 11,607	\$ 14,486	\$ 14,472	\$ 64,575	\$ -
Total assets	<b><u>\$ 11,607</u></b>	<b><u>\$ 14,486</u></b>	<b><u>\$ 14,472</u></b>	<b><u>\$ 64,575</u></b>	<b><u>\$ -</u></b>
<b>Liabilities</b>					
<b>and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Customer deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Fund Balances					
Nonspendable for:					
Perpetual care	-	-	-	-	-
Restricted for:					
Capital outlay	11,607	-	14,472	-	-
Committed for:					
Capital outlay	-	-	-	64,575	-
Recreation	-	-	-	-	-
Assigned for:					
Capital outlay	-	14,486	-	-	-
Debt service	-	-	-	-	-
Fire Department	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-
Total fund balances	<b><u>11,607</u></b>	<b><u>14,486</u></b>	<b><u>14,472</u></b>	<b><u>64,575</u></b>	<b><u>-</u></b>
Total liabilities and fund balances	<b><u>\$ 11,607</u></b>	<b><u>\$ 14,486</u></b>	<b><u>\$ 14,472</u></b>	<b><u>\$ 64,575</u></b>	<b><u>\$ -</u></b>

<u>Capital Projects</u>		<u>Special Revenue</u>		<u>Debt Service</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Heritage House</u>	<u>Recreation Fund</u>	<u>Wildland Fire</u>	<u>Debt Service Fund</u>	<u>Perpetual Care</u>		
\$ 456	\$ 93,478	\$ 91,982	\$ 26,213	408,671	\$ 725,940	
<u>\$ 456</u>	<u>\$ 93,478</u>	<u>\$ 91,982</u>	<u>\$ 26,213</u>	<u>\$ 408,671</u>	<u>\$ 725,940</u>	
\$ -	\$ 11,153	\$ 2,859	\$ -	\$ 3,700	\$ 17,712	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>-</u>	<u>11,153</u>	<u>2,859</u>	<u>-</u>	<u>3,700</u>	<u>17,712</u>	
-	-	-	-	404,971	404,971	
-	-	-	-	-	26,079	
-	-	-	-	-	-	64,575
-	82,325	-	-	-	-	82,325
456	-	-	-	-	-	14,942
-	-	-	26,213	-	-	26,213
-	-	89,123	-	-	-	89,123
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>456</u>	<u>82,325</u>	<u>89,123</u>	<u>26,213</u>	<u>404,971</u>	<u>708,228</u>	
<u>\$ 456</u>	<u>\$ 93,478</u>	<u>\$ 91,982</u>	<u>\$ 26,213</u>	<u>\$ 408,671</u>	<u>\$ 725,940</u>	

**KANAB CITY, UTAH**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

<b>Capital Projects</b>					
	<b>Public Safety</b>	<b>JH Park</b>	<b>Fire</b>	<b>Existing</b>	<b>Storm</b>
	<b>Fitness</b>	<b>Expansion</b>	<b>Station</b>	<b>Capital</b>	<b>Water</b>
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ 11,500	\$ -
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	-	586	2,006	-	435
Total revenues	-	586	2,006	11,500	435
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	88,359	-	-
Total expenditures	-	-	88,359	-	-
Excess (deficiency) of revenues over (under) expenditures	-	586	(86,353)	11,500	435
<b>Other Financing Sources (Uses)</b>					
Debt issuance	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(1,366)
Total other financing sources and uses	-	-	-	-	(1,366)
Net change in fund balances	-	586	(86,353)	11,500	(931)
Fund balances, beginning of year	11,607	13,900	100,825	53,075	931
Fund balances, end of year	<u>\$ 11,607</u>	<u>\$ 14,486</u>	<u>\$ 14,472</u>	<u>\$ 64,575</u>	<u>\$ -</u>

Capital Projects	Special Revenue		Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
	Heritage House	Recreation Fund			
\$ -	\$ 182,000	\$ -	\$ -	\$ -	\$ 193,500
-	26,400	-	-	-	26,400
-	104,667	99,915	-	18,500	223,082
-	-	1,270	-	7,658	11,955
	<u>313,067</u>	<u>101,185</u>		<u>26,158</u>	<u>454,937</u>
-	-	66,481	-	-	66,481
-	282,930	-	-	-	282,930
-	-	-	142,000	-	142,000
-	-	-	60,915	-	60,915
-	-	389,500	-	-	477,859
	<u>282,930</u>	<u>455,981</u>	<u>202,915</u>	<u>500</u>	<u>1,030,685</u>
-	30,137	(354,796)	(202,915)	25,658	(575,748)
-	-	389,500	-	-	389,500
-	-	-	182,915	-	182,915
-	(81,165)	-	-	-	(82,531)
	<u>(81,165)</u>	<u>389,500</u>	<u>182,915</u>		<u>489,884</u>
-	(51,028)	34,704	(20,000)	25,658	(85,864)
456	133,353	54,419	46,213	379,313	794,092
<u>\$ 456</u>	<u>\$ 82,325</u>	<u>\$ 89,123</u>	<u>\$ 26,213</u>	<u>\$ 404,971</u>	<u>\$ 708,228</u>

**KANAB CITY, UTAH**  
**Public Safety Fitness Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

---

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	- - -	- - -	- - -	- - -
<b>Expenditures</b>				
Capital outlay	- - -	- - -	- - -	- - -
Total expenditures	- - -	- - -	- - -	- - -
Excess (deficiency) of revenues over (under) expenditures	- - -	- - -	- - -	- - -
<b>Other Financing Sources (Uses)</b>				
Transfers in	- - -	- - -	- - -	- - -
Total other financing sources and uses	- - -	- - -	- - -	- - -
Net change in fund balances	- - -	- - -	- - -	- - -
Fund balance, beginning of year	<u>11,607</u>	<u>11,607</u>	<u>11,607</u>	- - -
Fund balance, end of year	<u>\$ 11,607</u>	<u>\$ 11,607</u>	<u>\$ 11,607</u>	<u>\$ -</u>

**KANAB CITY, UTAH**  
**Jacob Hamblin Park Expansion Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 586	\$ 586
Total revenues	-	-	586	586
<b>Expenditures</b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	586	586
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	586	586
Fund balance, beginning of year	13,900	13,900	13,900	-
Fund balance, end of year	<u>\$ 13,900</u>	<u>\$ 13,900</u>	<u>\$ 14,486</u>	<u>\$ 586</u>

**KANAB CITY, UTAH**  
**Fire Station Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

---

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
			<u>Amounts</u>	
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 2,006	\$ 2,006
Total revenues	-	-	2,006	2,006
<b>Expenditures</b>				
Capital outlay	-	-	88,359	(88,359)
Total expenditures	-	-	88,359	(88,359)
Excess (deficiency) of revenues over (under) expenditures	-	-	(86,353)	(86,353)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	(86,353)	(86,353)
Fund balance, beginning of year	100,825	100,825	100,825	-
Fund balance, end of year	<u>\$ 100,825</u>	<u>\$ 100,825</u>	<u>\$ 14,472</u>	<u>\$ (86,353)</u>

**KANAB CITY, UTAH**  
**Existing Capital Repairs**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 11,500	\$ 11,500	\$ 11,500	\$ -
Total revenues	<u>11,500</u>	<u>11,500</u>	<u>11,500</u>	<u>-</u>
<b>Expenditures</b>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	11,500	11,500	11,500	-
Fund balance, beginning of year	-	-	53,075	53,075
Fund balance, end of year	<u>\$ 11,500</u>	<u>\$ 11,500</u>	<u>\$ 64,575</u>	<u>\$ 53,075</u>

**KANAB CITY, UTAH**  
**Storm Water Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

---

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Investment earnings	-	-	435	435
Total revenues	-	-	435	435
<b>Expenditures</b>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	435	435
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(1,366)	(1,366)
Total other financing sources and uses	-	-	(1,366)	(1,366)
Net change in fund balances	-	-	(931)	(931)
Fund balance, beginning of year	931	931	931	-
Fund balance, end of year	\$ 931	\$ 931	\$ -	\$ (931)

**KANAB CITY, UTAH**  
**Heritage House Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

---

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures</b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	456	456	456	-
Fund balance, end of year	<u>\$ 456</u>	<u>\$ 456</u>	<u>\$ 456</u>	<u>\$ -</u>

**KANAB CITY, UTAH**  
**Recreation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 182,000	\$ 182,000	\$ 182,000	\$ -
Intergovernmental revenue	20,000	20,000	26,400	6,400
Charges for services	<u>106,500</u>	<u>106,500</u>	<u>104,667</u>	<u>(1,833)</u>
Total revenues	<u>308,500</u>	<u>308,500</u>	<u>313,067</u>	<u>4,567</u>
<b>Expenditures</b>				
Current:				
Parks and recreation	<u>226,527</u>	<u>226,527</u>	<u>282,930</u>	<u>(56,403)</u>
Total expenditures	<u>226,527</u>	<u>226,527</u>	<u>282,930</u>	<u>(56,403)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>81,973</u>	<u>81,973</u>	<u>30,137</u>	<u>(51,836)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(81,165)</u>	<u>(81,165)</u>	<u>(81,165)</u>	<u>-</u>
Total other financing sources and uses	<u>(81,165)</u>	<u>(81,165)</u>	<u>(81,165)</u>	<u>-</u>
Net change in fund balances	808	808	(51,028)	(51,836)
Fund balance, beginning of year	<u>133,353</u>	<u>133,353</u>	<u>133,353</u>	<u>-</u>
Fund balance, end of year	<u>\$ 134,161</u>	<u>\$ 134,161</u>	<u>\$ 82,325</u>	<u>\$ (51,836)</u>

**KANAB CITY, UTAH**  
**Wildland Fire Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 80,000	\$ 80,000	\$ 99,915	\$ 19,915
Investment earnings	-	-	1,270	1,270
<b>Total revenues</b>	80,000	80,000	101,185	21,185
<b>Expenditures</b>				
Current:				
Public safety	73,700	73,700	66,481	7,219
Capital outlay	-	-	389,500	(389,500)
<b>Total expenditures</b>	-	73,700	455,981	(389,500)
Excess (deficiency) of revenues over (under) expenditures	80,000	6,300	(354,796)	(368,315)
<b>Other Financing Sources (Uses)</b>				
Debt issuance	-	-	389,500	389,500
<b>Total other financing sources and uses</b>	-	-	389,500	389,500
Net change in fund balances	80,000	6,300	34,704	21,185
Fund balance, beginning of year	54,419	54,419	54,419	-
<b>Fund balance, end of year</b>	\$ 134,419	\$ 60,719	\$ 89,123	\$ 21,185

**KANAB CITY, UTAH**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures</b>				
Debt service:				
Principal	122,000	122,000	142,000	(20,000)
Interest	60,915	60,915	60,915	-
Total expenditures	182,915	182,915	202,915	(20,000)
Excess (deficiency) of revenues over (under) expenditures	(182,915)	(182,915)	(202,915)	(20,000)
<b>Other Financing Sources (Uses)</b>				
Transfers in	182,915	182,915	182,915	-
Total other financing sources and uses	182,915	182,915	182,915	-
Net change in fund balances	-	-	(20,000)	(20,000)
Fund balance, beginning of year	46,213	46,213	46,213	-
Fund balance, end of year	\$ 46,213	\$ 46,213	\$ 26,213	\$ (20,000)

**KANAB CITY, UTAH**  
**Perpetual Care Permanent Fund**  
**Schedule of Revenues, Expenses, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 18,500	\$ 18,500
Investment earnings	<u>-</u>	<u>-</u>	<u>7,658</u>	<u>7,658</u>
Total revenues	<u>-</u>	<u>-</u>	<u>26,158</u>	<u>26,158</u>
<b>Expenditures</b>				
Current:				
General government	<u>-</u>	<u>-</u>	<u>500</u>	<u>(500)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>500</u>	<u>(500)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>25,658</u>	<u>25,658</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>25,658</u>	<u>25,658</u>
Fund balance, beginning of year	<u>379,313</u>	<u>379,313</u>	<u>379,313</u>	<u>-</u>
Fund balance, end of year	<u>\$ 379,313</u>	<u>\$ 379,313</u>	<u>\$ 404,971</u>	<u>\$ 25,658</u>

**SUPPLEMENTARY INFORMATION**

**BOND DISCLOSURES**

## KANAB CITY, UTAH

### Bond Disclosures

June 30, 2020

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The Water and Sewer System Revenue Bond Resolutions set forth certain covenants and restrictions. The City of Kanab is in compliance with all covenants and restrictions for the Water and Sewer Bonds.

Additional disclosures required by the Resolutions are:

	<u>Water</u>	<u>Sewer</u>
a. Number of water and sewer connections within the boundaries of the City at June 30, 2020	2,342	1,304
b. Total water and sewer billings for fiscal year ended June 30, 2020	\$ 1,179,451	\$ 357,190
c. Average monthly billing per customer	\$ 42.96	\$ 23.44
d. Net water and sewer revenues were 7.66 times the aggregate water and sewer fund debt service for fiscal year ended June 30, 2020.		
e. Water rates for fiscal year ended June 30, 2020 are as follows:		
Monthly base rate for 0 to 7,000 gallons	\$ 30.00	
Per 1,000 gallons over 7,000 per month		
7,001 - 10,000	\$ 1.00	
10,001 - 15,000	\$ 1.10	
15,001 - 20,000	\$ 1.25	
20,001 - 25,000	\$ 1.30	
25,001 - 30,000	\$ 1.35	
30,001 - 35,000	\$ 1.40	
35,001 - 40,000	\$ 1.45	
40,001 - 45,000	\$ 1.50	
45,001 - 50,000	\$ 1.55	
50,001 - 55,000	\$ 1.70	
55,001 - 60,000	\$ 1.75	
60,001 +	\$ 1.85	

f. Reserve funds - see financial statements page 16 and 20.

g. Insurance coverage in effect at June 30, 2020:

<u>Type</u>	<u>Policy Number</u>	<u>Expires</u>	<u>Limits</u>
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**Coverage with Affiliated Ins. through Fred A. Moreton & Company:**

Blanket Property	SG390	7/01/20	\$ 11,306,244
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**Coverage with Great American Insurance through Fred A. Moreton & Company:**

Off-Duty Vehicle	CAP1708324	7/01/20	\$ 1,000,000
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**Coverage with Commerce and Industry through Fred A. Moreton & Company:**

Airport Liability	AP379135707	12/01/20	\$ 10,000,000
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**Coverage with Hartford Fire through Fred A. Moreton & Company:**

Employee Dishonesty	34BDDHH139	12/09/20	\$ 100,000
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**Coverage with Cincinnati Insurance through Fred A. Moreton & Company:**

Treasurer's Bond	0335683	12/09/20	\$ 325,000
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**Coverage with Travelers Insurance through Fred A. Moreton & Company:**

Mayor and Treasurer's Bond	105574596	03/01/21	\$ 630,000
Pres. and Sec. Bond	105609824	04/26/21	\$ 330,000
(Kanab Municipal Building Authority)			

**Coverage with Cincinnati Insurance through Fred A. Moreton & Company:**

Treasurer's Bond	8897653	03/01/21	\$ 300,000
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## **OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS**

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**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and  
Members of the City Council  
Kanab, Utah

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 activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kanab City, Utah, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Kanab City, Utah's basic financial statements and have issued our report thereon dated October 23, 2020.

### **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, as described in the accompanying letter of findings and recommendations that we consider to be significant deficiencies.

2007-001.      Controls Over Accounting and Reconciliations

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kanab City, Utah'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying letter of finding and recommendations as items 2020-001, 2019-001 and 2015-001.

## **Kanab City, Utah's Responses to Findings**

Kanab City's responses to the findings identified in our audit are described in the Management's Response to the Findings as listed in the table of contents. Kanab City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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



HintonBurdick, PLLC  
St. George, UT  
October 23, 2020



**Independent Auditor's Report on Compliance and  
Report on Internal Control Over Compliance  
As Required by the *State Compliance Audit Guide***

The Honorable Mayor and  
Members of the City Council  
City of Kanab, Utah

**Report On Compliance with General State Compliance Requirements**

We have audited Kanab City, Utah'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, 2020.

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

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Fraud Risk Assessment

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City or its major state programs 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 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, Kanab City, Utah, complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2020.

#### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying findings and recommendations letter dated October 23, 2020, as items 2020-001, 2019-001 and 2015-001. Our opinion on compliance is not modified with respect to these matters.

Kanab City's responses to the noncompliance findings identified in our audit are described in the accompanying Management's Response to the Findings as listed in the table of contents. Kanab City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

#### **Report on Internal Control Over Compliance**

Management of Kanab 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, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with these 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 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.

A handwritten signature in black ink that reads "HintonBurdick, PLLC". The signature is fluid and cursive, with "Hinton" and "Burdick" connected by a flourish, and "PLLC" in a smaller, more formal script to the right.

HintonBurdick, PLLC

St. George, UT

October 23, 2020

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## Findings and Recommendations For the Year Ended June 30, 2020

The Honorable Mayor and  
City Council  
Kanab, Utah

Ladies & Gentlemen:

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. During our audit of the funds of Kanab City for the fiscal year ended June 30, 2020, we noted a few areas needing corrective action in order for the City to be in compliance with laws and regulations, and we found a few circumstances that, if improved, would strengthen the City's accounting system, control over its assets, and compliance with state law. These items are discussed below for your consideration.

### INTERNAL CONTROL OVER FINANCIAL REPORTING:

#### Material Weaknesses:

None noted

#### Significant Deficiencies:

##### 2007-001. Controls over Accounting and Reconciliations

*Criteria:* Auditing standards indicate that the identification by the auditor of misstatements in the financial statements may be a deficiency in the City's internal controls.

*Condition:* Audit procedures identified various journal entries that were necessary to make accruals and other miscellaneous adjustments that were not initially identified by the City's internal controls. Furthermore, we noted reconciliations for some general ledger accounts are not being performed which is contributing to the misstatements.

*Cause:* Procedures for year-end adjustments and periodic account reconciliations may need to be revised or improved in order to properly identify certain adjustments.

*Effect:* The City's financial statements would not have been fairly stated in all material respects without the adjustments.

*Recommendation:* We recommend that management review and understand the adjustments proposed by the auditor and develop a plan to ensure that all significant adjustments are posted to the general ledger before the annual audit takes place. We recommend that the City continue its efforts to perform monthly reconciliations of subsidiary ledgers to the general ledger and that differences be investigated and adjusted. The City should continue to improve its internal controls to a level where they will at least identify material misstatements.

## COMPLIANCE AND OTHER MATTERS:

### 2020-001. Fraud Risk Assessment

Criteria: The City is required to prepare a Fraud Risk Assessment report and submit the report to the Office of the State Auditor. The completed report should also be presented in a City Council meeting.

Condition: The City did complete the required report.

Cause: The City's internal control processes for ensuring compliance with this requirement were not effective in this instance.

Effect: The City is not in compliance the requirement to complete the Fraud Risk Assessment.

Recommendation: We recommend that the City continue its efforts complete the Fraud Risk Assessments report as required by the Office of the State Auditor.

### 2019-001. Impact Fee Schedule

Criteria: *The Impact Fees Act* requires entities that collect impact fees to submit an annual schedule which includes the following elements:

- i. The year in which the impact fees were received
- ii. The project from which the impact fees were collected
- iii. The project for which the impact fee funds are budgeted
- iv. The projected schedule for expenditure

Condition: The schedule remitted by the City did contain all of the required elements. The report did not include elements iii and iv listed above.

Cause: The City's internal control processes for ensuring compliance with *The Impact Fees Act* were not effective in this instance.

Effect: The City is not in compliance with State law.

Recommendation: We recommend that the City continue its efforts to operate within the requirements of *The Impact Fees Act* by providing an annual schedule which contains all of the required elements.

### 2015-001. Expenditures in Excess of Budget

Criteria: *The Fiscal Procedures Act for Utah Cities* requires Cities to restrict expenditures to total appropriations for any Fund.

Condition: The Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, as listed in the City's table of contents, identify the Funds of the City which over-expended final approved budgets

Cause: The City has not designated and created controls to create a budget for all of its Funds and amend its budget for projects that exceeded the initial budget adoption.

Effect: The City is not in compliance with State law.

*Recommendation:* We recommend that the City continue its efforts to operate within the confines of State law by limiting expenditures, approving a budget for all Funds, and amending the budget when needed.

The City of Kanab, Utah's written responses to the findings identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This letter is intended solely for the use of the Mayor, City Council and management and is not intended to be used and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the City this past year. We would like to express special thanks to all those who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel necessary. We look forward to a continued professional relationship.

Sincerely,



HintonBudick, PLLC  
October 23, 2020

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**Mayor**  
**Robert D. Houston**  
**City Manager**  
**Joseph M. Decker**  
**Treasurer**  
**Katherine Ohlwiler**



**City Council**  
**Brent Chamberlain**  
**Celeste Meyeres**  
**Jeff Yates**  
**Michael East**  
**Byard Kershaw**

## **Management's Response to the Auditor's Findings For the Fiscal Year Ended June 30, 2020**

Office of the Utah State Auditor  
P.O. Box 142310  
Salt Lake City, UT 84114

To Whom It May Concern:

This letter is in response to the findings and recommendations made by our independent auditor, HintonBurdick CPAs & Advisors, for the audit of Kanab City, UT for the year ended June 30, 2020.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING:**

Significant Deficiencies:

2007-001. Controls over Accounting and Reconciliations

Management Response:

Management concurs with the auditor's findings and recommendations. It has been Kanab City's practice over many years to rely on auditors to help identify needed adjustments; however, the items discovered this year by the auditors show that this practice is no longer acceptable. It is management's policy that all adjustments be reviewed by the City Manager monthly, and we will continue to perform monthly reconciliation of all subsidiary ledgers to the general ledger, including stricter reviews of expected revenues and expenditures.

### **COMPLIANCE AND OTHER MATTERS:**

2020-001. Fraud Risk Assessment

Management Response:

Management concurs with the auditor's findings and recommendations. At this time the Fraud Risk Assessment has been completed and submitted to the state auditor's office.

**— A Western Classic —**

**Mayor**  
**Robert D. Houston**  
**City Manager**  
**Joseph M. Decker**  
**Treasurer**  
**Katherine Ohlwiler**



**City Council**  
**Brent Chamberlain**  
**Celeste Meyeres**  
**Jeff Yates**  
**Michael East**  
**Byard Kershaw**

## 2019-001. Impact Fee Schedule

### Managements Response:

Management concurs with auditor's findings and recommendations, the schedule reported by the City will be fixed and measures are put into place for future submittals.

## 2015-001 Expenditures in Excess of Budget

### Management Response:

Management concurs with auditor's findings and recommendations and will complete the listed tasks regarding compliance with state budgetary laws.

Sincerely,

Joseph Decker, City Manager

— A Western Classic —

**Kanab City Council Meeting  
November 10, 2020  
City Council Chambers VIA ZOOM  
26 North 100 East Kanab, UT 6:30PM**

**Work Meeting:** Presentation of the Women in American History Award from the National Society of the Daughters of the American Revolution from Valerie King, Regent of the Color Country Chapter of the Daughters of the American Revolution to Mrs. Nina Laycock-Petty. Ms. King explained starting back in 2004, the National Society's American History committee had created a special category coupled with an award process to recognize the role of women both past and present, in American History. The many chapters are encouraged to select notable women who have made a difference in their communities. This chapter selected Mrs. Nina Laycock-Petty.

"Nina Laycock-Petty is the third female mayor to lead Kanab, serving from 2010-2014. Her small town in southern Utah made American history years earlier when citizens elected the first All-Female Town Council (1912- 14). In 2012, marking the 100th Anniversary of these famous Kanab ladies, she led an effort to gather historical information and then organized a traveling reenactment group to share their stories. Preserving their stories was important to her and she considers this effort one of her most shining accomplishments for her community. Their act even traveled north with a special performance given to Governor Gary Herbert in Salt Lake City, January 2012. Then their act became part of a documentary "America's First All Women Town Council," which was featured at Utah's 2014 DOCUTAH Festival. Her group came out of retirement to perform their commemorative skit at Color Country's luncheon in Dec. 2019 to commemorate the 100th Anniversary of Women's Suffrage." Congratulations Nina Laycock-Petty!

Joe Decker presented Steven Grimes with the Employee of the Month for November. Mr. Grimes started with the Fire Department in January of 2019. Steven Grimes is an excellent employee because he goes out of his way to help the community and everyone around him. Steven not only puts in the countless hours to keep his certifications as a firefighter he also spends many extra hours at the fire station trying to help in any way needed. Most importantly, Steven always tries to do the right thing to help everyone around him and is never worried about how he might benefit from it. Volunteers are hard to come by especially for the Fire Department. Kanab City is proud to have such a stellar person apart of its team!

Thank you, Steven for going above and beyond for the Kanab City Fire Department!

Mayor Houston called the Zoom meeting to order.

**In Attendance:** Mayor Robert D Houston, Council Members Arlon Chamberlain, Celeste Meyeres, Michael East, Jeff Yates and Byard Kershaw, City Recorder Joe Decker, Attorney Jeff Stott and Treasurer Katherine Ohlwiler.

**Approval of Agenda:** Mayor explained he did send out a notice to exclude the agenda item of approval of the minutes of the previous meeting and the Accounts Payable Vouchers. And to continue the public hearing on the plat amendment to the Kanab Creek Ranchos at the next meeting in December.

A motion was made by Jeff Yates and 2<sup>nd</sup> by Arlon Chamberlain to approve the meeting agenda of November 10, 2020 with the public hearing to be continued on the December 8, 2020 meeting and with the changes Mayor Houston had outlined regarding the first two agenda items. Motion passed.

**Public Comment:** None so far from the Kanab City Facebook Page where the meeting was being streamed.

**Discuss – Vote on award of RFQ for Airport Engineering Services to Jviation:** Joe Decker explained every five years the City has to do a request for qualifications to the engineers for airport services. They are different than the City engineers which is Civil Science. The RFQ had been out for a month and there was only one company that put in for it. Multiple requests were sent out and Jviation was the only one with the qualifications. They have done a fantastic job for the last eight years and hope to continue that way.

A motion was made by Jeff Yates and 2<sup>nd</sup> by Michael East to award the RFQ for airport engineering services to Jviation. Motion passed.

*Joe Decker received two comments via Facebook:*

Esther Gago wondered why the meeting was being held via Zoom instead of in person.

Mayor Houston explained that at the first of the meeting and it was because there were so many unanswered questions about how to proceed with the public meeting as they were unsure of the impacts of the Governor's new rulings.

Nicolas Meyeres asked what the City is doing to stand up for the businesses in Kanab, which are once again being limited to seating distancing requirements, tasked with enforcing mask orders, etc.

Mayor Houston explained that we are in the State of Utah and are following the laws of the State of Utah and if someone does not agree with that then they can take that into consideration. Right now, the Mayor is following the direction of the State of Utah concerning the Covid Executive Order.

A motion was made by Michael East and 2<sup>nd</sup> by Jeff Yates to adjourn the meeting. No meeting the week of Thanksgiving unless there is a time sensitive issue.

Motion passed.

---

\_\_\_\_\_  
Mayor

---

\_\_\_\_\_  
Recorder

## **KANAB CITY RESOLUTION 12-1-20 R**

### **A RESOLUTION PROPOSING THE CREATION OF THE ZION AREA PUBLIC TRANSIT DISTRICT KANE COUNTY, STATE OF UTAH**

**WHEREAS**, the Kanab City Council finds and declares that the public health, convenience, and necessity require the establishment of a public transit district as set forth in Utah Code §17B-2a-801 et.al., to be called the “Zion Area Public Transit District,” and

**WHEREAS**, the purpose of the District will be to provide a public transit system that serves Kane County and Kanab City residents and visitors who are visiting Zion National Park and other areas within the District.; and

**WHEREAS**, this Resolution provides for a public hearing on the establishment of the District that will be held in the Kanab Center, 20 N. 100 East, Kanab, Utah at 6:00 p.m. on January 5, 2021; and

### **NOW THEREFORE BE IT HEREBY RESOLVED BY THE KANAB CITY COUNCIL, IN AND FOR KANAB CITY, STATE OF UTAH, AS FOLLOWS:**

Section 1 - Description of the Proposed District: The boundaries of the proposed District include all of Kane County as shown on the map attached as **Exhibit A**. More specifically the boundaries are described as follows: All real property within the boundaries of Kane County, Utah.

Section 2 - Proposed Services: The District shall be authorized to provide public transportation services and to exercise those powers that are authorized under Title 17B, Chapter 2a, Sections 803 and 804, Utah Code 1953, excluding the powers to levy and collect a property tax.

Section 3 - Method of Funding: The District is expected to be funded through private donations and through local, state, and federal grants. In addition, the District will have the legal authority to charge fees for services but may not impose a fee on real property. The District may not levy taxes upon taxable property or impose a sales and use tax on transactions in the District.

Section 4 - Estimated Average Financial Impact: Based on the funding method of the District, it is estimated that the financial impact to District residents will be \$0.00.

Section 5 - District to be Governed by a Board of Trustees: The District shall be governed by a three-member Board of Trustees who shall be appointed by the Kane County Commission in accordance with Utah law.

Section 6 – Publication: The County or City Clerk shall cause a Notice of Intention to create the District to be published in a newspaper of general circulation in Kane County, once each week for four successive weeks prior to the public hearing set forth herein. The published Notice shall read as follows:

**NOTICE OF INTENTION TO CREATE THE ZION AREA  
PUBLIC TRANSIT DISTRICT**

The Board of County Commissioners of Kane County and the City Council of Kanab City hereby declare their intention to create the Zion Area Public Transit District for public transportation and related services within Kane County. The District will not have the authority to levy property taxes or impose a sales and use tax. The District shall have the legal authority to charge fees for services. A public hearing regarding the creation of this District shall be conducted at the Kanab Center, 20 North 100 East, Kanab, Utah at 6:00 p.m. on January 5, 2021. Any persons desiring to attend and be heard regarding the creation of the District may be present and speak either in favor of or in opposition to creating the District. Protests against the creation of the District may be received, and if protests are received from owners of at least 25% of the total private land within the applicable area, which is equal in value to at least 15% of the value of all private real property within the applicable area, or protests are received from at least 25% of registered voters residing within the applicable area, as measured by the number of votes cast in the most recent general election for president of the United States, the Board of County Commissioners is obligated to either abandon the creation of the District or exclude the applicable area. The Board of County Commissioners will accept protests against the creation of the District in writing received by the Board of County Commissioners on or before noon on March 8, 2021. Written protests may be directed to the attention of the Board of County Commissioners, 76 North Main Street, Kanab City, Utah 84741.

Section 7 - Public Hearing on Proposed Establishment of Zion Area Public Transit District: The Board of County Commissioners and Kanab City shall hold a public hearing on the

establishment of the District and the providing of public transit services within the District at the Kanab Center 20 N. 100 East, Kanab, Utah at 6:00 p.m. on January 5, 2021. Any interested person may protest the establishment of the District or the furnishing of services therein in writing within 60 days of the hearing. Written protests must be filed with the Kane County Clerk or Kanab City Clerk and may be withdrawn by the protestant any time within 60 days of the hearing.

Any protests signed on behalf of a corporation owning property in the District shall be sufficient if it is signed by the president, vice president, or any duly authorized agent of the corporation. Where title to any property is held in the name of more than one person, each person holding title to the property must join in the signing of the protest.

At said public hearing, the Board of County Commissioners and the Kanab City Council will give full consideration to all protests which have been filed and will hear and consider all interested persons desiring to be heard. The Board of County Commissioners and Kanab City Council may continue the hearing from time to time. After the conclusion of the hearing and protest period (60 days following the last public hearing), the Board of County Commissioners shall either place the question of establishment of the District on the general election ballot or determine that the establishment of the District should be abandoned, or may, in its discretion, reduce the boundaries of the District and/or reduce the services to be provided by the District and place the question of the establishment of a modified District on the general election ballot for this year.

If by noon on March 8 2021, protests against the creation of the District or its services by owners of at least 25% of the total private land within the applicable area, which is equal in value to at least 15% of the value of all private real property within the applicable area, or at least 25% of the registered voters residing within the applicable area, as measured by the number of votes

cast in the last general election for governor, are received by the County Clerk, the Board of County Commissioners is obligated by law to either abandon the proposed creation of the District, eliminate the types or type of services objected to from the District, or exclude the applicable area.

ADOPTED this 8th day of November 2020.

---

Robert D. Houston, Mayor

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Joe Decker, Recorder

**From:** [noreply@civicplus.com](mailto:noreply@civicplus.com)  
**To:** [mreynolds@kanab.utah.gov](mailto:mreynolds@kanab.utah.gov); [kohlwiler@kanab.utah.gov](mailto:kohlwiler@kanab.utah.gov); [jchatterley@kanab.utah.gov](mailto:jchatterley@kanab.utah.gov)  
**Subject:** Online Form Submittal: Lot Line Adjustment Application  
**Date:** Tuesday, November 17, 2020 10:54:50 AM

---

## Lot Line Adjustment Application

### PLAT AMENDMENT

#### Applicant Information

Project Location	Plum Tree Estates
Parcel # (s):	Lot 10 & 11
Property Owner #1 Name	David and Michelle Crosby
Property Owner #1 Address	817 S Pear Tree Ln. Kanab, UT 84741
Property Owner #1 Phone Number	435 644 2031
Property Owner #1 E-mail Address	Tom@ireng.net
Property Owner #2 Name	same as #1
Property Owner #2 Address	<i>Field not completed.</i>
Property Owner #2 Phone Number	<i>Field not completed.</i>
Property Owner #2 E-mail Address	<i>Field not completed.</i>
Applicant Name	Thomas Avant
Applicant's Address	460 E 300 S, Suite 1 Kanab, UT 84741
Applicant's Phone Number	435 644 2031
Applicant's E-mail Address	Tom@ireng.net
Engineer	Iron Rock Engineering
Engineer's Address	460 E 300 S, Suite 1 Kanab, UT 84741

---

Contact Person	Tom Avant
Contact's Phone Number	435 644 2031

---

(Section Break)

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**Fees**

*The calculated deposit of \$600 (+ \$10 per mailer, if applicable) is required to be paid before processing of this application can begin. After submitting this form the applicant will have an opportunity to pay the required deposit by mail, or hand deliver to the City Office. When the property is part of a recorded subdivision a plat amendment is required to be done. Plat Amendments require a public hearing is required and any property owner within 300-feet of the property shall be notified.*

---

**Please Include With This Application**

*Legal description of subject property by a licensed land surveyor in Utah. Sketch Plan Showing the general location of the subdivision and property boundary of the proposed parcel revisions, including a North Arrow, map scale and designated public street access. All lot line adjustment, you must include an engineered Plat prepared by a licensed engineer. Check one of the following;*

---

Lot Line Adjustment types you are applying for:	Type 2; Adjusting the lot line (within an existing subdivision), Combining or Removing a lot line to create a larger parcel [City Approval Required]
---	--

---

List Other Parcels That Are Involved	See Attached
--------------------------------------	--------------

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Reason for Adjustment	Removing lot line between lots 11 and 10.
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Applicant Signature	Thomas Avant
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Date	11/17/2020
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Owner Signature	Thomas Avant
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Date	11/17/2020
------	------------

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(Section Break)

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**For Kanab City Use Only**

Received by Kanab City, Signature	KANAB MR
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Date	<i>Field not completed.</i>	Nov 17, 2020
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Kanab Planning Commission:	Dec 1, 2020
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Recommended Date	<i>Field not completed.</i>
Denied Date	<i>Field not completed.</i>
Kanab City Council:	
Approved Date	<i>Field not completed.</i>
	<b>Dec 8, 2020</b>
Denied Date	<i>Field not completed.</i>
Kanab City Official Signature	KANAB
Date	<i>Field not completed.</i>
Print	<i>Field not completed.</i>

Email not displaying correctly? [View it in your browser.](#)

**From:** [noreply@civicplus.com](mailto:noreply@civicplus.com)  
**To:** [mreynolds@kanab.utah.gov](mailto:mreynolds@kanab.utah.gov); [kohlwiler@kanab.utah.gov](mailto:kohlwiler@kanab.utah.gov); [jchatterley@kanab.utah.gov](mailto:jchatterley@kanab.utah.gov)  
**Subject:** Online Form Submittal: Lot Line Adjustment Application  
**Date:** Tuesday, November 17, 2020 10:46:20 AM

---

## Lot Line Adjustment Application

### PLAT AMENDMENT

#### Applicant Information

Project Location	Vermillion Lofts Subdivision
Parcel # (s):	k-19-17, lot 1 & lot 2 <b>K-312-1 &amp; K-312-2</b>
Property Owner #1 Name	Lofts at Canyon Point LC
Property Owner #1 Address	8833 S Redwood rd. ste b1 West Jordan, UT, 84088
Property Owner #1 Phone Number	435 644 2031
Property Owner #1 E-mail Address	Tom@ireng.net
Property Owner #2 Name	C & A Ranches LLC
Property Owner #2 Address	304 E 1000 S
Property Owner #2 Phone Number	435 644 2031
Property Owner #2 E-mail Address	Tom@ireng.net
Applicant Name	Thomas Avant
Applicant's Address	460 E 300 S, Suite 1 Kanab, UT 84741
Applicant's Phone Number	435 644 2031
Applicant's E-mail Address	Tom@ireng.net
Engineer	Iron Rock Engineering
Engineer's Address	460 E 300 S, Suite 1 Kanab, UT 84741

---

Contact Person	Tom Avant
Contact's Phone Number	435 644 2031

---

(Section Break)

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**Fees**

*The calculated deposit of \$600 (+ \$10 per mailer, if applicable) is required to be paid before processing of this application can begin. After submitting this form the applicant will have an opportunity to pay the required deposit by mail, or hand deliver to the City Office. When the property is part of a recorded subdivision a plat amendment is required to be done. Plat Amendments require a public hearing is required and any property owner within 300-feet of the property shall be notified.*

---

**Please Include With This Application**

*Legal description of subject property by a licensed land surveyor in Utah. Sketch Plan Showing the general location of the subdivision and property boundary of the proposed parcel revisions, including a North Arrow, map scale and designated public street access. All lot line adjustment, you must include an engineered Plat prepared by a licensed engineer. Check one of the following;*

---

Lot Line Adjustment      Type 2; Adjusting the lot line (within an existing subdivision), Combining or Removing a lot line to create a larger parcel [City Approval Required]

---

List Other Parcels That      N/A  
Are Involved

---

Reason for Adjustment      amending the plat to adjust lot lines.

---

Applicant Signature      Thomas Avant

---

Date      11/17/2020

---

Owner Signature      Thomas Avant

---

Date      11/17/2020

---

(Section Break)

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**For Kanab City Use Only**

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Received by Kanab      KANAB  
City, Signature

---

Date      *Field not completed. Dec 1, 2020*

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Kanab Planning Commission:

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Recommended Date	<i>Field not completed.</i>	
Denied Date	<i>Field not completed.</i>	
Kanab City Council:		Dec 8, 2020
Approved Date	<i>Field not completed.</i>	
Denied Date	<i>Field not completed.</i>	
Kanab City Official Signature	KANAB MR	11-17-20
Date	<i>Field not completed.</i>	
Print	<i>Field not completed.</i>	

Email not displaying correctly? [View it in your browser.](#)

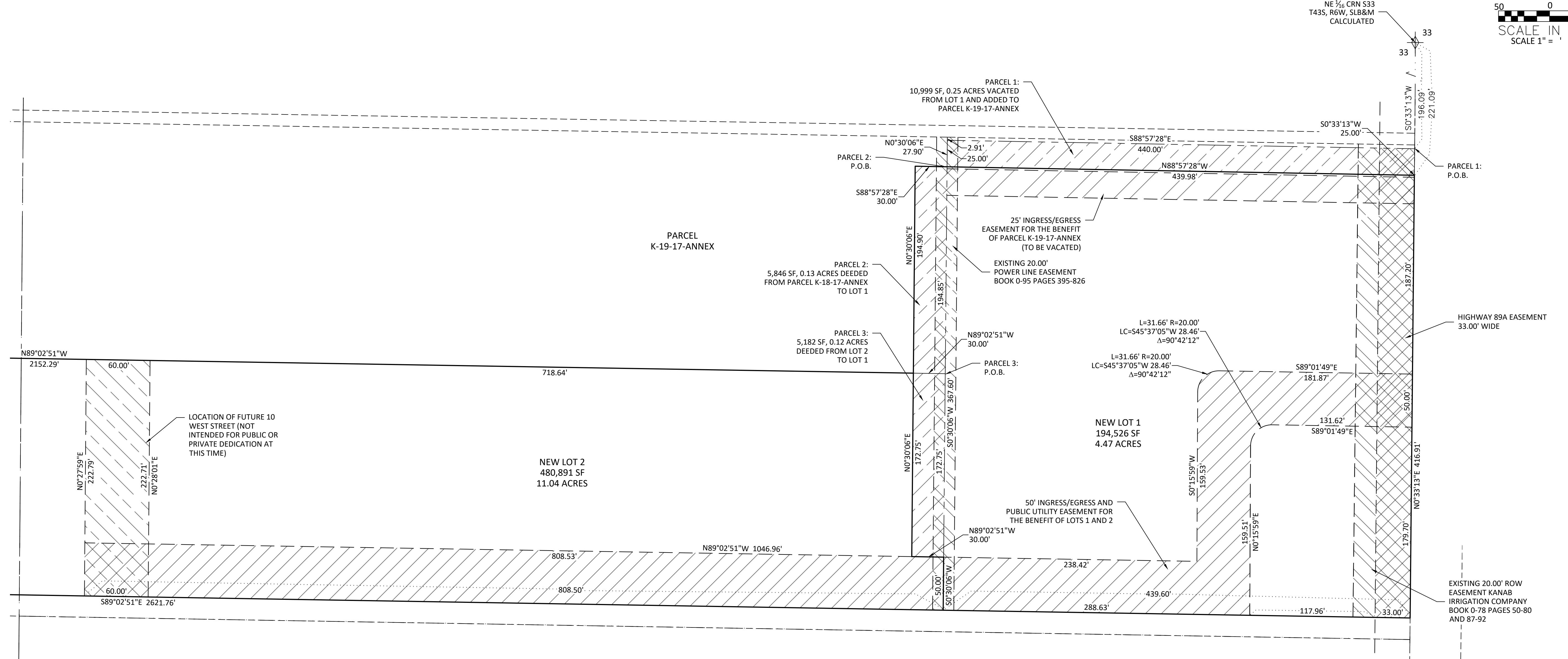


**VERMILION LOFTS AMENDED and  
EXTENDED,  
A MINOR SUBDIVISION**

**PARCELS K-312-1, K-312-2 & K-19-17-ANNEX**

**CITY OF KANAB, UTAH  
LOCATED IN SE  $\frac{1}{4}$  NW  $\frac{1}{4}$ , SW  $\frac{1}{4}$  NE  $\frac{1}{4}$  OF SECTION 33,  
TOWNSHIP 43 SOUTH, RANGE 6 WEST,  
SALT LAKE BASE AND MERIDIAN**

50 0 50  
SCALE IN FEET  
SCALE 1" = 50



**Parcel 1 Description:**

Beginning at a point which is situated S. 0°33'13" W. along the 1/16 line 196.09 feet from the northeast corner of the southwest quarter of the northeast quarter of Section 33, Township 43 South, Range 6 West, Salt Lake Base & Meridian, thence S. 0°33'13" W. along the 1/16 line 25.00 feet, thence N. 88°57'28" W. 439.98 feet to the west line of Lot 1, Vermillion Lofts Minor Lot Subdivision, thence N. 0°30'06" E. along said west line 25.00 feet to an east-west fence line, thence S. 88°57'28" E. along said fence line 440.00 feet to the point of beginning.

**Parcel 2 Description:**

Beginning at a point which is situated S. 0°33'13" W. along the 1/16 line 221.09 feet and N. 88°57'28" W. 439.98 feet from the northeast corner of the southwest quarter of the northeast quarter of Section 33, Township 43 South, Range 6 West, Salt Lake Base & Meridian, thence S. 0°30'06" W. along the west line of Lot 1, Vermillion Lofts Minor Lot Subdivision 194.85 feet, thence N. 89°02'51" W. 30.00 feet, thence N. 0°30'06" E. 194.90 feet, thence S. 88°57'28" E. 30.00 feet to the point of beginning.

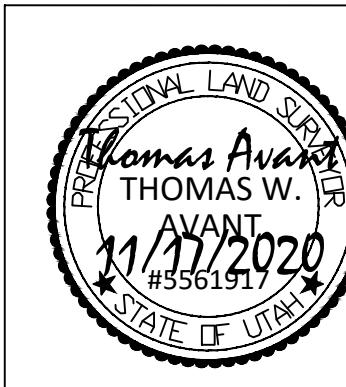
**Parcel 3 Description:**

A portion of Lot 2 of Vermillion Lofts, a Minor Subdivision, as recorded in the Office of the Kane County Recorder, Utah, more particularly described as follows:

Commencing at the Center of the NE1/4 (NE1/4 Corner) of Section 33, Township 43 South, Range 6 West, Salt Lake Base and Meridian; thence, along the East 1/16 line, South 0° 33' 13" West 221.09 feet; thence North 88°57'28" West 439.98 feet, to the west line of Lot 1 of Vermillion Lofts, a Minor Subdivision; thence, along said line, South 0°30'06" West 194.85 feet, to the POINT OF BEGINNING, and running, thence, continuing along said line, South 0°30'06" West 172.75 feet; thence North 89°02'51" West 30.00 feet; thence North 0°30'06" East 172.75 feet; thence South 89°02'51" East 30.00 feet, to the POINT OF BEGINNING; containing 0.12 acres (more or less).

**VERMILION LOFTS AMENDED and EXTENDED,  
A MINOR SUBDIVISION  
PARCELS K-312-1, K-312-2 & K-19-17-ANNEX  
KANAB, UTAH**

INITIAL SUBMITTAL	DATE:	11/17/2020
REV#	DATE:	DESCRIPTION:



DRAWN BY: TWA  
SCALE: 1" = 50'  
SHEET:

**2 OF 2**

**ORDINANCE NO. 12-1-20 O**

**AN ORDINANCE AMENDING KANAB CITY GENERAL ORDINANCE SECTION 6-700  
Recreation, Arts and Parks Tax (RAP Tax)**

**WHEREAS** the City Council of Kanab desires to amend and clarify section 6-700 of the Kanab City General Ordinance.

**WHEREAS**, The Kanab City Council and staff have evaluated current ordinance requirements and has found the need for clarification.

**NOW, THEREFORE, BE IT ORDAINED** by the Kanab City Council that the Kanab City General Ordinance Section 6-700 is hereby amended as reflected in the following 1 page.

All former codes or parts thereof conflicting or inconsistent with the provisions of this Ordinance or of the Code hereby adopted are hereby repealed.

The provisions of the Code shall be severable, and, if any provision thereof or any application of such provision is held invalid, it shall not affect any other provisions of this code or the application in a different circumstance.

This ordinance shall be effective upon the required posting.

**PASSED AND ORDERED POSTED** this 8th day of, December 2020.

KANAB CITY

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MAYOR

ATTEST:

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RECODER

## **Section 6-700 Recreation, Arts, and Parks Tax (RAP Tax)**

### **A. Purpose.**

The purpose of this Subsection is to establish, enact, impose, and levy a recreation, arts, and parks tax in accordance with Utah Code § 59-12-1401, et seq. (City or Town Option Funding for Botanical, Cultural, Recreational, and Zoological Organizations or Facilities).

### **B. Recreation, Arts, and Parks Tax.**

The City of Kanab hereby establishes, enacts, imposes, levies, and authorizes a local sales and use tax of one-tenth (1/10) of one percent (1%) (the recreation, arts, and parks tax) on transactions described in Utah Code § 59-12-103(1), as amended, that are located within the City of Kanab, except as such transactions are exempt from sales and use taxes pursuant to Utah Code §§ 59-12-104 and 59-12-1402, as amended. RAP tax revenues earned shall be used in accordance with Utah Code § 59-12-1402(3), including, but not limited to, funding City-owned recreational and cultural facilities, operating expenses, capital projects, and organizations. The RAP tax supplements, but does not replace, other city taxes outlined in Kanab City Code Section 6 (Sales and Use Tax).

### **C. Effective Date.**

The effective date of the recreation, arts, and parks tax is April 1, 2021. Effective dates for billing periods and catalogue sales shall be computed as set forth in state law. The recreation, arts, and parks tax shall be levied for a period of ten (10) years (through March 31, 2031).