



Financial Statements
June 30, 2015
Town of Alta

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Independent Auditor's Report

The Honorable Mayor
and Town Council
Town of Alta
Alta, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Alta (the "Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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, and each major fund of the Town of Alta, as of June 30, 2015, 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.

Change in Accounting Principle

As discussed in Notes 1 and 8 to the financial statements, the Town has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, certain pension information, and budgetary comparison information, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Alta's financial statements. The Supplemental Schedule to Statement of Revenues, Expenditures and Changes in Fund Balance is presented for purposes of additional analysis and is not a required part of the financial statements.

The Supplemental Schedule to Statement of Revenues, Expenditures and Changes in Fund Balance is the responsibility of management and was derived from and relates 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 Supplemental Schedule to Statement of Revenues, Expenditures and Changes in Fund Balance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015 on our consideration of the Town of Alta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Alta's internal control over financial reporting and compliance.



Salt Lake City, Utah
December 10, 2015

Management's Discussion and Analysis

As management of the Town of Alta, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

History and Background of Government

The Town of Alta was incorporated in August of 1970 as a political subdivision of the State of Utah. It is a small mountain community where summer and winter recreation offer alpine beauty and some of the best powder skiing in the United States. The Town operates under a five member Council form of government one of whom is the Mayor. The Town's legislative body consists of the Mayor and four Council members holding staggered terms of four years each. The Mayor has certain duties and power that council members do not have which are established by law: Utah Code 10-3b-104.

The Town of Alta operated during this fiscal year with a general fund expenditure budget of \$1,598,180. A majority of its operating revenue is generated from sales tax, property tax and energy taxes. Other types of revenue include Class C Road Funds; State Liquor Funds; State Grants; business, liquor, and animal licenses; and building permit fees, to name a few. The Town provides the following services within the community: administrative, planning and zoning, police services, fire protection under contract, recycling, parks and summer booth, building inspection, judicial court, Contract Post Office, library and community center, street improvements and community and economic development. The Town also operates a fully approved sewer and culinary water systems.

Financial Highlights

During the course of the fiscal year ending June 30, 2015, the Town of Alta saw an increase in its net position of \$170,929. The Town attributes this increase to an increase in the total sales tax collected during the fiscal year, increase in property tax revenue which was attributed to an increase in the certified tax rate and a decrease in legal fees.

During the course of the year the Bureau of Land Management (BLM) and the U.S. Forest Service completed the title research, survey work and legal reviews for the two plus acres of federal land to be conveyed to the Town of Alta. There will be no cost to the Town for the actual purchase of the land. The Town of Alta anticipates the land will be conveyed during the course of the 2015/2016 fiscal year.

The Town of Alta continues to participate with numerous other public entities in a comprehensive regional, long term review of various transportation solutions in the central Wasatch Mountains that recognizes and incorporates the interdependent transportation, land use, recreation, wilderness, watershed and economic issues and opportunities. The public agencies involved in this process all participate in the funding for this program; Mountain Accord ("Program"). The Town contributed \$12,500 during this fiscal year for this program.

The Town also contracted with Logan Simpson Design for a site plan concept and massing rendering to assist with future planning studies in the base facilities zone.

The Town purchased two new vehicles that were funded through two separate municipal vehicle leases: a 2014 Polaris Side by Side and a 2015 Toyota Tacoma. Through proceeds of an insurance claim the Town purchased a 2014 Toyota Tacoma. The Town also purchased new Alta Central console and a voice logging recording system.

The Town contracts for outside legal counsel to assist with matters related to planning and zoning, compliance with state land use regulations (LUDMA), review of records requests, and general counsel.

As of July 1, 2014, the Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the cost and obligations associated with pensions in their financial statements. See Notes 6 and 8 for additional information. Management's Discussion and Analysis reflects the adoption of these standards as of July 1, 2014 – the comparative information for the year ended June 30, 2014 is reflected as originally reported and does not include any adjustments for GASB Statements No. 68 and 71.

Overview of the Financial Statements

The Management's Discussion and Analysis is intended to serve as an introduction to the Town's basic financial statements.

In addition to the Management's Discussion and Analysis, the report consists of government-wide financial statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances.

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

The *statement of net position*, a component of the government-wide financial statements, presents information on all of the Town's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. The Town's capital assets (land, buildings and other improvements, machinery and equipment, and automobiles) are included in this statement and reported net of their accumulated depreciation. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the Town's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The *statement of activities* presents revenue and expense information showing how the Town's net position changed during the fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net position are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting). For example, tax revenues are reported when the taxes are legally due, even though they may not be collected for some time after that date; and an obligation to pay a supplier is reported as an expense when the goods or services are received, even though the bill may not be paid until sometime later.

The government-wide financial statements distinguish functions of the Town that are principally supported by intergovernmental revenues and taxes (governmental activities) from other functions that are designed to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include the following: legislative, municipal building, economic development, judicial court, administration, non-departmental, planning and zoning, police department, post office, fire department (under contract), building inspection, streets, recycling, geographic information systems, parks, summer program, library and community center, community development, and homeland security. Business-type activities include the water department and the sewer department.

The government-wide financial statements can be found on pages 16 and 17.

Fund financial statements: A *fund* is a grouping of related accounts (revenues, expenses, assets and liabilities) that is used to control resources that have been segregated for specific activities. The Town of Alta, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds utilized by the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, for accounting and reporting purposes, governmental fund numbers are determined with a different approach. At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types is necessary to understand how the numbers differ. Such reconciliations are provided on pages 20 and 22 of this report.

The General Fund is the primary operating governmental fund of the Town. To demonstrate legal compliance, a statement comparing budgeted numbers to actual numbers for the General Fund is included with the financial statements.

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

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 28 of this report.

Other information: Required supplemental information and supplemental information can be found starting on page 46 of this report.

Government-wide Financial Analysis

The tables provided hereafter show net position, changes in net position, and capital assets for the year ended June 30, 2015 (the 2015 fiscal year). Data for the year ended June 30, 2014 (the 2014 fiscal year) is also provided for comparative purposes. The Town's net position, may serve over time, as a useful indicator of a local government's financial position. In the case of the Town, assets exceeded liabilities and deferred inflows by \$3,007,586 at June 30, 2015. Assets exceeded liabilities and deferred inflows by \$3,042,680 at June 30, 2014.

By far the largest portion of the Town's net position (61% at the 2015 fiscal year end and 61% at the 2014 fiscal year end) reflects its net investment in capital assets (e.g. buildings, machinery, equipment, and related improvements), less any related debt and accumulated depreciation. The Town uses these capital assets to house the operations of the Town such as administration, public safety, community center/library and culinary water system departments. Other assets include water and sewer transmission lines and vehicles necessary for the daily operation of various departments; consequently, these assets are not available for future spending.

The following table describes the Town's net position as of June 30, 2015:

	Governmental Activities	Business-type Activities	Total
Current assets	\$ 1,588,037	\$ 262,825	\$ 1,850,862
Capital and other assets	449,260	1,432,207	1,881,467
Total assets	2,037,297	1,695,032	3,732,329
Deferred outflow of resources - pensions	40,461	-	40,461
Current liabilities	93,611	19,479	113,090
Long term liabilities	291,290	-	291,290
Total liabilities	384,901	19,479	404,380
Deferred inflows	360,824	-	360,824
Net position:			
Net investment in capital assets	408,102	1,432,207	1,840,309
Unrestricted	923,931	243,346	1,167,277
Total net position	\$ 1,332,033	\$ 1,675,553	\$ 3,007,586

The following table describes the Town's net position as of June 30, 2014 (note: not restated for the effects of GASB 68):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and other assets	\$ 1,423,941	\$ 241,654	\$ 1,665,595
Capital assets	<u>417,717</u>	<u>1,499,502</u>	<u>1,917,219</u>
Total assets	<u>1,841,658</u>	<u>1,741,156</u>	<u>3,582,814</u>
Current liabilities	86,624	35,217	121,841
Long term liabilities	<u>109,421</u>	<u>16,000</u>	<u>125,421</u>
Total liabilities	<u>196,045</u>	<u>51,217</u>	<u>247,262</u>
Deferred inflows	<u>292,872</u>	<u>-</u>	<u>292,872</u>
Net position:			
Net investment in capital assets	387,841	1,467,502	1,855,343
Restricted for:			
Revenue bond payments	-	17,000	17,000
Unrestricted	<u>964,900</u>	<u>205,437</u>	<u>1,170,337</u>
Total net position, as originally reported	<u>\$ 1,352,741</u>	<u>\$ 1,689,939</u>	<u>\$ 3,042,680</u>

At the end of the current year, the Town is able to report a positive total net position for each of the governmental and business type activities.

The Town's net position increased during 2015 by \$170,929 and decreased by \$23,125 during the 2014 fiscal year. This increase in 2015 can be attributed to an increase in sales tax and property tax collections and a decrease in the legal fees paid during the course of the year. Also, the Town's fiscal year 2015 expenses decreased by \$207,648 over prior year (2014) expenses due mostly to costs associated with the major lawsuit that was settled in February 2014. The Town received a \$100,000 from the plaintiff in this case which was paid in the fiscal year ended June, 2014.

The elements of the increase in net position for the 2015 fiscal year are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues			
Program revenues:			
Charges for services	\$ 78,641	\$ 195,996	\$ 274,637
Operating grants and contributions	95,350	-	95,350
General revenues:			
Property taxes	353,190	-	353,190
General sales and use tax	1,032,365	-	1,032,365
Energy sales and use tax	68,910	-	68,910
Telephone use tax	4,946	-	4,946
Gain on sale of assets	43,573	-	43,573
Investment earnings	2,460	2,318	4,778
Total revenues	<u>1,679,435</u>	<u>198,314</u>	<u>1,877,749</u>
Expenses:			
Legislative	18,580	-	18,580
Municipal building	20,177	-	20,177
Economic development	65,031	-	65,031
Judicial court	19,800	-	19,800
Administration	406,042	-	406,042
Non-departmental	53,248	-	53,248
Planning and zoning	28,372	-	28,372
Police department	633,612	-	633,612
Post Office	25,252	-	25,252
Fire department	111,725	-	111,725
Building inspection	25,055	-	25,055
Streets	26,257	-	26,257
Recycling	18,085	-	18,085
Geographic information systems	4,075	-	4,075
Parks	21,526	-	21,526
Community development	7,475	-	7,475
Library and community center	5,015	-	5,015
Homeland security	4,793	-	4,793
Water	-	141,390	141,390
Sewer	-	71,310	71,310
Total expenses	<u>1,494,120</u>	<u>212,700</u>	<u>1,706,820</u>
Change in net position	185,315	(14,386)	170,929
Net position - beginning, restated (see Note 8)	<u>1,146,718</u>	<u>1,689,939</u>	<u>2,836,657</u>
Net position - ending	<u>\$ 1,332,033</u>	<u>\$ 1,675,553</u>	<u>\$ 3,007,586</u>

Key elements of the decrease in net position for the 2014 fiscal year are as follows (note: not restated for effects of GASB 68):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues			
Program revenues:			
Charges for services	\$ 174,007	\$ 197,819	\$ 371,826
Operating grants and contributions	126,560	-	126,560
General revenues:			
Property taxes	298,781	-	298,781
General sales and use tax	996,781	-	996,781
Energy sales and use tax	71,148	-	71,148
Telephone use tax	937	-	937
Gain on sale of assets	24,700	-	24,700
Investment earnings	2,222	2,711	4,933
Total revenues	<u>1,695,136</u>	<u>200,530</u>	<u>1,895,666</u>
Expenses:			
Legislative	18,497	-	18,497
Municipal building	16,523	-	16,523
Economic development	67,031	-	67,031
Judicial court	16,417	-	16,417
Administration	388,948	-	388,948
Non-departmental	36,966	-	36,966
Planning and zoning	257,261	-	257,261
Police department	655,752	-	655,752
Post Office	27,046	-	27,046
Fire department	106,692	-	106,692
Building inspection	23,161	-	23,161
Streets	25,686	-	25,686
Recycling	14,911	-	14,911
Geographic information systems	6,822	-	6,822
Parks	18,342	-	18,342
Community development	2,064	-	2,064
Library and community center	4,700	-	4,700
Homeland security	14,246	-	14,246
Water	-	146,503	146,503
Sewer	-	71,223	71,223
Total expenses	<u>1,701,065</u>	<u>217,726</u>	<u>1,918,791</u>
Change in net position	(5,929)	(17,196)	(23,125)
Net position - beginning	<u>1,358,670</u>	<u>1,707,135</u>	<u>3,065,805</u>
Net position - ending, as originally reported	<u>\$ 1,352,741</u>	<u>\$ 1,689,939</u>	<u>\$ 3,042,680</u>

Budgetary Highlights

In June of 2015, as part of its regular budgetary hearing, the Town Council amended the revenue and expenditure side of the general fund budget. The following departments were amended: Justice Court, administrative, non-departmental, planning and zoning, police, GIS, streets, and homeland security. A portion of the increases in the aforementioned departments can be attributed to expenditures of legal fees paid to the attorneys as part of the Mountain Accord planning process, a onetime payment to Logan Simpson Design for plan concept and massing rendering for the base facilities zone, onetime bonuses to the full time employees of the Town, the funding of two new Toyota Tacoma's in the police department (one was financed through a municipal lease and one through proceeds from an insurance claim), a new Alta Central console and a voice logging recording system, a Polaris Side by Side, purchase of a GPS handheld device expensed in the GIS department, additional costs associated with the summer road and purchases made with homeland security grant funds.

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation, amounted to \$1,881,189 as of June 30, 2015 and \$1,917,220 as of June 30, 2014. This investment includes buildings and related improvements, machinery and equipment, autos and trucks, and municipal utility distribution systems. The major property and equipment events in 2015 in the governmental activities were the purchase of two (2) police vehicles, one (1) Polaris Side by Side and a new Alta Central console and a voice logging recording system. There were events in the enterprise funds including additions and improvements to the water distribution system.

Town's Capital Assets (net of depreciation)

For the 2015 fiscal year:

	Balance June 30, 2014	Additions	Transfers or Deletions	Balance June 30, 2015
Governmental activities				
Capital assets not being depreciated				
Land acquisition costs	\$ 41,850	\$ -	\$ -	\$ 41,850
Capital assets being depreciated				
Buildings and other improvements	910,383	-	-	910,383
Machinery and equipment	316,452	18,658	-	335,110
Autos and trucks	144,766	74,917	(65,083)	154,600
Total capital assets being depreciated	1,371,601	93,575	(65,083)	1,400,093
Less accumulated depreciation for:				
Buildings and other improvements	(597,101)	(18,491)	-	(615,592)
Machinery and equipment	(295,543)	(7,491)	-	(303,034)
Autos and trucks	(103,090)	(23,350)	52,105	(74,335)
Total accumulated depreciation	(995,734)	(49,332)	52,105	(992,961)
Total capital assets being depreciated, net	375,867	44,243	(12,978)	407,132
Governmental activities capital assets, net	<u>\$ 417,717</u>	<u>\$ 44,243</u>	<u>\$ (12,978)</u>	<u>\$ 448,982</u>
Business-type activities				
Capital assets being depreciated				
Sewer system	\$ 841,548	\$ -	\$ -	\$ 841,548
Water system	1,898,171	9,950	-	1,908,121
Other machinery and equipment	31,617	-	-	31,617
Autos and trucks	23,010	-	-	23,010
Total capital assets being depreciated	2,794,346	9,950	-	2,804,296
Less accumulated depreciation for:				
Sewer system	(512,457)	(19,365)	-	(531,822)
Water system	(743,023)	(54,416)	-	(797,439)
Other machinery and equipment	(18,840)	(1,069)	-	(19,909)
Autos and trucks	(20,523)	(2,396)	-	(22,919)
Total accumulated depreciation	(1,294,843)	(77,246)	-	(1,372,089)
Total capital assets being depreciated, net	1,499,503	(67,296)	-	1,432,207
Business-type activity capital assets, net	<u>\$ 1,499,503</u>	<u>\$ (67,296)</u>	<u>\$ -</u>	<u>\$ 1,432,207</u>

For the 2014 fiscal year:

	Balance June 30, 2013	Additions	Transfers or Deletions	Balance June 30, 2014
Governmental activities				
Capital assets not being depreciated				
Land acquisition costs	\$ -	\$ 41,850	\$ -	\$ 41,850
Capital assets being depreciated				
Buildings and other improvements	910,383	-	-	910,383
Machinery and equipment	333,133	-	(16,681)	316,452
Autos and trucks	141,064	28,772	(25,070)	144,766
Total capital assets being depreciated	1,384,580	28,772	(41,751)	1,371,601
Less accumulated depreciation for:				
Buildings and other improvements	(578,610)	(18,491)	-	(597,101)
Machinery and equipment	(303,569)	(8,655)	16,681	(295,543)
Autos and trucks	(114,992)	(13,168)	25,070	(103,090)
Total accumulated depreciation	(997,171)	(40,314)	41,751	(995,734)
Total capital assets being depreciated, net	387,409	(11,542)	-	375,867
Governmental activities capital assets, net	<u>\$ 387,409</u>	<u>\$ 30,308</u>	<u>\$ -</u>	<u>\$ 417,717</u>
Business-type activities				
Capital assets being depreciated				
Sewer system	\$ 841,548	\$ -	\$ -	\$ 841,548
Water system	1,885,895	12,276	-	1,898,171
Other machinery and equipment	31,617	-	-	31,617
Autos and trucks	23,010	-	-	23,010
Total capital assets being depreciated	2,782,070	12,276	-	2,794,346
Less accumulated depreciation for:				
Sewer system	(493,092)	(19,365)	-	(512,457)
Water system	(689,659)	(53,364)	-	(743,023)
Other machinery and equipment	(17,771)	(1,069)	-	(18,840)
Autos and trucks	(17,647)	(2,876)	-	(20,523)
Total accumulated depreciation	(1,218,170)	(76,674)	-	(1,294,843)
Total capital assets being depreciated, net	1,563,900	(64,398)	-	1,499,503
Business-type activity capital assets, net	<u>\$ 1,563,900</u>	<u>\$ (64,398)</u>	<u>\$ -</u>	<u>\$ 1,499,503</u>

Long-term debt

At June 30, 2015, the Town had \$327,265 in long term debt for governmental activities and \$0 for business type activities. At June 30, 2014, the Town had \$124,022 in long term debt for governmental activities and \$32,000 for business-type activities. Debt consists of vehicle leases, post-employment benefits, compensated absences, and net pension obligation. The following tables illustrate debt activity over the past two years.

	<u>Balance</u> <u>June 30, 2014</u>	<u>New Debt</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
Capital vehicle leases	\$ 29,876	\$ 41,330	\$ (30,326)	\$ 40,880	\$ 35,975
Post employment benefits	29,852	1,360	-	31,212	-
Compensated absences	64,294	-	(2,506)	61,788	-
Net pension obligation (see Note 8)	<u>240,393</u>	<u>-</u>	<u>(47,008)</u>	<u>193,385</u>	<u>-</u>
Total governmental activities	364,415	42,690	(79,840)	327,265	35,975
Business-type activities					
Water Revenue Bonds, Series 1995	<u>32,000</u>	<u>-</u>	<u>(32,000)</u>	<u>-</u>	<u>-</u>
Total obligations	<u>\$ 396,415</u>	<u>\$ 42,690</u>	<u>\$ (111,840)</u>	<u>\$ 327,265</u>	<u>\$ 35,975</u>

	<u>Balance</u> <u>June 30, 2013</u>	<u>New Debt</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
Capital vehicle leases	\$ 16,429	\$ 28,772	\$ (15,325)	\$ 29,876	\$ 14,601
Capital equipment lease	1,893	-	(1,893)	-	-
Post employment benefits	28,513	1,339	-	29,852	-
Compensated absences	<u>67,583</u>	<u>3,578</u>	<u>(6,867)</u>	<u>64,294</u>	<u>-</u>
Total governmental activities, as originally reported	114,418	33,689	(24,085)	124,022	14,601
Business-type activities					
Water Revenue Bonds, Series 1995	<u>47,000</u>	<u>-</u>	<u>(15,000)</u>	<u>32,000</u>	<u>16,000</u>
Total obligations, as originally reported	<u>\$ 161,418</u>	<u>\$ 33,689</u>	<u>\$ (39,085)</u>	<u>\$ 156,022</u>	<u>\$ 30,601</u>

Requests for Information

This financial report is designed to provide a general overview of the Town of Alta's finances for all those with an interest. Questions regarding any of the information provided in this report or requests for additional information should be addressed to Kate Black, Town Clerk, P.O. Box 8016, Alta, Utah 84092-8016.

Government-wide Financial Statements

Town of Alta
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and investments (cash equivalents)	\$ 744,575	\$ 696,205	\$ 1,440,780
Accounts receivable			
Service fees	-	48,365	48,365
Property tax	345,428	-	345,428
Other	1,695	-	1,695
Prepaid expenses	14,594	-	14,594
Internal balances	481,745	(481,745)	-
Total Current Assets	<u>1,588,037</u>	<u>262,825</u>	<u>1,850,862</u>
Long-Term Assets			
Capital assets, net of accumulated depreciation	448,982	1,432,207	1,881,189
Net pension asset	278	-	278
Total Long-Term Assets	<u>449,260</u>	<u>1,432,207</u>	<u>1,881,467</u>
Total Assets	<u>2,037,297</u>	<u>1,695,032</u>	<u>3,732,329</u>
Deferred Outflow of Resources			
Pensions	40,461	-	40,461
Liabilities			
Current Liabilities			
Accounts payable	24,532	19,479	44,011
Wages and payroll taxes payable	21,344	-	21,344
Deposits	11,760	-	11,760
Capital leases, current portion	35,975	-	35,975
Total Current Liabilities	<u>93,611</u>	<u>19,479</u>	<u>113,090</u>
Long-Term Liabilities			
Post employment benefits	31,212	-	31,212
Capital leases, net of current portion	4,905	-	4,905
Compensated absences	61,788	-	61,788
Net pension obligation	193,385	-	193,385
Total Long-Term Liabilities	<u>291,290</u>	<u>-</u>	<u>291,290</u>
Total Liabilities	<u>384,901</u>	<u>19,479</u>	<u>404,380</u>
Deferred Inflows of Resources			
Unavailable revenue - property tax	335,792	-	335,792
Pensions	25,032	-	25,032
Total Deferred Inflows of Resources	<u>360,824</u>	<u>-</u>	<u>360,824</u>
Net Position			
Net investment in capital assets	408,102	1,432,207	1,840,309
Unrestricted	923,931	243,346	1,167,277
Total Net Position	<u>\$ 1,332,033</u>	<u>\$ 1,675,553</u>	<u>\$ 3,007,586</u>

See Notes to Financial Statements

Town of Alta
Statement of Activities
Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Legislative	\$ 18,580	\$ -	\$ -	\$ -	\$ (18,580)	\$ -	\$ (18,580)
Municipal building	20,177	-	-	-	(20,177)	-	(20,177)
Economic development	65,031	-	-	-	(65,031)	-	(65,031)
Judicial court	19,800	19,475	-	-	(325)	-	(325)
Administration	406,042	19,131	2,217	-	(384,694)	-	(384,694)
Non-departmental	53,248	-	2,350	-	(50,898)	-	(50,898)
Planning and zoning	28,372	-	16,469	-	(11,903)	-	(11,903)
Police department	633,612	22,729	33,141	-	(577,742)	-	(577,742)
Post office	25,252	-	14,000	-	(11,252)	-	(11,252)
Fire department	111,725	-	-	-	(111,725)	-	(111,725)
Building inspection	25,055	14,806	-	-	(10,249)	-	(10,249)
Streets	26,257	-	11,194	-	(15,063)	-	(15,063)
Recycling	18,085	-	-	-	(18,085)	-	(18,085)
Geographic information systems	4,075	-	7,918	-	3,843	-	3,843
Parks	21,526	2,500	-	-	(19,026)	-	(19,026)
Community development	7,475	-	6,478	-	(997)	-	(997)
Library and community center	5,015	-	1,583	-	(3,432)	-	(3,432)
Homeland security	4,793	-	-	-	(4,793)	-	(4,793)
Total governmental activities	<u>1,494,120</u>	<u>78,641</u>	<u>95,350</u>	<u>-</u>	<u>(1,320,129)</u>	<u>-</u>	<u>(1,320,129)</u>
Business-type activities:							
Water	141,390	113,524	-	-	-	(27,866)	(27,866)
Sewer	71,310	82,472	-	-	-	11,162	11,162
Total business-type activities	<u>212,700</u>	<u>195,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,704)</u>	<u>(16,704)</u>
Total primary government	<u>\$ 1,706,820</u>	<u>\$ 274,637</u>	<u>\$ 95,350</u>	<u>\$ -</u>	<u>(1,320,129)</u>	<u>(16,704)</u>	<u>(1,336,833)</u>
General revenues:							
Property taxes					353,190	-	353,190
General sales and use tax					1,032,365	-	1,032,365
Energy sales and use					68,910	-	68,910
Telephone use tax					4,946	-	4,946
Gain on disposal of assets					43,573	-	43,573
Interest earnings					2,460	2,318	4,778
Total general revenues					<u>1,505,444</u>	<u>2,318</u>	<u>1,507,762</u>
Change in net position					185,315	(14,386)	170,929
Net position - beginning - restated (see Note 8)					<u>1,146,718</u>	<u>1,689,939</u>	<u>2,836,657</u>
Net position - ending					<u>\$ 1,332,033</u>	<u>\$ 1,675,553</u>	<u>\$ 3,007,586</u>

See Notes to Financial Statements

Governmental Fund Financial Statements

Town of Alta
Balance Sheet
Governmental Fund
June 30, 2015

	General Fund
Assets	
Cash and investments (cash equivalents)	\$ 744,575
Accounts receivable	
Accounts receivable - property tax	345,428
Account receivable - other	1,695
Prepaid expenses	14,594
Due from other funds	481,745
Total Assets	\$ 1,588,037
Liabilities	
Accounts payable	\$ 24,532
Wages and payroll taxes payable	21,344
Deposits	11,760
Total Liabilities	57,636
Deferred Inflows of Resources	
Unavailable revenue - property tax	335,792
Fund Balances	
Non-spendable	14,594
Committed to post-employment benefits	30,000
Assigned to balance the new year's budget	22,583
Unassigned	1,127,432
Total Fund Balances	1,194,609
Total Liabilities and Fund Balances	\$ 1,252,245

Town of Alta
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2015

Total Fund Balances - Governmental Fund	\$ 1,194,609
Amounts reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental fund.	448,982
Net pension asset and deferred outflow of resources related to the pension are not applicable to the current period and therefore, are not reported in the governmental fund.	40,739
Long-term liabilities, including capital leases, post employment benefits, compensated absences, and the net pension obligation are not payable in the current period and therefore, are not reported in the governmental fund.	(327,265)
Deferred inflow of resources related to pensions are not applicable to the current period and therefore, are not reported in the governmental fund.	<u>(25,032)</u>
Total Net Position - Governmental Activities	<u><u>\$ 1,332,033</u></u>

Town of Alta
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2015

	General Fund
Revenues	
Taxes	\$ 1,459,411
Licenses and permits	40,356
Intergovernmental	57,458
Charges for services	7,296
Fines and forfeitures	19,475
Contributions	37,892
Miscellaneous	13,974
Total Revenues	1,635,862
Expenditures	
Current:	
Legislative	18,580
Municipal building	6,709
Economic development	65,000
Judicial court	19,800
Administration	415,039
Non-departmental	52,788
Planning and zoning	28,372
Police department	623,927
Post office	24,297
Fire department	111,190
Building inspection	25,055
Streets	26,257
Recycling	18,085
Geographic information systems	3,929
Parks	19,922
Community development	7,475
Library and community center	4,954
Homeland security	2,900
Capital outlay	93,575
Debt service	30,326
Total Expenditures	1,598,180
Revenues over Expenditures	37,682
Other Financing Sources	
Proceeds from vehicle lease	41,330
Proceeds from sale of capital assets	56,551
Total Other Financing Sources	97,881
Net Change in Fund Balance	135,563
Fund Balance - Beginning of Year	1,059,046
Fund Balance - End of Year	\$ 1,194,609

Town of Alta
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of the Governmental Fund to the Statement of Activities
 Year Ended June 30, 2015

Net Change in Fund Balances - Governmental Fund	\$ 135,563
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current year, these amounts were as follows:</p>	
Acquisition of capital assets	93,575
Depreciation expense	(49,332)
Net book value of asset disposals	(12,978)
<p>The long-term portion of the liability for capital leases and post-employment benefits is not recorded at the fund level but is reported in the statement of net position. In the current period, these amounts were as follows:</p>	
New capital vehicle leases	(41,330)
Capital lease payments	30,326
Change in post employment benefits	(1,360)
Change in compensated absences	2,506
Pension expense is not reported at the governmental fund level but is reported in the statement of activities.	28,345
Change in Net Position of Governmental Activities	\$ 185,315

Proprietary Fund Financial Statements

Town of Alta
Statement of Net Position
Proprietary Funds
June 30, 2015

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 461,122	\$ 235,083	\$ 696,205
Accounts receivable	20,461	27,904	48,365
Total Current Assets	481,583	262,987	744,570
Long-term Assets			
Capital assets			
Sewer system	841,548	-	841,548
Water system	-	1,908,121	1,908,121
Other machinery and equipment	-	31,617	31,617
Automobiles and trucks	11,505	11,505	23,010
Accumulated depreciation	(543,236)	(828,853)	(1,372,089)
Total Long-Term Assets	309,817	1,122,390	1,432,207
Total Assets	791,400	1,385,377	2,176,777
Liabilities			
Current Liabilities			
Accounts payable	10,501	8,978	19,479
Due to other funds	120,035	361,710	481,745
Total Current Liabilities	130,536	370,688	501,224
Net Position			
Net investment in capital assets	309,817	1,122,390	1,432,207
Unrestricted (deficit)	351,047	(107,701)	243,346
Total Net Position	\$ 660,864	\$ 1,014,689	\$ 1,675,553

Town of Alta
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2015

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Operating Revenues			
Service fees	\$ 82,472	\$ 113,524	\$ 195,996
Operating Expenses			
Sewage disposal	42,344	-	42,344
Water costs	-	3,848	3,848
Depreciation	20,563	56,683	77,246
Personnel services	3,320	6,770	10,090
Materials, supplies and services	5,083	73,129	78,212
Total Operating Expenses	71,310	140,430	211,740
Operating Income (Loss)	11,162	(26,906)	(15,744)
Non-Operating Revenue (Expense)			
Interest revenue	1,543	775	2,318
Interest expense	-	(960)	(960)
Net Non-Operating Revenue (Expense)	1,543	(185)	1,358
Change in Net Position	12,705	(27,091)	(14,386)
Total Net Position - Beginning of Year	648,159	1,041,780	1,689,939
Total Net Position - End of Year	\$ 660,864	\$ 1,014,689	\$ 1,675,553

Town of Alta
Statement of Cash Flow
Proprietary Funds
Year Ended June 30, 2015

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Operating Activities			
Receipts from customers	\$ 83,638	\$ 113,109	\$ 196,747
Payments to suppliers	(45,449)	(78,694)	(124,143)
Payments to employees	(3,320)	(6,770)	(10,090)
Net Cash from Operating Activities	<u>34,869</u>	<u>27,645</u>	<u>62,514</u>
Capital and Related Financing Activities			
Acquisition of capital assets	-	(9,950)	(9,950)
Principal paid on revenue bond maturities	-	(32,000)	(32,000)
Interest paid	-	(960)	(960)
Net Cash used for Capital and Related Financing Activities	<u>-</u>	<u>(42,910)</u>	<u>(42,910)</u>
Noncapital and Related Financing Activities			
Advances on internal balances	<u>8,739</u>	<u>7,735</u>	<u>16,474</u>
Investing Activities			
Interest on investments	<u>1,543</u>	<u>775</u>	<u>2,318</u>
Net Change in Cash	45,151	(6,755)	38,396
Cash and Cash Equivalents, Beginning of Year	<u>415,971</u>	<u>241,838</u>	<u>657,809</u>
Cash and Cash Equivalents, End of Year	<u>\$ 461,122</u>	<u>\$ 235,083</u>	<u>\$ 696,205</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating income (loss)	\$ 11,162	\$ (26,906)	\$ (15,744)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation	20,563	56,683	77,246
Change in assets and liabilities:			
Service fees receivable	1,166	(415)	751
Accounts payable	1,978	(1,717)	261
Net cash from operating activities	<u>\$ 34,869</u>	<u>\$ 27,645</u>	<u>\$ 62,514</u>

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The Town of Alta, Utah (the Town) was incorporated in August 1970 under the provisions of the State of Utah. The Town operates under a 5-member council, one of whom is the mayor, and provides the following services as authorized by its charter: public safety, water, sewer, culture-recreation, public improvements, planning and zoning, and general administrative services.

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

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. There are no entities that are considered to be component units of the Town that should be included in these financial statements.

B. Financial Statement Presentation

Basis of Presentation

Government-wide Financial Statements

The government-wide statements, i.e. the statement of net position and the statement of activities, report information on all of the activities of the Town. The Town does not have any fiduciary activities. Generally, the effect of the interfund activity has been eliminated from these statements. Interfund receivables and payables have been eliminated from the government-wide statement of net position except for those amounts due between governmental and business-type activities. Such amounts are reported at the net amount as “internal balances” and offset each other to result in a zero balance in the total column. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services.

The government-wide statement of net position presents information on all of the Town’s assets, deferred outflows and inflows of resources, and liabilities, and the difference between the two is reported as net position. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that can be clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or others who purchase, use, or directly benefit from the services or goods provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Indirect costs in the governmental activities that are not associated directly with a function or program in the Town are included in the general governmental activities in the entity-wide statements.

Fund Financial Statements

A fund is a separate accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Town's funds are organized into two major categories: governmental and proprietary. Separate financial statements are provided for each of these categories. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. A fund is considered major if it is the primary operating (general) fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

As per the above criteria, the Town's General, Water, and Sewer funds are major funds. The Town has no non-major funds.

The Town's financial operations are accounted for in the following funds:

Governmental Fund Types

General Fund – The general fund is the primary fund of the Town. This fund is established to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Proprietary Fund Types

Enterprise Funds – These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town's enterprise funds consist of the Water and Sewer Funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to the types of balances that appear on the statement of net position and changes to those balances that appear on the statement of activities. The current financial resources measurement focus reports only current resources and current liabilities on the statement of net position. The statement of changes in net position presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in these resources. The economic resources measurement focus shows total assets, deferred outflows and inflows, and liabilities on the statement of net position and changes in net position on the statement of activities. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide financial statements and the fund financial statements for proprietary and fiduciary funds are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred or the economic asset is used. Revenues, expenses, gains, losses, and resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing or delivering goods in connection with the fund's normal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

These funds account for Town activities that are similar to business operations in the private sector or where the reporting focus is on determining net income, financial position, and changes in financial position (Economic resources measurement focus). The funds included in this category are Enterprise Funds.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available when they are collectible within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. Expenditures related to principal and interest on general long-term debt that has not matured, compensated absences, and claims and judgments are recorded only when payment is due.

D. Reconciliation of Government-wide and Fund Financial Statements

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the assets, liabilities, revenues and expenses/expenditures reported on the fund financial statements and government-wide financial statements. For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the entity-wide financial statements. As a result there must be a reconciliation between the two statements to explain the differences. A reconciliation is included as part of the fund financial statements (see pages 20 and 22).

E. Use of Estimates

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

F. Cash and Investments

The Town investments in the State Treasurer's Investment Pool (an external investment pool) are valued at fair value (based on the corresponding liability to pool participants). See Note 2 for further discussion regarding the Town's policies regarding cash deposits and investments.

Cash and cash equivalents consists of cash and short-term investments with an original maturity of three months or less. Cash, depending on source of receipts, is pooled, except when legal requirements dictate the use of separate accounts.

G. Fund Balances - General Fund

General fund balances are reported in the following categories: nonspendable, restricted, committed, assigned, or unassigned. Nonspendable balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances include amounts that can only be spent for specific purposes as stipulated by law or by awarding agencies. Committed fund balances include amounts that can be used only for specific purposes as determined by a Town Council resolution or by Town ordinance. Unexpended committed fund balances may only be rescinded from the committed balance via a Town Council resolution. Assigned fund balances are those that are intended to be used for a specific purpose but do not meet the criteria to be classified as restricted or committed. To meet the criteria to be assigned, the use of a balance would need to be authorized by the Town Council. Unassigned fund balance is the residual classification for the Town's general fund and includes all spendable amounts not contained in the other classifications.

When an expenditure is incurred for purposes for which restricted, committed, assigned, or unassigned fund balances are available, it is the policy of the Town to first spend restricted fund balance, followed by committed, assigned and unassigned fund balances, respectively.

H. Capital Assets

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

In the government-wide financial statements and in the fund financial statements for proprietary funds, capital assets are treated as capital assets. Capital assets include property, plant, equipment and infrastructure assets, e.g. roads, bridges, curbs, and gutters, streets and sidewalks, drainage systems and lighting systems. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method based on useful lives as follows:

<u>Item</u>	<u>Years</u>
Building and other improvements	7-30 years
Machinery and equipment	5-25 years
Autos and trucks	5-15 years
Sewer system	10-50 years
Water system	10-50 years

I. Pensions

Implementation of GASB Statement No. 68 and GASB Statement No. 71: As of July 1, 2014, the Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 8 and the additional disclosures required by these standards are included in Note 6.

For purposes of measuring the net pension asset, net pension obligation, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of fund balance/net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. As further described in Note 6, the Town has pension balances that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance/net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has items which qualify for reporting in this category. The general fund reports unavailable revenue from property taxes. The government-wide statement of financial position reports unavailable revenue from property taxes and pension balances (see Note 6). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. Property Taxes – Deferred Inflow of Resources and Property Tax Revenue

Property taxes are collected by the Salt Lake County (the “County”) treasurer and remitted to the Town shortly after collection. The County is required to levy the proposed tax by June 15. The County treasurer mails the property tax notice at least 10 days before August 1, and the taxes are due by November 30. If after five years (May of the fifth year) delinquent taxes have not been paid, the County advertises and sells the property.

Property taxes that are receivable at the end of the fiscal year but that are not available or collected within 60 days of the end of the fiscal year do not meet the criteria for revenue recognition and are presented as a deferred inflow of resources on the financial statements. The related property tax revenue is recognized once the resources become available.

L. Sales and Related Taxes - Revenue

Sales and related taxes constitute the majority of revenues received by the Town. In turn, sales and related taxes generated by the local businesses are dependent on the winter snow levels.

M. Interfund Receivables and Payable

Interfund receivables and payables represent transactions incurred within the fund for other funds. These transactions are in the form of receipts of revenue, payments of expenses, and operating transfers to and from other funds. These accounts are expected to be eliminated in the normal course of operations. As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements.

N. Budgetary Basis

Budgets are prepared by the Town on the modified accrual basis of accounting, the same basis which is used for financial reporting. The budget presented was first adopted by the Town in August 2014. The Council held a public meeting to officially amend the budget on June 5, 2015. Appropriations may not legally be made in excess of budgeted amounts by department.

O. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is insured against these occurrences through commercial insurance. The Town pays an annual premium for its insurance coverage which is accounted for in the General Fund.

P. Recently Released Accounting Pronouncements

In June 2015, the GASB issued Statement No. 76: *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement addresses the following: 1) raises the category of GASB Implementation Guides in the generally accepted accounting principles (GAAP) hierarchy; (2) emphasizes the importance of analogies to authoritative literature when the accounting treatment for an event that is not specified in authoritative GAAP; and (3) requires the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. For the Town of Alta, the provisions in this statement will be effective for the financial statements for the year ending June 30, 2016. The Town does not anticipate that the adoption of this guidance will have a significant impact on the Town's financial statements.

In June 2015, the GASB issued Statement No. 73: *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. This statement also clarifies the application of certain provisions of Statements Nos. 67 and 68 with regard to the information that is required to be presented as notes to the 10-year schedules of required supplementary information and other matters. For the Town of Alta, the provisions in this statement addressing accounting and financial reporting for pensions that are not within the scope of Statement No. 68 will be effective for the Town's June 30, 2017 financial statements. The provisions of this statement that clarify the applications of certain provisions of Statements Nos. 67 and 68 will be effective for the Town's June 30, 2016 financial statements. The Town is currently evaluating what effect, if any, this new guidance will have on the Town's financial statements.

In February 2015, the GASB issued Statement No. 72: *Fair Value Measurement and Application*. This statement provides guidance for determining a fair value measurement for financial reporting purposes, including applying fair value to certain investments. The Statement also establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures be made about the hierarchy, techniques, and fair values. For the Town of Alta, the provisions in this statement will be effective for the financial statements for the year ending June 30, 2016. The Town is currently evaluating what effect, if any, this new guidance will have on the Town's financial statements.

Note 2 - Cash Deposits and Investments

Cash Deposits – At year end, the carrying amount of the Town's book cash balance was \$140,131. The book balance as of June 30, 2015, did not exceed the federal depository insurance limit. No deposits are collateralized.

Deposit Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The State of Utah does not require collateral on deposits.

Investments – The Town's deposits and investment policy follows the requirements of the Utah Money Management Act (the Act) (Utah Code Annotated 1953, Chapter 7) in handling its depository and temporary investing transactions. This law requires the depositing of Town 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 Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the Town and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers. Allowable investments under the Act include:

1. Negotiable or nonnegotiable deposits of qualified depositories,
2. Repurchase agreements with qualified depositories or primary reporting dealers,
3. Commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poors if the remaining term to maturity is 180 days or less,
4. Bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term of 180 days or less,
5. Obligations of the United States Treasury, including bills, notes and bonds,
6. Obligations issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit banks, Federal Home Loan banks, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporations, or Student Loan Marketing Association.
7. Shares or certificates in any open-end management investment company registered with the Securities and Exchange under the Investment Company Act of 1940, the portfolio of which is restricted by law or agreement to investments in which public funds may be invested directly.

A Utah Money Management Council was created under the Utah Money Management Act consisting of five individuals appointed by the Governor and qualified by training and experience in the fields of investing and finance. In performing its functions and responsibilities, the council provides a measure of depository protection. The council issues a list of qualified depositories to public treasurer's quarterly, and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the council. State law and council rules govern the finance reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, the public treasurers are notified immediately.

The Town has invested the majority of its temporarily idle funds (totaling \$1,300,649 as of June 30, 2015) with the Utah Public Treasurer's Investment Fund (PTIF). The Utah State Treasurer's Office operates the PTIF which is invested in accordance with the Utah Money Management Act. The Utah Money Management Council provides regulatory oversight for the PTIF. The PTIF has not been rated.

The investments with the state bore interest at 0.5% at June 30, 2015. The carrying amount is materially equal to fair value. All securities comprising the PTIF comply with strict investment criteria required by the Utah Money Management Act. All practices of the PTIF are under the monthly scrutiny of the Utah Money Management Act. The Utah State Auditor audits the PTIF each year. The degree of risk of the fund depends upon the underlying portfolio. Parties interested in learning what specific investments comprise the State Treasurer's Fund may contact the Utah State Treasurer's Office.

Investment Interest Rate Risk – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Summary – The above described cash deposits and investments are summarized and presented in the financial statements at fair value in accordance with the following analysis:

<u>Cash and Cash Equivalents</u>	
Cash	\$ 140,131
Utah Public Treasurer's Investment Fund	<u>1,300,649</u>
Total (fair value)	<u><u>\$ 1,440,780</u></u>

Note 3 - Capital Assets

The following two tables summarize the changes in capital assets for governmental and business-type activities during the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Transfers or Deletions	Balance June 30, 2015
Governmental activities				
Capital assets not being depreciated				
Land acquisition costs	\$ 41,850	\$ -	\$ -	\$ 41,850
Capital assets being depreciated				
Buildings and other improvements	910,383	-	-	910,383
Machinery and equipment	316,452	18,658	-	335,110
Autos and trucks	144,766	74,917	(65,083)	154,600
Total capital assets being depreciated	1,371,601	93,575	(65,083)	1,400,093
Less accumulated depreciation for:				
Buildings and other improvements	(597,101)	(18,491)	-	(615,592)
Machinery and equipment	(295,543)	(7,491)	-	(303,034)
Autos and trucks	(103,090)	(23,350)	52,105	(74,335)
Total accumulated depreciation	(995,734)	(49,332)	52,105	(992,961)
Total capital assets being depreciated, net	375,867	44,243	(12,978)	407,132
Governmental activities capital assets, net	<u>\$ 417,717</u>	<u>\$ 44,243</u>	<u>\$ (12,978)</u>	<u>\$ 448,982</u>
Business-type activities				
Capital assets being depreciated				
Sewer system	\$ 841,548	\$ -	\$ -	\$ 841,548
Water system	1,898,171	9,950	-	1,908,121
Other machinery and equipment	31,617	-	-	31,617
Autos and trucks	23,010	-	-	23,010
Total capital assets being depreciated	2,794,346	9,950	-	2,804,296
Less accumulated depreciation for:				
Sewer system	(512,457)	(19,365)	-	(531,822)
Water system	(743,023)	(54,416)	-	(797,439)
Other machinery and equipment	(18,840)	(1,069)	-	(19,909)
Autos and trucks	(20,523)	(2,396)	-	(22,919)
Total accumulated depreciation	(1,294,843)	(77,246)	-	(1,372,089)
Total capital assets being depreciated, net	1,499,503	(67,296)	-	1,432,207
Business-type activity capital assets, net	<u>\$ 1,499,503</u>	<u>\$ (67,296)</u>	<u>\$ -</u>	<u>\$ 1,432,207</u>

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

	Depreciation Expense
Governmental activities:	
Municipal building	\$ 13,468
Economic development	31
Administration	1,810
Non-departmental	460
Police department	28,369
Post office	955
Fire department	535
Geographic information systems	146
Parks	1,604
Library and community center	61
Homeland security	1,893
Total depreciation expense - governmental activities	\$ 49,332
Business-type activities:	
Sewer	\$ 20,563
Water	56,683
Total depreciation expense - business-type activities	\$ 77,246

Note 4 - Obligations Payable

A summary of obligations payable and the current year's activity follows:

	Balance June 30, 2014	New Debt	Retirements	Balance June 30, 2015	Due Within One Year
Governmental activities					
Capital vehicle leases	\$ 29,876	\$ 41,330	\$ (30,326)	\$ 40,880	\$ 35,975
Post employment benefits	29,852	1,360	-	31,212	-
Compensated absences	64,294	-	(2,506)	61,788	-
Net pension obligation (see Note 8)	240,393	-	(47,008)	193,385	-
Total governmental activities	364,415	42,690	(79,840)	327,265	35,975
Business-type activities					
Water Revenue Bonds, Series 1995	32,000	-	(32,000)	-	-
Total obligations	\$ 396,415	\$ 42,690	\$ (111,840)	\$ 327,265	\$ 35,975

Capital Vehicle Leases — As of June 30, 2015, the Town has three capital leases. As of June 30, 2015, the equipment under capital leases had a cost basis of \$109,335 and accumulated depreciation of \$46,330. The following is a summary of the future minimum lease payments under capital lease obligations:

Year Ending June 30,		
2016 lease payments due	\$	36,755
2017 lease payments due		4,945
Subtotal		41,700
Less amount representing interest		(820)
Present value of net minimum payments		40,880
Less current portion		(35,975)
Long-term portion	\$	4,905

Post-Employment Benefits — Post employment benefits are available for certain appointed officials who leave employment voluntarily and are in good standing at the time of departure. The employee will receive a sum equivalent to wages and the cash value of benefits as follows: for each year of employment, one week of current salary and cash value of benefits, up to a maximum of ten weeks for ten years of employment. For involuntary termination the benefits may accumulate up to a maximum of twenty-six weeks. These involuntary termination amounts have not been accrued in these financial statements.

Compensated Absences — The Town accrues a liability for unused vacation time that is paid out to employees. Employees earn paid vacation time of 80-288 hours per year, depending on length of employment.

Revenue Bonds — During August 1995, the Town sold water revenue bonds for the construction of drinking water improvements. Water revenue bonds are recorded in the Water Enterprise Fund and required principal payments of \$11,000 to \$16,000 to be made annually each March, from revenues generated from the Water operations. Interest was charged at a rate of 3%. The Town paid the remaining balance during the year ended June 30, 2015.

Note 5 - Contingencies

The Town is at times involved in lawsuits and legal matters arising in the ordinary course of business. The matters are handled by insurance and by the Town's legal counsel. Liability, if any, on the part of the Town cannot be estimated.

Note 6 - Pension Plan

General Information about the Defined Benefit Pension Plan

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

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the URS Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

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

Summary of Benefits by System

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

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

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%

During the year ended June 30, 2015, the Town contributed \$68,865 to the Noncontributory System and \$3,057 to the Tier 2 Public Employees System.

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

At December 31, 2014, the Town reported a net pension asset of \$278 and a net pension liability of \$193,385.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.0445358%	\$ -	\$ 193,385
Tier 2 Public Employees System	0.0091622%	278	-
Total Net Pension Asset / Liability		\$ 278	\$ 193,385

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended June 30, 2015, the Town recognized pension expense of \$47,114. At June 30, 2015, the Town 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	\$ -	\$ 6,110
Changes in assumptions	-	18,922
Net difference between projected and actual earnings on pension plan investments	4,384	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	36,077	-
Total	\$ 40,461	\$ 25,032

\$36,077 was reported as deferred outflows of resources related to pensions—this results from contributions made by the Town prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2016	\$ (5,148)
2017	(5,148)
2018	(5,148)
2019	(4,901)
2020	(49)
Thereafter	(255)

Actuarial assumptions: The most recent actuarial valuation of the defined benefit plan was dated January 1, 2014. The total pension liability in the December 31, 2014 measurement was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.75 percent
- Salary increases 3.50 - 10.50 percent, average, including inflation
- Investment rate of return 7.50 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Public Safety and Firefighters

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 - December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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:

Asset Class	Expected Return Arithmetic Basis		Long-Term Expected Portfolio real rate of return
	Target Asset Allocation	Real Return Arithmetic Basis	
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0%	0.00%
Totals	100%		5.23%
		Inflation	2.75%
		Expected arithmetic nominal return	7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50 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.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of net pension asset (liability)			
Noncontributory System	\$ (464,003)	\$ (193,385)	\$ 32,099
Tier 2 Public Employees System	(2,042)	278	2,027
Total	<u>\$ (466,045)</u>	<u>\$ (193,107)</u>	<u>\$ 34,126</u>

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

Defined Contribution Plan

The Town also sponsors a defined contribution retirement plan under Internal Revenue Code 401(k) (the Plan) that is administered by the Systems. The Plan covers Town employees who have opted out of the Noncontributory Systems and certain other employees. During the years ended June 30, 2015, 2014, and 2013, the Town made contributions of \$20,269, \$17,093, and \$14,970, respectively. The Town's contribution rate was 18.37% for the year ended June 30, 2015, 17.29% for the year ended June 30, 2014, and 15.58% for the year ended June 30, 2013. The contribution requirements of the Systems are authorized by statute and specified by the URS Board.

Note 7 - Related Party Transactions

Fire protection for the Town is provided by the Unified Fire Authority (UFA). During the year ended June 30, 2015, the Town paid \$111,190 to UFA for fire protection. The UFA is related to the Town through the Town's Mayor, who is also a member of the board of the UFA.

Note 8 - Adoption of New Standard and Restatement of Net Position

As of July 1, 2014, the Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

	Governmental Activities	Total (Business-type and Governmental Activities)
Net position as previously stated - June 30, 2014	\$ 1,352,741	\$ 3,042,680
Adjustments		
Adjustment to record pension-related deferred outflows of resources as of June 30, 2014	34,370	34,370
Adjustment to record the net pension obligation as of June 30, 2014	(240,393)	(240,393)
Total net adjustments	(206,023)	(206,023)
Restated net position - June 30, 2014	\$ 1,146,718	\$ 2,836,657

Required Supplementary Information

Town of Alta
Schedule of the Proportionate Share of the Net Pension Liability
December 31, 2014
Last 10 Fiscal Years*

	Noncontributory System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	0.0445358%	0.0091622%
Proportionate share of the net pension liability (asset)	\$ 193,385	\$ (278)
Covered employee payroll	\$ 420,073	\$ 45,043
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	46.00%	-0.60%
Plan fiduciary net position as a percentage of the total plan liability	90.20%	103.50%

* GASB 68 requires ten years of information be presented in this table. However, the schedule above is only for the current year. The Town will build the 10-year schedule prospectively.

Town of Alta
Schedule of Contributions
June 30, 2015
Last 10 Fiscal Years*

	Noncontributory System	Tier 2 Public Employees System
Contractually required contributions	\$ 68,865	\$ 3,057
Contributions in relation to the contractually required contribution	(68,865)	(3,057)
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 352,616	\$ 36,002
Contributions as a percentage of covered-employee payroll**	19.53%	8.49%

* GASB 68 requires ten years of information be presented in this table. However, the schedule above is only for the current year. The Town will build the 10-year schedule prospectively.

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

Changes of Assumptions

If there were any changes to actuarial assumptions, they would be reported in this area.

Other information that is not required as part of RSI

This information below is not required as part of GASB Statement No. 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods July 1, 2014 through June 30, 2015.

Defined Contribution System

	Employee Paid Contributions	Employer Paid Contributions
401(k) Plan	\$ 16,626	\$ 18,429
457 Plan	1,600	-
Roth IRA Plan	6,000	-
Traditional IRA Plan	-	-
HRA Plan	-	-

* The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

Town of Alta
Budgetary Comparison
General Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,358,474	\$ 1,401,174	\$ 1,459,411	\$ 58,237
Licenses and permits	31,600	35,000	40,356	5,356
Intergovernmental	74,800	61,800	57,458	(4,342)
Charges for services	4,300	7,500	7,296	(204)
Fines and forfeitures	12,000	17,900	19,475	1,575
Contributions	20,500	32,500	37,892	5,392
Miscellaneous	6,000	6,000	13,974	7,974
Total Revenues	<u>1,507,674</u>	<u>1,561,874</u>	<u>1,635,862</u>	<u>73,988</u>
Expenditures				
Legislative	20,200	20,200	18,580	1,620
Municipal building	22,537	6,740	6,709	31
Economic development	67,000	67,000	65,000	2,000
Judicial court	17,143	19,643	19,800	(157)
Administration	399,610	404,810	415,039	(10,229)
Non-departmental	47,600	53,500	52,788	712
Planning and zoning	38,350	42,350	28,372	13,978
Police department	678,478	728,078	725,186	2,892
Post office	25,681	25,681	24,297	1,384
Fire department	111,190	111,190	111,190	-
Building inspection	37,485	30,500	25,055	5,445
Streets	29,000	34,800	26,257	8,543
Recycling	20,120	20,120	18,085	2,035
Geographic information systems	7,250	11,378	10,057	1,321
Parks	38,373	37,373	36,436	937
Community development	20,000	10,000	7,475	2,525
Library and community center	4,600	5,500	4,954	546
Homeland security	-	2,500	2,900	(400)
Total Expenditures	<u>1,584,617</u>	<u>1,631,363</u>	<u>1,598,180</u>	<u>33,183</u>
Revenues Over (Under) Expenditures	<u>(76,943)</u>	<u>(69,489)</u>	<u>37,682</u>	<u>107,171</u>
Other Financing Sources				
Proceeds from vehicle lease	44,727	78,727	41,330	(37,397)
Proceeds from sale of capital assets	19,000	22,000	56,551	34,551
Total Other Financing Sources	<u>63,727</u>	<u>100,727</u>	<u>97,881</u>	<u>(2,846)</u>
Net Change in Fund Balance	(13,216)	31,238	135,563	104,325
Fund Balance - Beginning of Year	<u>1,059,046</u>	<u>1,059,046</u>	<u>1,059,046</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,045,830</u>	<u>\$ 1,090,284</u>	<u>\$ 1,194,609</u>	<u>\$ 104,325</u>

Supplementary Information

Town of Alta
Supplemental Schedule to Statement of Revenues, Expenditures,
and Changes in Fund Balance
General Fund
For the Year Ended June 30, 2015

Revenues	
Taxes	
Property	\$ 353,190
General and sales	1,032,365
Energy sales and use tax	68,910
Telephone use tax	4,946
	<u>1,459,411</u>
	<u>\$ 1,459,411</u>
Licenses and Permits	
Business licenses and permits	\$ 13,957
Liquor licenses	5,433
Building permits	10,656
Animal licenses	10,310
	<u>40,356</u>
	<u>\$ 40,356</u>
Intergovernmental	
Community development - SL County	\$ 6,478
State Grants	17,350
Class "C" road funds	11,194
State liquor funds	4,925
Wasatch National Forest	3,511
Post office contract	14,000
	<u>57,458</u>
	<u>\$ 57,458</u>
Charges for Services	
Plan check fees	\$ 5,796
Community center use fees	1,500
	<u>7,296</u>
	<u>\$ 7,296</u>
Fines and Forfeitures	
Court fines	\$ 19,475
	<u>19,475</u>
	<u>\$ 19,475</u>
Contributions	
	<u>\$ 37,892</u>
	<u>\$ 37,892</u>

Town of Alta
Supplemental Schedule to Statement of Revenues, Expenditures,
and Changes in Fund Balance
General Fund
For the Year Ended June 30, 2015

Revenues, Continued	
Miscellaneous	
Interest earnings	\$ 2,460
Sundry revenues	<u>11,514</u>
	<u>\$ 13,974</u>
Other Financing Sources	
Proceeds from vehicle lease	\$ 41,330
Proceeds from sale of capital assets	<u>56,551</u>
	<u>\$ 97,881</u>

Town of Alta
Supplemental Schedule to Statement of Revenues, Expenditures,
and Changes in Fund Balance
General Fund
For the Year Ended June 30, 2015

Expenditures			
Legislative			
Personnel services		\$	<u>18,580</u>
Municipal Building			
Personnel services		\$	644
Materials, supplies, services			<u>6,065</u>
		\$	<u>6,709</u>
Economic Development			
Materials, supplies, services		\$	<u>65,000</u>
Judicial Court			
Personnel services		\$	6,800
Materials, supplies, services			<u>13,000</u>
		\$	<u>19,800</u>
Administration			
Personnel services		\$	332,841
Materials, supplies, services			<u>82,198</u>
		\$	<u>415,039</u>
Non-Departmental			
Materials, supplies, services		\$	<u>52,788</u>
Planning and Zoning			
Personnel services		\$	3,600
Materials, supplies, services			<u>24,772</u>
		\$	<u>28,372</u>
Police Department			
Personnel services		\$	528,698
Materials, supplies, services			95,229
Capital outlay			76,219
Debt service			<u>25,040</u>
		\$	<u>725,186</u>

Town of Alta
Supplemental Schedule to Statement of Revenues, Expenditures,
and Changes in Fund Balance
General Fund
For the Year Ended June 30, 2015

Expenditures, Continued

Post Office

Personnel services	\$ 18,731
Materials, supplies, services	<u>5,566</u>
	<u>\$ 24,297</u>

Fire Department

Materials, supplies, services	<u>\$ 111,190</u>
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Building Inspection

Materials, supplies, services	<u>\$ 25,055</u>
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Streets

Materials, supplies, services	<u>\$ 26,257</u>
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Recycling

Materials, supplies, services	<u>\$ 18,085</u>
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Geographic information systems

Materials, supplies, services	\$ 3,929
Capital outlay	<u>6,128</u>
	<u>\$ 10,057</u>

Parks

Personnel services	\$ 15,066
Materials, supplies, services	4,856
Capital outlay	11,228
Debt service	<u>5,286</u>
	<u>\$ 36,436</u>

Community Development

Materials, supplies, services	<u>\$ 7,475</u>
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Library and Community Center

Materials, supplies, services	<u>\$ 4,954</u>
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Homeland Security

Materials, supplies, services	<u>\$ 2,900</u>
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Compliance and Internal Control

**Independent Auditor's Report in Accordance with the *State Compliance Audit Guide* On
Compliance with General State Compliance Requirements and Internal Control Over Compliance**

To The Honorable Mayor
and Town Council
Town of Alta, Utah

**Report on Compliance with General State Compliance Requirements and for Each Major State
Program**

We have audited Town of Alta's compliance with the general state and major state program 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 Town of Alta or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance Limitation
- Justice Courts
- Utah Retirement Systems
- Open and Public Meetings Act
- Cash Management

The Town of Alta did not have any state funding classified as a major program during the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the Town of Alta's compliance.

Opinion on General State Compliance Requirements

In our opinion, the Town of Alta complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Town of Alta for the year ended June 30, 2015.

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 our letter to management dated December 10, 2015. Our opinion on compliance is not modified with respect to these matters.

Report on Internal Control over Compliance

Management of Town of Alta is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Alta's internal control over compliance with the compliance requirements that could have a direct and material effect on the Town of Alta or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program 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 Town of Alta'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 general state or major state program 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 general state or major state program 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 general state or major state program 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.

Purpose of Report

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.



Salt Lake City, Utah
December 10, 2015



CPAs & BUSINESS ADVISORS

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 Town Council
Town of Alta, Utah

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Alta as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Alta’s basic financial statements, and have issued our report thereon dated December 10, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2014-A and 2014-B to be material weaknesses.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Alta's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Alta's Response to Findings

The Town of Alta's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town of Alta's responses and, accordingly, we express no opinion on it.

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 over 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.

The image shows a handwritten signature in cursive script that reads "Eric Sallie LLP". The signature is written in black ink and is positioned to the left of the typed name and date.

Salt Lake City, Utah
December 10, 2015

2015-A *Statement of Condition:* Management is responsible for the fair presentation of the financial statements in accordance with generally accepted accounting principles. As part of the financial audit, several audit entries were made. Although we noted that management had taken steps to improve the year-end account closing process, appropriate adjustments for unavailable and receivable property taxes, interfund balances, prepaid expenses, accounts payable, and depreciation should be made each year prior to the audit. In addition, the Town's system of internal control contemplates that the outside auditors will prepare the financial statements and related financial disclosures being audited. Although this circumstance is not unusual for an organization of your size, the reliance on the outside auditors to prepare the financial statements and related financial disclosures increases the possibility that a misstatement of the financial statements could occur and not be prevented, or detected and corrected, by the entity's internal control.

Cause: Management and staff directly involved in financial reporting do not possess expertise in preparing financial statements in accordance with generally accepted accounting principles. Management has relied on the auditors to make certain year-end adjustments as part of the audit with management's understanding and acceptance of those entries.

Potential Effects: Potential for misstatements in the financial statements to go undetected by management.

Recommendation: Internal controls should exist to ensure management and staff that are charged with preparing accounting records for the financial statements are able to obtain the necessary expertise to prepare the accounting records for the financial statements in accordance with generally accepted accounting principles.

Corrective Action Plan: Management and staff charged with preparing accounting records for the financial statements will continue to improve the year-end account closing process by making the appropriate adjustments for unavailable and receivable property taxes, interfund balances, prepaid expenses, and accounts payable.

Contact: Kate Black (801) 363-5105

2015-B *Statement of Condition:* The Town of Alta operates with a limited number of administrative and accounting staff. Adequate segregation of duties is necessary as an internal control to prevent and detect fraud and to provide assurance that transactions are properly authorized and recorded to provide management with accurate interim and year-end financial information. Currently, the Town's accounting duties are not adequately segregated in that the person who authorizes expenditures and signs checks also records journal entries and reconciles bank accounts. In addition, the same person who receives payments and prepares the bank deposits has access to post transactions to the accounts receivable ledgers for the sewer and water funds.

Cash receipting for Justice Court transactions is also not segregated. The individual with the ability to authorize the amounts charged is also responsible for the collection and deposit of payments as well as record keeping.

Cause: Like many smaller municipalities, the Town of Alta has limited financial resources and, therefore, has a very small number of administrative and accounting staff.

Potential Effects: There is a potential for fraud to go undetected by management.

Recommendation: Additional controls can be implemented to ensure oversight of transaction classes for which adequate segregation of duties is not feasible given the limited number of staff. For example, the Mayor or Town treasurer could review the cash receipts and cash disbursements journal along with the bank reconciliations on a monthly basis.

Corrective Action Plan: The Mayor of the Town of Alta will review the cash receipts and cash disbursements journals along with the bank reconciliations on a monthly basis.

Contact: Kate Black (801) 363-5105