Town of Alta

Financial Statements

June 30, 2019

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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, each major fund, and the aggregate remaining fund information of the Town of Alta (the "Town") as of and for the year ended June 30, 2019, 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, each major fund, and the aggregate remaining fund information of the Town of Alta, as of June 30, 2019, 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.

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Correction of Error
As discussed in Note 9 to the financial statements, certain errors resulting in understatement of amounts previously reported for accounts receivable and revenue at June 30, 2018, were discovered by management of the Town during the current year. Accordingly, amounts reported for beginning fund balance and beginning net position have been restated in the 2019 financial statements now presented to correct the effects of the error. 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, the schedule of the proportionate share of the net pension liability, the schedule of contributions, and general fund 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.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Alta's basic financial statements. The Budgetary Comparison – Nonmajor Fund is presented for purposes of additional analysis and is not a required part of the financial statements.

The Budgetary Comparison – Nonmajor Fund 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 Budgetary Comparison – Nonmajor Fund 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 11, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Eide Bailly LLP

Salt Lake City, Utah
December 11, 2019

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, 2019.

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's total general fund expenditures were $1,743,701. 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 program, plan review and building inspection, judicial court, Contract Post Office, library and community center, road improvements and community and economic development. The Town also operates fully approved sewer and culinary water systems.

Financial Highlights

During the course of the fiscal year ending June 30, 2019, the Town of Alta saw an increase in its net position of $352,385. The Town attributes this increase to an increase in general sales and use taxes received, and interest income earned on savings.

Having been involved for several years in Mountain Accord, a regional, interagency planning initiative focused on transportation, recreation, economy, and environment in the Wasatch Mountains, the Town of Alta remains committed to supporting an outgrowth of Mountain Accord known as the Central Wasatch Commission (CWC). CWC is an interlocal agency incorporated under the Utah Interlocal Cooperation Act with the goal of implementing the agreements reached between partners in the Mountain Accord effort.

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.

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, required supplementary information, 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 8 and 9.

Fund financial statements: A fund is a grouping of related accounts (revenues, expenditures/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, uses 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, a reconciliation between the two types is necessary to understand how the numbers differ. Such reconciliations are provided on pages 11 and 13.

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. The Town's other governmental fund is the Capital Projects Fund.

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 Financial Statements: The notes to the financial statements provide additional information that is essential for a more complete understanding of the data provided in the financial statements. The notes are an integral part of the financial statements.

Other information: Required supplemental information and supplemental information can be found starting on page 34 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, 2019. Data for the year ended June 30, 2018 (the 2018 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 and deferred outflows exceeded liabilities and deferred inflows by $4,636,189 at June 30, 2019. Assets and deferred outflows exceeded liabilities and deferred inflows by $4,251,035 at June 30, 2018. By far the largest portion of the Town's net position 53% at the 2019 fiscal year end (60% at the 2018 fiscal year end) reflects its net investment in capital assets (e.g. land, 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, 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 2,394,624	$ 1,966,815	$ 522,168	$ 460,449	$ 2,916,792	$ 2,427,264
Capital assets, net	1,274,045	1,297,721	1,204,914	1,245,732	2,478,959	2,543,453
Total assets	3,668,669	3,264,536	1,727,082	1,706,181	5,395,751	4,970,717
Deferred outflows of resources	168,832	127,901	-	-	168,832	127,901
Current and other liabilities	97,024	126,818	21,082	20,394	118,106	147,212
Long-term liabilities	403,298	265,420	-	-	403,298	265,420
Total liabilities	500,322	392,238	21,082	20,394	521,404	412,632
Deferred inflows of resources	406,990	434,951	-	-	406,990	434,951
Net position:						
Net investment in capital assets	1,274,045	1,287,829	1,204,914	1,245,732	2,478,959	2,533,561
Restricted:						
Roads	33,783	29,495	-	-	33,783	29,495
Impact fees	134,539	120,234	-	-	134,539	120,234
Unrestricted	1,487,823	1,127,690	501,086	440,055	1,988,909	1,567,745
Total net position	$ 2,930,189	$ 2,565,248	$ 1,706,000	$ 1,685,787	$ 4,636,189	$ 4,251,035

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 2019 by $352,385 and increased in 2018 by $250,751. The increase in 2019 is attributed primarily to increases in general sales and use taxes of $250,624, increases in property taxes of $13,166, and increases in interest earnings of $18,125. The Town's fiscal year 2019 expenses increased by only $86 over 2018 expenses mostly due to careful budgeting and conscientious spending by the Town. More detail on the actual expenditures in these departments is provided in the section titled "Budgetary Highlights".

The elements of the increase in net position for the 2019 fiscal year are as follows:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 148,644	$ 313,390	$ 255,193	$ 302,745	$ 403,837	$ 616,135
Operating grants and contributions	121,828	101,071	-	-	121,828	101,071
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	372,078	358,912	-	-	372,078	358,912
General sales and use tax	1,346,088	1,095,464	-	-	1,346,088	1,095,464
Energy sales and use tax	72,965	69,050	-	-	72,965	69,050
Telephone use tax	6,831	6,141	-	-	6,831	6,141
Other	9,734	2,993	-	-	9,734	2,993
Unrestricted investment earnings	23,218	14,283	22,753	13,563	45,971	27,846
Total revenues	2,101,386	1,961,304	277,946	316,308	2,379,332	2,277,612
Expenses:						
Legislative	19,536	19,126	-	-	19,536	19,126
Municipal building	26,287	23,667	-	-	26,287	23,667
Economic development	84,331	88,321	-	-	84,331	88,321
Judicial court	23,151	23,032	-	-	23,151	23,032
Administration	466,045	454,378	-	-	466,045	454,378
Non-departmental	32,824	58,291	-	-	32,824	58,291
Planning and zoning	30,089	34,394	-	-	30,089	34,394
Police department	819,909	755,917	-	-	819,909	755,917
Post office	32,539	29,606	-	-	32,539	29,606
Fire department	145,087	121,332	-	-	145,087	121,332
Building inspection	48,900	45,795	-	-	48,900	45,795
Streets	250	11,459	-	-	250	11,459
Recycling	11,236	15,402	-	-	11,236	15,402
Geographic information systems	1,764	875	-	-	1,764	875
Parks	21,658	75,158	-	-	21,658	75,158
Library and community center	5,565	5,862	-	-	5,565	5,862
Homeland security	43	1,456	-	-	43	1,456
Water	-	-	137,541	161,863	137,541	161,863
Sewer	-	-	120,192	100,927	120,192	100,927
Total expenses	1,769,214	1,764,071	257,733	262,790	2,026,947	2,026,861
Change in net position	332,172	197,233	20,213	53,518	352,385	250,751
Net position - beginning, restated in 2019	2,598,017	2,368,015	1,685,787	1,632,269	4,283,804	4,000,284
Net position - ending	$ 2,930,189	$ 2,565,248	$ 1,706,000	$ 1,685,787	$ 4,636,189	$ 4,251,035

Budgetary Highlights

In June of 2019, as part of its regular budgetary hearing, the Town Council amended the revenue and expenditure side of the general fund budget in almost every department to better be in line with actual results and better estimates. Increases in the police department was for salaries, wages, and benefits, as well as increases in capital outlay for roadside variable message signs, which were purchased.

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation, amounted to $2,478,959 as of June 30, 2019 and $2,533,561 as of June 30, 2018. The investment includes land, buildings and related improvements, machinery and equipment, autos and trucks, and municipal utility distribution systems. The only additions during the year were two variable message signs totaling $34,338.

For the 2019 fiscal year capital asset activity is summarized as follows:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 899,000	$ 899,000	$ -	$ -	$ 899,000	$ 899,000
Buildings and other improvements	954,526	954,526			954,526	954,526
Sewer system	-	-	848,218	848,218	848,218	848,218
Water system	-	-	1,964,093	1,940,465	1,964,093	1,940,465
Machinery and equipment	361,614	327,276	17,923	31,617	379,537	358,893
Autos and trucks	148,434	148,434	23,010	23,010	171,444	171,444
Total	2,363,574	2,329,236	2,853,244	2,843,310	5,216,818	5,172,546
Less accumulated depreciation	(1,089,529)	(1,031,515)	(1,648,330)	(1,597,578)	(2,737,859)	(2,629,093)
Total capital assets, net	$ 1,274,045	$ 1,297,721	$ 1,204,914	$ 1,245,732	$ 2,478,959	$ 2,543,453

Long-Term Debt

At June 30, 2019 the Town had $433,298 in long term debt for governmental activities and $0 for business activities. At June 30, 2018 the Town had $293,653 in long term debt for governmental activities and $0 for business type activities. During the year, the Town made the last payments on the capital vehicle lease. Remaining obligations consisted of termination benefits, compensated absences, and net pension obligation. The following table illustrates the debt activity over the year.

	Balance June 30, 2018	Incurred or Issued	Satisfied or Matured	Balance June 30, 2019
Governmental activities:				
Capital vehicle lease	$ 9,892	$ -	$ (9,892)	$ -
Termination benefits	37,705	8,886	-	46,591
Compensated absences	41,524	30,441	(30,425)	41,540
Net pension liability	204,532	140,635	-	345,167
Total governmental activities	293,653	179,962	(40,317)	433,298
Business-type activities:	-	-	-	-
Total obligations	$ 293,653	$ 179,962	$ (40,317)	$ 433,298

Next Year's Budget

The budget for the fiscal year ending June 30, 2020 was prepared using conservative expenditure/expense estimates. Some highlights of the coming year's budget is: a new vehicle lease, capital outlays for repairs and maintenance on the Town hall building, and other outlays related to the summer program, police department, and the water enterprise fund. Due to some changes in billing for water, some increases in water charges are anticipated.

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 Piper Lever, Town Clerk, P.O. Box 8016, Alta, Utah 84092-8016.

Government-wide Financial Statements

Town of Alta
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 1,438,773	$ 931,600	$ 2,370,373
Accounts receivable			
Service fees	-	76,469	76,469
Property tax	396,766	-	396,766
Due from other governments	71,363	-	71,363
Other	1,821	-	1,821
Internal balances	485,901	(485,901)	-
Total current assets	2,394,624	522,168	2,916,792
Long-term assets			
Capital assets, net of accumulated depreciation	1,274,045	1,204,914	2,478,959
Total long-term assets	1,274,045	1,204,914	2,478,959
Total Assets	3,668,669	1,727,082	5,395,751
Deferred outflows of resources related to pensions	168,832	-	168,832
Total assets and deferred outflows of resources	$ 3,837,501	$ 1,727,082	$ 5,564,583
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities			
Accounts payable	$ 22,407	$ 21,082	$ 43,489
Wages and payroll taxes payable	30,454	-	30,454
Accrued expenses	2,403	-	2,403
Deposits	11,760	-	11,760
Compensated absences, current portion	30,000	-	30,000
Total current liabilities	97,024	21,082	118,106
Long-term Liabilities			
Termination benefits	46,591	-	46,591
Compensated absences	11,540	-	11,540
Net pension liability	345,167	-	345,167
Total long-term liabilities	403,298	-	403,298
Total Liabilities	500,322	21,082	521,404
Deferred Inflows of Resources			
Unavailable revenue - property tax	394,725	-	394,725
Pensions	12,265	-	12,265
Total Deferred Inflows of Resources	406,990	-	406,990
Net Position			
Net investment in capital assets	1,274,045	1,204,914	2,478,959
Restricted			
Roads	45,742	-	45,742
Impact fees	120,234	-	120,234
Unrestricted	1,490,168	501,086	1,991,254
Total net position	2,930,189	1,706,000	4,636,189
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 3,837,501	$ 1,727,082	$ 5,564,583

See Notes to Financial Statements

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-type Activities	Net (Expense) Revenue and Change in Net Position: Total
Primary government:							
Governmental activities:							
Legislative	$ 19,536	$ -	$ -	$ -	$ (19,536)	$ -	$ (19,536)
Municipal building	26,287	-	-	-	(26,287)	-	(26,287)
Economic development	84,331	-	-	-	(84,331)	-	(84,331)
Judicial court	23,151	26,799	-	-	3,648	-	3,648
Administration	466,045	24,084	-	-	(441,961)	-	(441,961)
Non-departmental	32,824	-	-	-	(32,824)	-	(32,824)
Planning and zoning	30,089	-	-	-	(30,089)	-	(30,089)
Police department	819,909	12,400	77,931	-	(729,578)	-	(729,578)
Post office	32,539	-	21,196	-	(11,343)	-	(11,343)
Fire department	145,087	-	-	-	(145,087)	-	(145,087)
Building inspection	48,900	81,668	-	-	32,768	-	32,768
Streets	250	-	15,997	-	15,747	-	15,747
Recycling	11,236	1,593	-	-	(9,643)	-	(9,643)
Geographic information systems	1,764	-	-	-	(1,764)	-	(1,764)
Parks	21,658	-	4,289	-	(17,369)	-	(17,369)
Library and community center	5,565	2,100	-	-	(3,465)	-	(3,465)
Homeland security	43	-	2,415	-	2,372	-	2,372
Total governmental activities	1,769,214	148,644	121,828	-	(1,498,742)	-	(1,498,742)
Business-type activities							
Water	137,541	169,175	-	-	-	31,634	31,634
Sewer	120,192	86,018	-	-	-	(34,174)	(34,174)
Total business-type activities	257,733	255,193	-	-	-	(2,540)	(2,540)
Total primary government	$ 2,026,947	$ 403,837	$ 121,828	$ -	(1,498,742)	(2,540)	(1,501,282)
			General Revenues:				
			Property taxes		372,078	-	372,078
			General sales and use tax		1,346,088	-	1,346,088
			Energy sales and use tax		72,965	-	72,965
			Telephone use tax		6,831	-	6,831
			Other		9,734	-	9,734
			Investment earnings		23,218	22,753	45,971
			Total general revenues		1,830,914	22,753	1,853,667
			Change in net position		332,172	20,213	352,385
			Net position - beginning, restated		2,598,017	1,685,787	4,283,804
			Net position - ending		$ 2,930,189	$ 1,706,000	$ 4,636,189

See Notes to Financial Statements

Governmental Fund Financial Statements

Town of Alta
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Nonmajor Fund Capital Projects Fund	Total
Assets			
Cash and cash equivalents	$ 1,253,618	$ 185,155	$ 1,438,773
Accounts receivable			
Property tax	396,766	-	396,766
Due from other governments	71,363	-	71,363
Other	1,821	-	1,821
Due from other funds	485,901	-	485,901
Total assets	$ 2,209,469	$ 185,155	$ 2,394,624
Liabilities			
Accounts payable	$ 22,407	$ -	$ 22,407
Wages and payroll taxes payable	30,454	-	30,454
Accrued expenses	2,403	-	2,403
Deposits	11,760	-	11,760
Total liabilities	67,024	-	67,024
Deferred Inflows of Resources			
Unavailable revenue - property tax	394,725	-	394,725
Total Deferred Inflows of Resources	394,725	-	394,725
Fund Balances			
Restricted			
Roads	33,783		33,783
Impact fees	134,539		134,539
Committed to termination benefits	100,000		100,000
Assigned to capital projects	-	185,155	185,155
Assigned to balance the new year's budget	60,364	-	60,364
Unassigned	1,419,035	-	1,419,035
Total fund balances	1,747,720	185,155	1,932,875
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,209,469	$ 185,155	$ 2,394,624

Town of Alta
Reconciliation of the Governmental Fund Balance Sheet
To the Statement of Net Position
June 30, 2019

Total fund balances - Governmental Funds	$ 1,932,875
Amounts reported for governmental activities in the statement of net position is difference because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	1,274,045
Deferred outflows of resources related to pension are not applicable to the current period and therefore, are not reported in the governmental funds.	168,832
Long-term liabilities, including capital leases, termination benefits, compensated absences, and the net pension liability are not payable in the current period and therefore, are not reported in the governmental funds.	(433,298)
Deferred inflows of resources related to pensions are not applicable to the current period and therefore, are not reported in the governmental funds.	(12,265)
Total Net Position - Governmental Activities	$ 2,930,189

Town of Alta

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General Fund	Nonmajor Fund Capital Projects Fund	Total
Revenues			
Taxes	$ 1,797,962	$ -	$ 1,797,962
Licenses and permits	88,741	-	88,741
Intergovernmental	98,906	-	98,906
Charges for services	33,104	-	33,104
Fines and forfeitures	26,799	-	26,799
Contributions	14,333	-	14,333
Interest income	20,435	2,783	23,218
Miscellaneous	18,323	-	18,323
Total revenues	2,098,603	2,783	2,101,386
Expenditures			
Current:			
Legislative	18,885	-	18,885
Municipal building	12,148	-	12,148
Economic development	84,300	-	84,300
Judicial court	23,151	-	23,151
Administration	454,583	-	454,583
Non-departmental	47,364	-	47,364
Planning and zoning	30,089	-	30,089
Police department	768,085	-	768,085
Post office	30,113	-	30,113
Fire department	144,552	-	144,552
Building inspection	48,900	-	48,900
Streets	250	-	250
Recycling	11,236	-	11,236
Geographic information systems	889	-	889
Parks	20,054	-	20,054
Library and community center	4,742	-	4,742
Homeland security	43	-	43
Capital outlay	34,338	2,920	37,258
Debt service	9,979	-	9,979
Total expenditures	1,743,701	2,920	1,746,621
Revenues over (under) expenditures	354,902	(137)	354,765
Other Financing Sources (Uses)			
Transfers in	-	90,581	90,581
Transfers out	(90,581)	-	(90,581)
Total other financing sources	(90,581)	90,581	-
Net Change in Fund Balance	264,321	90,444	354,765
Fund balance - Beginning of Year, restated	1,483,399	94,711	1,578,110
Fund Balance - End of Year	$ 1,747,720	$ 185,155	$ 1,932,875

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net Change in Fund Balances - Governmental Funds	$	354,765
Amounts reported for governmental activities in the statement of activities are different because:		
The governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current year, these amounts were as follows:		
Acquisition of capital assets		34,338
Depreciation expense		(58,014)
The long-term portion of the liability for capital leases and termination 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:		
Capital lease payments		9,892
Change in termination benefits		(8,886)
Change in compensated absences		(16)
Pension expense is not reported at the governmental fund level but is reported in the statement of activities.		(14,907)
Reversal of a prior year accounts payable that was accrued at the government-wide level.		15,000
Change in Net Position of Governmental Activities	$	332,172

Proprietary Fund Financial Statements

Town of Alta
Statement of Net Position
Proprietary Funds
June 30, 2019

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 524,083	$ 407,517	$ 931,600
Accounts receivable	22,916	53,553	76,469
Total current assets	546,999	461,070	1,008,069
Long-term assets			
Capital assets			
Sewer system	848,218	-	848,218
Water system	-	1,964,092	1,964,092
Other machinery and equipment	-	17,923	17,923
Automobiles and trucks	11,505	11,505	23,010
Accumulated depreciation	(621,707)	(1,026,622)	(1,648,329)
Total long-term assets	238,016	966,898	1,204,914
Total Assets	785,015	1,427,968	2,212,983
Liabilities			
Current Liabilities			
Accounts payable	18,453	2,629	21,082
Due to other funds	83,015	402,886	485,901
Total liabilities	101,468	405,515	506,983
Net Position			
Net investment in capital assets	238,016	966,898	1,204,914
Unrestricted	445,531	55,555	501,086
Total net position	$ 683,547	$ 1,022,453	$ 1,706,000

See Notes to Financial Statements

Town of Alta

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
June 30, 2019

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Operating Revenues			
Service fees	$ 86,018	$ 169,175	$ 255,193
Total operating revenues	86,018	169,175	255,193
Operating Expenses			
Sewage disposal	70,883	-	70,883
Water costs	-	7,390	7,390
Depreciation	19,554	57,791	77,345
Personnel services	3,682	4,920	8,602
Materials, supplies and services	26,073	67,440	93,513
Total operating expenses	120,192	137,541	257,733
Operating Income	(34,174)	31,634	(2,540)
Non-Operating Revenue			
Interest income	13,593	9,160	22,753
Net non-operating revenue	13,593	9,160	22,753
Change in Net Position	(20,581)	40,794	20,213
Net Position, Beginning of Year	704,128	981,659	1,685,787
Net Position, End of Year	$ 683,547	$ 1,022,453	$ 1,706,000

See Notes to Financial Statements

Town of Alta
Statement of Cash Flow
Proprietary Funds
Year Ended June 30, 2019

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Operating Activities			
Receipts from customers	$ 83,755	$ 143,100	$ 226,855
Payments to suppliers	(95,751)	(75,347)	(171,098)
Payments to employees	(3,682)	(4,920)	(8,602)
Net Cash from Operating Activities	(15,678)	62,833	47,155
Non-Capital Financing Activities			
Payments on internal balances	11,173	13,412	24,585
Capital Financing Activities			
Purchase of capital assets	-	(36,525)	(36,525)
Net Cash used for Capital Financing Activities	-	(36,525)	(36,525)
Investment Activities			
Interest earned on cash and cash equivalents	13,591	9,160	22,751
Net Change in Cash and Cash Equivalents	9,086	48,880	57,966
Cash and Cash Equivalents, Beginning of Year	514,997	358,637	873,634
Cash and Cash Equivalents, End of Year	$ 524,083	$ 407,517	$ 931,600
Reconciliation of Operating Income (loss) to Net Cash from (used by) Operating Activities			
Operating Income	$ (34,174)	$ 31,634	$ (2,540)
Adjustments to reconcile operating gain to net cash from operating activities:			
Depreciation	19,554	57,791	77,345
Changes in assets and liabilities:			
Accounts receivable	(2,263)	(26,075)	(28,338)
Accounts payable	1,205	(517)	688
Net Cash from (used by) Operating Activities	$ (15,678)	$ 62,833	$ 47,155

Notes to the Financial Statements

NOTE 1: Organization and 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. Basis of Accounting

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.

NOTE 1: Organization and Summary of Significant Accounting Policies (Continued)

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% 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% 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 only nonmajor fund is the Capital Projects fund.

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.

Aggregate Remaining Fund Information – The Town's only nonmajor fund is the Capital Projects fund. The fund is established to account for resources devoted to major capital projects other than those financed by the proprietary funds.

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.

NOTE 1: Organization and Summary of Significant Accounting Policies (Continued)

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.

NOTE 1: Organization and Summary of Significant Accounting Policies (Continued)

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.

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 (Cash Equivalents)

The Town's investments in the State Treasurer's Investment Pool (an external investment pool) are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. 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.

NOTE 1: Organization and Summary of Significant Accounting Policies (Continued)

G. Fund Balances – General Fund (Continued)

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:

Item	Years
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

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.

NOTE 1: Organization and Summary of Significant Accounting Policies (Continued)

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 Payables

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 June 2018. The Council held a public meeting to officially amend the budget in June 2019. Appropriations may not legally be made in excess of budgeted amounts by department.

NOTE 1: Organization and Summary of Significant Accounting Policies (Continued)

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.

NOTE 2: Cash Deposits and Investments (Cash Equivalents)

Cash Deposits – At year end, the Town's cash balances on deposit were $288,661 in total within two different banking institutions. The book balances as of June 30, 2019, did not exceed the federal depository insurance limit. No deposits are collateralized. The carrying value of the Town's cash deposits were $254,280.

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 Town's policy for managing custodial credit risk is to deposit funds in financial institutions whose deposits are insured by the federal government. At times, the Town's deposit balance may exceed federally insured limits. 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 Money Management Act defines the types of securities authorized as appropriate investments for the Town's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. The Act authorizes the Town to invest in the following types of instruments:

1. Negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories,

2. Repurchase and reverse repurchase agreements,

3. Commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations,

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, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae),

NOTE 2: Cash Deposits and Investments (Cash Equivalents) (Continued)

7. Bonds, notes, and other evidence of indebtedness of political subdivisions of the State,

8. Fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations,

9. Shares or certificates in a money market mutual fund as defined in the Money Management Act, and

10. Utah State Public Treasurers' Investment Fund.

The Town has invested the majority of its temporarily idle funds with the Utah Public Treasurer's Investment Fund (PTIF). The Utah State Treasurer's Office operates the PTIF. The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. Parties interested in learning what specific investments comprise the State Treasurer's Fund may contact the Utah State Treasurer's Office.

The PTIF operates and reports to participants on an amortized cost basis, then reports at fair value as of December 31 and June 30. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments - The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

At June 30, 2019, the Town had $2,116,093 in the Utah State Public Treasurers' Investment Fund. These investments were valued by applying the June 30, 2019 fair value factor, as calculated by the Utah State Treasurer, to the Town's average daily balance in the Fund. Such valuation is considered a Level 2 valuation for GASB 72 purposes.

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:

Cash and Cash Equivalents	
Cash	$ 254,280
Utah Public Treasurer's Investment Fund	2,116,093
Cash and cash equivalents (fair value)	$ 2,370,373

NOTE 2: Cash Deposits and Investments (Cash Equivalents) (Continued)

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's does not have a formal policy for managing concentration of credit risks but is in the practice of investing idle funds with the PTIF.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town does not have a formal policy for managing investment credit risk but is in the practice of making all investments with the PTIF. The PTIF is not quality-rated.

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, 2019:

	Balance June 30, 2018	Additions	Transfers or Deletions	Balance June 30, 2019
Governmental activities				
Capital assets not being depreciated				
Land acquisition costs	$ 899,000	$ -	$ -	$ 899,000
Capital assets being depreciated				
Buildings and other improvements	954,526	-	-	954,526
Machinery and equipment	327,276	34,338	-	361,614
Autos and trucks	148,434	-	-	148,434
Total capital assets being depreciated	1,430,236	34,338	-	1,464,574
Accumulated depreciation				
Buildings and other improvements	(671,132)	(19,711)	-	(690,843)
Machinery and equipment	(262,173)	(12,344)	-	(274,517)
Autos and trucks	(98,210)	(25,959)	-	(124,169)
Total accumulated depreciation	(1,031,515)	(58,014)	-	(1,089,529)
Total capital assets being depreciated, net	398,721	(23,676)	-	375,045
Governmental activities capital assets, net	$ 1,297,721	$ (23,676)	$ -	$ 1,274,045

NOTE 3: Capital Assets (Continued)

	Balance June 30, 2018	Additions	Transfers or Deletions	Balance June 30, 2019
Business-type activities				
Capital assets being depreciated				
Sewer system	$ 848,218	$ -	$ -	$ 848,218
Water system	1,940,465	36,525	(12,897)	1,964,093
Other machinery and equipment	31,617	-	(13,694)	17,923
Autos and trucks	23,010	-	-	23,010
Total capital assets being depreciated	2,843,310	36,525	(26,591)	2,853,244
Accumulated depreciation				
Sewer system	(590,223)	(19,554)	(425)	(610,202)
Water system	(961,320)	(56,722)	15,870	(1,002,172)
Other machinery and equipment	(23,025)	(1,069)	11,148	(12,946)
Autos and trucks	(23,010)	-	-	(23,010)
Total accumulated depreciation	(1,597,578)	(77,345)	26,593	(1,648,330)
Total capital assets being depreciated, net	1,245,732	(40,820)	2	1,204,914
Business-type activities capital assets, net	$ 1,245,732	$ (40,820)	$ 2	$ 1,204,914

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

	Depreciation Expense
Governmental activities:	
Municipal building	$ 14,139
Economic development	31
Administration	651
Non-departmental	460
Police department	36,470
Post office	2,426
Fire department	535
Geographic information systems	875
Summer program	1,604
Library and community center	823
Total depreciation expense - governmental activities	$ 58,014
Business-type activities:	
Sewer	19,554
Water	57,791
Total depreciation expense - business-type activities	$ 77,345

NOTE 4: Obligations Payable

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

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Governmental activities					
Capital vehicle leases	$ 9,892	$ -	$ (9,892)	$ -	$ -
Termination benefits	37,705	8,886	-	46,591	-
Compensated absences	41,524	30,441	(30,425)	41,540	30,000
Net pension liability	204,532	140,635	-	345,167	-
Total governmental activities	293,653	179,962	(40,317)	433,298	30,000
Business-type activities	-	-	-	-	-
Total long-term liabilities	$ 293,653	$ 179,962	$ (40,317)	$ 433,298	$ 30,000

Capital Vehicle Leases — As of June 30, 2019, the Town has fully paid the capital vehicle lease off.

Termination Benefits — Termination benefits are available for certain appointed officials, currently two, 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. The Town records these voluntary termination benefits at the undiscounted total of estimated future benefit payments using current cost levels. For involuntary termination, the benefits may accumulate up to a maximum of twenty-six weeks. These involuntary termination amounts have not been accrued in the fund financial statements and have not been budgeted because the expected amount of the benefits is not estimable. They have been accrued in the government-wide statement.

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.

Net Pension Liability — See note 6 for information relating to the net pension liability obligation.

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 at this time.

NOTE 6: Employee Retirement Systems and Pension Plans

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

NOTE 6: Employee Retirement Systems and Pension Plans (Continued)

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory 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 Utah State Retirement 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:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Service	COLA**
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years, age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* *with actuarial reductions.*

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

NOTE 6: Employee Retirement Systems and Pension Plans (Continued)

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019 are as follows:

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

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

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

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 70,922	N/A
Tier 2 Public Employees System	$ 12,572	-
Tier 2 DC Only System	$ 2,436	N/A
Total Contributions	$ 85,930	$ -

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

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

At June 30, 2019, we reported a net pension asset of $0 and a net pension liability of $345,167.

	(Measurement Date): December 31, 2018				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2017	Change
Noncontributory System	$ -	$ 343,240	0.4661230%	0.0466123%	0.4195107%
Tier 2 Public Employes System		$ 1,927	0.0044984%	0.0041451%	0.0003533%
Total	$ -	$ 345,167			

NOTE 6: Employee Retirement Systems and Pension Plans (Continued)

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

For the year ended June 30, 2019, we recognized pension expense of $100,807.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,429	$ 6,800
Changes in assumptions	46,464	35
Net difference between projected and actual earnings on pension plan investments	72,051	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,933	5,430
Contributions subsequent to the measurement date	40,955	-
	$ 168,832	$ 12,265

$40,955 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2019	$ 52,118
2020	19,769
2021	9,194
2022	34,143
2023	52
Thereafter	336

NOTE 6: Employee Retirement Systems and Pension Plans (Continued)

Actuarial Assumptions

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

Inflation	2.50 percent
Salary Increases	3.25 – 9.75 percent, average, including inflation
Investment Rate of Return	6.95 percent, net of pension plan investment expense, including inflation

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

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

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

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long Term Expected Portfolio Real Rate of Return
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00%	0.40%	0.08%
Real assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.89%
Absolute return	16.00%	2.85%	0.46%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.75%
Inflation			2.50%
Expected arithmetic nominal return			7.25%

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

NOTE 6: Employee Retirement Systems and Pension Plans (Continued)

Discount Rate

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

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

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	$ 703,457	$ 343,240	$ 43,275
Tier 2 Public Employees System	7,718	1,927	(2,543)
Total	$ 711,175	$ 345,167	$ 40,732

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

The town of Alta participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- Roth IRA Plan

NOTE 6: Employee Retirement Systems and Pension Plans (Continued)

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

	2019	2018	2017
401(k) Plan			
Employer Contributions	$ 25,416	$ 24,963	$ 23,946
Employee Contributions	33,961	29,096	24,474
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ 15,129	$ 9,400	$ 7,850

NOTE 7: Interfund Balances and Transfers

The Town has interfund balances relating to amounts advanced from/to other funds. As of June 30, 2019, these internal balances consisted of the following:

	Due from other funds	Due to other funds
Governmental fund:		
General fund	$ 485,901	$ -
Proprietary funds		
Sewer fund	-	83,015
Water fund	-	402,886
Totals	$ 485,901	$ 485,901

As of June 30, 2019 operating transfers in/out to other funds consisted of the following:

	Transfers in	Transfers out
Governmental funds:		
General fund	$ -	$ 90,581
Capital Projects fund	90,581	-
Totals	$ 90,581	$ 90,581

These amounts were transferred to help fund future capital projects.

NOTE 8: Related Party Transactions

Fire protection for the Town is provided by the Unified Fire Authority (UFA) on a contract basis. Under the terms of the contract, the Town's mayor for part of the year ended June 30, 2019 was also a member of the UFA's board of directors. During the year ended June 30, 2019, the Town paid $144,552 to UFA for fire protection.

NOTE 9: Restatement of Beginning Fund Balance and Net Position

During preparation for the audit of the June 30, 2019 financial statements, it was noted that in the June 30, 2018 financial statements amounts relating to receivables and revenues in the general fund that should have been accrued were not. The effects of this error results in a restatement of the beginning fund balance of the General Fund and beginning net position in the Statement of Activities. The table below summarizes the change in the General Fund and Statement of Activities:

	General Fund	Governmental Activities Statement of Activities
Fund balance/Net position - Beginning of Year	$ 1,450,632	$ 2,565,250
Adjustment to fund balance:		
Unrecorded prior year receivables and revenue	32,767	32,767
Fund balance/Net position - Beginning of Year, restated	$ 1,483,399	$ 2,598,017

Required Supplementary Information

Measurement Date December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
Noncontributory System					
2018	0.0466123%	$ 343,240	$ 465,103	73.80%	87.0%
2017	0.0465996%	204,167	460,096	44.37%	90.2%
2016	0.0484515%	311,118	475,177	65.47%	87.3%
2015	0.0452258%	255,910	424,927	60.22%	87.8%
2014	0.0445358%	193,385	420,073	46.04%	90.2%
Tier 2 Public Employees Systems					
2018	0.0044984%	$ 1,927	$ 52,327	3.68%	90.8%
2017	0.0041451%	365	40,561	0.90%	97.4%
2016	0.0051166%	571	41,960	1.36%	95.1%
2015	0.0061727%	(13)	39,880	(0.03%)	100.2%
2014	0.0091622%	(278)	45,043	(0.62%)	103.5%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the district will present information for those years for which information is available.

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System					
2019	$ 70,922	$ 70,922	$ -	$ 442,266	16.04%
2018	78,304	78,304	-	478,487	16.36%
2017	75,067	75,067	-	461,238	16.28%
2016	73,495	73,495	-	448,477	16.39%
2015	67,158	67,158	-	409,786	16.39%
2014	70,781	70,781	-	454,178	15.58%
Tier 2 Public Employees System**					
2019	$ 12,572	$ 12,572	$ -	$ 80,902	15.54%
2018	6,458	6,458	-	42,741	15.11%
2017	6,149	6,149	-	41,240	14.91%
2016	6,069	6,069	-	40,706	14.91%
2015	7,047	7,047	-	47,172	14.94%
2014	2,832	2,832	-	20,242	13.99%
Tier 2 Public Employees DC Only**					
2019	$ 2,436	$ 2,436	$ -	$ 36,408	6.69%
2018	2,447	2,447	-	36,573	6.69%
2017	2,249	2,249	-	33,620	6.69%
2016	2,190	2,190	-	32,729	6.69%
2015	1,301	1,301	-	19,362	6.72%
2014	-	-	-	-	0.00%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the district will present information for those years for which information is available.

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

NOTE 1: Changes in Assumptions

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

Town of Alta

Budgetary Comparison – General Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance of Final Budget
Revenues				
Taxes	$ 1,450,703	$ 1,715,157	$ 1,797,962	$ 82,805
Licenses and permits	35,000	54,564	88,741	34,177
Intergovernmental	49,850	83,425	98,906	15,481
Charges for services	5,100	16,762	33,104	16,342
Fines and forfeitures	24,000	24,879	26,799	1,920
Contributions	12,250	12,250	14,333	2,083
Interest income	7,000	16,335	20,435	4,100
Miscellaneous	19,000	31,176	18,323	(12,853)
Total revenues	1,602,903	1,954,548	2,098,603	144,055
Expenditures				
Current:				
Legislative	20,500	20,500	18,885	1,615
Municipal building	12,450	13,050	12,148	902
Economic development	84,000	84,000	84,300	(300)
Judicial court	25,192	25,278	23,151	2,127
Administration	452,929	460,540	454,583	5,957
Non-departmental	56,657	47,600	47,364	236
Planning and zoning	33,100	30,720	30,089	631
Police department	698,712	774,397	768,085	6,312
Post office	30,736	30,252	30,113	139
Fire department	146,000	146,000	144,552	1,448
Building inspection	29,400	39,900	48,900	(9,000)
Streets	13,000	13,000	250	12,750
Recycling	17,900	14,600	11,236	3,364
Geographic information systems	2,282	930	889	41
Parks	7,418	55,700	20,054	35,646
Library and community center	6,434	5,084	4,742	342
Homeland security	1,000	100	43	57
Capital Outlay	35,000	35,000	34,338	662
Debt Service	10,000	10,000	9,979	21
Total expenditures	1,682,710	1,806,651	1,743,701	62,950
Revenues over (under) expenditures	(79,807)	147,897	354,902	81,105
Other Financing Sources (uses)				
Transfers from other funds	-	2,497	-	(2,497)
Transfers to other funds	-	(90,000)	(90,581)	(581)
Total other financing sources	-	(87,503)	(90,581)	(3,078)
Net Change in Fund Balance	(79,807)	60,394	264,321	78,027
Fund balance - Beginning of Year, restated	1,483,399	1,483,399	1,483,399	-
Fund Balance - End of Year	$ 1,403,592	$ 1,543,793	$ 1,747,720	$ 78,027

Supplementary Information

Town of Alta

Budgetary Comparison – Nonmajor Fund: Capital Projects Fund
For the year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance of Final Budget
Revenues				
Interest income	$ -	$ 2,500	$ 2,783	$ 283
Total revenues	-	2,500	2,783	283
Expenditures				
Current:				
Capital outlay	-	-	2,920	(2,920)
Total expenditures	-	-	2,920	(2,920)
Revenues over (under) expenditures	-	2,500	(137)	3,203
Other Financing Sources (uses)				
Transfers from other funds	-	90,414	90,581	167
Transfers to other funds	-	(2,497)	-	2,497
Total other financing sources	-	87,917	90,581	2,664
Net Change in Fund Balance	-	90,417	90,444	5,867
Fund balance - Beginning of Year	94,711	94,711	94,711	-
Fund Balance - End of Year	$ 94,711	$ 185,128	$ 185,155	$ 5,867

Reporting Required by *Government Auditing Standards* and *State Compliance Audit Guide*

EideBailly

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, each major fund, and the aggregate remaining fund information of Town of Alta as of and for the year ended June 30, 2019, 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 11, 2019.

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 have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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 deficiency described in the accompanying schedule of findings and responses as item 2019-A to be a 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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-B to be a significant deficiency.

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

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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. Town of Alta's response was not subjected to the auditing procedures applied in the audit of the financial statements, 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.

Eide Bailly LLP

Salt Lake City, Utah
December 11, 2019

EideBailly

CPAs & BUSINESS ADVISORS

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

The Honorable Mayor and Town Council
Town of Alta, Utah

Report on Compliance

We have audited Town of Alta's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide,* issued by the Office of the Utah State Auditor, for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

Budgetary Compliance
Fund Balance
Justice Courts
Utah Retirement Systems
Restricted Taxes and Related Revenues
Open and Public Meetings Act
Public Treasurer's Bond
Enterprise Fund Transfers, Reimbursements, Loans, and Services

Management's Responsibility
Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility
Our responsibility is to express an opinion on Town of Alta's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the Town of Alta's compliance with those requirements.

Opinion on Compliance
In our opinion, Town of Alta complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

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Report on Internal Control over Compliance

Management of Town of Alta is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Alta's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 to detect and correct noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Salt Lake City, Utah
December 11, 2019

2019-A Internal Control over Financial Reporting – Year-end Closing Procedures and Corrected Misstatements

Statement of Condition: Management is responsible for the fair presentation of the financial statements in accordance with generally accepted accounting principles. During the audit, we identified certain misstatements, which were accepted and corrected by the Town's management, in the areas of accounts receivable and transfers in and out. In addition, the Town's management identified an error in the June 30, 2018 financial statements previously issued, which led to a beginning balance correction on the June 30, 2019 financial statements. These conditions indicate that closing procedures may not have been adequate to identify all errors prior to each audit.

Cause: Changes in the Town's utility billing procedures led to the misstatement in accounts receivable. The transfer was a type of transaction that has been infrequent, thus a human coding error occurred. The Town hired a new accountant, whose additional review procedures identified the prior year error.

Potential Effects: Potential for misstatements in the financial statements to go undetected by management if additional controls are not implemented.

Recommendation: Internal controls should exist to ensure that all significant transactions are correctly classified and coded.

Corrective Action Plan: Both the receivable misstatement and the transfer error were teachable incidents that should not be repeated. As new software modules integrate into the existing accounting procedure, the town staff will be attentive to identifying when receivables need to be booked and ensuring that transactions are posted correctly. As another level of monitoring these potential errors, the accounting firm of Keddington and Christensen will help staff identify irregularities.

Contact: Piper Lever (801) 363-5105

2019-B Segregation of Duties – Cash Receipting and Payroll

Statement of Condition: Adequate segregation of duties is necessary as an internal control to prevent and detect errors or fraud and to provide assurance that transactions are properly authorized and recorded. Beginning in June 2019, the Town employee in charge of accepting cash payments for utility bills was also recording the receipts in the accounting system. Ideally, the duties of custody of payments received and recording those payments should each be performed by two different people. In addition, the Town has not required a supervisor approval on timecards unless overtime is on the timecard. As a compensating control, the Town Clerk and Deputy Town Clerk review the payroll register before payment is made.

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: These conditions increase the risk that an error or fraud could go undetected by management.

Recommendation: Duties should be assigned such that the person recording payments received does not have custody of the payments. Additional timecard approval controls can be implemented to ensure

supervisors with knowledge of the employees' whereabouts during scheduled work hours are reviewing time records for accuracy, regardless of whether overtime is reported.

Corrective Action Plan:

Payroll: Supervisors will approve employee timecards. As a compensatory control, the Town Clerk and Deputy Town Clerk are familiar enough with the fulltime employee schedules to identify any irregularities.

Cash Receipting: It is a challenge to segregate the cash receipting duties for such a small office staff. We instituted a control which has two employees receipting payments and preparing deposit slips, a different employee (deputy town clerk) recording the payments, a third employee (town clerk) matching the bank deposit slips with the cash receipt reports, and the town clerk reconciling the bank statements. As compensating monitoring and detective controls, the town clerk will perform periodic reviews of the general ledger, cash receipts and accounts receivable reports. The Town Administrator/Treasurer and Mayor review bank reconciliations and comparison of budget to actual reports monthly. The Town Council also reviews the budget to actual comparison monthly.

Contact: Piper Lever (801) 363-5105