

Town of Alta
Financial Statements
June 30, 2021



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GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Alta, Utah (the Town), as of and for the year ended June 30, 2021, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Alta, as of June 30, 2021 and the respective changes in financial position and cash flows, where applicable, , thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the respective budgetary comparison for the General Fund, and the required supplementary information regarding pensions, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Supplemental information, including is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison, as listed as supplemental information in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, budgetary comparison 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 November 30,2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Provo, Utah
November 30, 2021

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, 2021.

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 \$1,739,105. A majority of the operating revenue in the general fund 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, 2021, the Town of Alta's overall increase to its net position of \$561,823 (change in net position) compared to the change in position reported in the prior year of \$256,689.

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 37 of this report.

Government-wide Financial Analysis

The tables provided hereafter show net position, changes in net position, capital assets, and debt activity for the year ended June 30, 2021. Data for the year ended June 30, 2020 (the 2020 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 \$5,454,701 (net position) at June 30, 2021. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,892,878 at June 30, 2020. \$2,451,885, or 45% of The Town's net position at the 2021 fiscal year end (49% at the 2020 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, 2021 and 2020:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 2,798,626	\$ 2,587,848	\$ 739,122	\$ 657,712	\$ 3,537,748	\$ 3,245,560
Capital assets, net	1,329,514	1,301,484	1,122,371	1,131,719	2,451,885	2,433,203
Total assets	4,128,140	3,889,332	1,861,493	1,789,431	5,989,633	5,678,763
Deferred outflows of resources	86,953	80,629	-	-	86,953	80,629
Current and other liabilities	98,837	120,308	13,173	9,388	112,010	129,696
Long-term liabilities	85,274	238,441	-	-	85,274	238,441
Total liabilities	184,111	358,749	13,173	9,388	197,284	368,137
Deferred inflows of resources	424,601	498,377	-	-	424,601	498,377
Net position:						
Net investment in capital assets	1,329,514	1,283,424	1,122,371	1,131,719	2,451,885	2,415,143
Restricted:						
Roads	42,774	36,402	-	-	42,774	36,402
Impact fees	36,549	139,375	-	-	36,549	139,375
Unrestricted	2,197,544	1,653,634	725,949	648,324	2,923,493	2,301,958
Total net position	\$ 3,606,381	\$ 3,112,835	\$ 1,848,320	\$ 1,780,043	\$ 5,454,701	\$ 4,892,878

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 2021 by \$561,823 and increased in 2020 by \$256,689. The increase in fiscal year 2021 is primarily due to increased intergovernmental revenues of \$147,795 over the previous year, and decreases in expenses of \$160,177 over the previous year. Expense reductions from the previous year were more notable in the Economic Development (\$84,031), Fire Department (\$73,686) and Administration (\$46,778) function. More detail on the actual expenditures in these departments is provided in the section titled "Budgetary Highlights".

Town of Alta
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021

The elements of the increase in net position for the 2021 and 2020 fiscal years are as follows:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 145,140	\$ 105,406	\$ 329,825	\$ 301,185	\$ 474,965	\$ 406,591
Operating grants and contributions	180,631	67,470	34,634	-	215,265	67,470
Capital grants and contributions	34,260	33,136	-	-	34,260	33,136
General revenues:						
Property taxes	408,741	415,177	-	-	408,741	415,177
General sales and use tax	1,261,929	1,291,483	-	-	1,261,929	1,291,483
Energy sales and use tax	72,068	70,312	-	-	72,068	70,312
Telephone use tax	6,128	6,511	-	-	6,128	6,511
Other	6,550	3,579	-	-	6,550	3,579
Unrestricted investment earnings	7,527	25,404	4,108	16,921	11,635	42,325
Gain on sale of assets	-	-	-	10,000	-	10,000
Total revenues	2,122,974	2,018,478	368,567	328,106	2,491,541	2,346,584
Expenses:						
Legislative	17,714	19,507	-	-	17,714	19,507
Municipal building	40,604	49,866	-	-	40,604	49,866
Economic development	-	84,031	-	-	-	84,031
Judicial court	17,507	23,210	-	-	17,507	23,210
Administration	424,543	471,321	-	-	424,543	471,321
Non-departmental	26,242	29,660	-	-	26,242	29,660
Transportation	2,171	24,295	-	-	2,171	24,295
Planning and zoning	19,464	25,880	-	-	19,464	25,880
Police department	810,195	817,868	-	-	810,195	817,868
Post office	34,573	33,984	-	-	34,573	33,984
Fire department	79,514	153,200	-	-	79,514	153,200
Building inspection	19,681	21,651	-	-	19,681	21,651
Streets	9,498	24,889	-	-	9,498	24,889
Recycling	21,029	19,200	-	-	21,029	19,200
Geographic information systems	875	1,037	-	-	875	1,037
Parks	24,175	23,248	-	-	24,175	23,248
Library and community center	81,463	12,985	-	-	81,463	12,985
Homeland security	180	-	-	-	180	-
Water	-	-	190,463	161,954	190,463	161,954
Sewer	-	-	109,827	92,109	109,827	92,109
Total expenses	1,629,428	1,835,832	300,290	254,063	1,929,718	2,089,895
Change in net position	493,546	182,646	68,277	74,043	561,823	256,689
Net position - beginning	3,112,835	2,930,189	1,780,043	1,706,000	4,892,878	4,636,189
Net position - ending	\$ 3,606,381	\$ 3,112,835	\$ 1,848,320	\$ 1,780,043	\$ 5,454,701	\$ 4,892,878

Budgetary Highlights

During the fiscal year, the Town amended the general fund budget as a result of better-than-expected sales and use tax revenues. Overall the revenues budget was increased by \$545,786. The Town also amended the budget to increase expenditures slightly (\$18,840) while also approving a transfer to the Town's capital projects fund of \$422,997.

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation, amounted to \$2,451,885 as of June 30, 2021 and \$2,433,203 as of June 30, 2020. The investment includes land, buildings and related improvements, machinery and equipment, autos and trucks, and municipal utility distribution systems. The significant asset activity of the Town consisted of completing the signs for the Lower Albion Meadow trail, the purchase of two police vehicles (trucks), and water system improvements at the Bay City mine.

Town of Alta
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021

For the 2021 and 2020 fiscal years, capital asset activity is summarized as follows:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 899,000	\$ 899,000	\$ -	\$ -	\$ 899,000	\$ 899,000
Construction in process	-	7,500	-	-	-	7,500
Buildings and other improvements	954,526	954,526	-	-	954,526	954,526
Sewer system	-	-	848,218	848,218	848,218	848,218
Water system	-	-	2,030,241	1,969,394	2,030,241	1,969,394
Machinery and equipment	385,542	361,614	17,923	17,923	403,465	379,537
Autos and trucks	288,245	221,465	-	-	288,245	221,465
Total	2,527,313	2,444,105	2,896,382	2,835,535	5,423,695	5,279,640
Less accumulated depreciation	(1,197,799)	(1,142,621)	(1,774,011)	(1,703,816)	(2,971,810)	(2,846,437)
Total capital assets, net	\$ 1,329,514	\$ 1,301,484	\$ 1,122,371	\$ 1,131,719	\$ 2,451,885	\$ 2,433,203

Long-Term Debt

At June 30, 2021 the Town had \$126,274 in long term debt for governmental activities and \$0 for business-type activities. At June 30, 2020 the Town had \$281,089 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, 2020	Incurred or Issued	Satisfied or Matured	Balance June 30, 2021
Governmental activities:				
Capital vehicle lease	\$ 18,060	\$ -	\$ (18,060)	\$ -
Termination benefits	48,527	2,244	-	50,771
Compensated absences	52,254	41,172	(41,741)	51,685
Net pension liability	162,248	-	(138,430)	23,818
Total governmental activities	281,089	43,416	(198,231)	126,274
Business-type activities:	-	-	-	-
Total obligations	\$ 281,089	\$ 43,416	\$ (198,231)	\$ 126,274

Next Year's Budget

The budget for the fiscal year ending June 30, 2022 was prepared using conservative expenditure/expense while still being cautious regarding the unknowns related to the global COVID-19 pandemic. As a result, the Town budgeted for decreased revenues and expenditures. The Town has budgeted for several projects to maintain the Town's infrastructure as well as add signage and improvements to trails. The Town also anticipates purchasing some equipment for the police department, municipal building, and others.

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, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,939,084	\$ 1,080,871	\$ 3,019,955
Accounts receivable			
Service fees	-	77,502	77,502
Property tax	244,146	-	244,146
Due from other governments	73,995	-	73,995
Other	872	-	872
Internal balances	419,251	(419,251)	-
Restricted cash and cash equivalents	121,278	-	121,278
Total current assets	2,798,626	739,122	3,537,748
Long-term assets			
Capital assets, net of accumulated depreciation	1,329,514	1,122,371	2,451,885
Total long-term assets	1,329,514	1,122,371	2,451,885
Total Assets	4,128,140	1,861,493	5,989,633
Deferred outflows of resources related to pensions	86,953	-	86,953
Total assets and deferred outflows of resources	\$ 4,215,093	\$ 1,861,493	\$ 6,076,586
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities			
Accounts payable	\$ 15,804	\$ 13,173	\$ 28,977
Wages and payroll taxes payable	24,088	-	24,088
Accrued expenses	2,185	-	2,185
Deposits	15,760	-	15,760
Compensated absences, current portion	41,000	-	41,000
Total current liabilities	98,837	13,173	112,010
Long-term Liabilities			
Termination benefits	50,771	-	50,771
Compensated absences	10,685	-	10,685
Net pension liability	23,818	-	23,818
Total long-term liabilities	85,274	-	85,274
Total Liabilities	184,111	13,173	197,284
Deferred Inflows of Resources			
Unavailable revenue - property tax	242,937	-	242,937
Pensions	181,664	-	181,664
Total Deferred Inflows of Resources	424,601	-	424,601
Net Position			
Nonspendable - prepaid			
Net investment in capital assets	1,329,514	1,122,371	2,451,885
Restricted			
Roads	42,774	-	42,774
Impact fees	36,549	-	36,549
Unrestricted	2,197,544	725,949	2,923,493
Total net position	3,606,381	1,848,320	5,454,701
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,215,093	\$ 1,861,493	\$ 6,076,586

Town of Alta
Statement of Activities
Year Ended June 30, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Legislative	\$ 17,714	\$ -	\$ -	\$ -	\$ (17,714)	\$ -	\$ (17,714)
Municipal building	40,604	-	-	-	(40,604)	-	(40,604)
Judicial court	17,507	25,535	-	-	8,028	-	8,028
Administration	424,543	21,830	132,673	14,390	(255,650)	-	(255,650)
Non-departmental	26,242	-	-	-	(26,242)	-	(26,242)
Transportation	2,171	-	-	-	(2,171)	-	(2,171)
Planning and zoning	19,464	-	-	-	(19,464)	-	(19,464)
Police department	810,195	16,485	26,108	-	(767,602)	-	(767,602)
Post office	34,573	-	21,850	-	(12,723)	-	(12,723)
Fire department	79,514	-	-	-	(79,514)	-	(79,514)
Building inspection	19,681	78,775	-	-	59,094	-	59,094
Streets	9,498	-	-	15,870	6,372	-	6,372
Recycling	21,029	1,765	-	-	(19,264)	-	(19,264)
Geographic information systems	875	-	-	-	(875)	-	(875)
Parks	24,175	-	-	4,000	(20,175)	-	(20,175)
Library and community center	81,463	750	-	-	(80,713)	-	(80,713)
Homeland security	180	-	-	-	(180)	-	(180)
Total governmental activities	<u>1,629,428</u>	<u>145,140</u>	<u>180,631</u>	<u>34,260</u>	<u>(1,269,397)</u>	<u>-</u>	<u>(1,269,397)</u>
Business-type activities							
Water	190,463	204,729	34,634	-	-	48,900	48,900
Sewer	109,827	125,096	-	-	-	15,269	15,269
Total business-type activities	<u>300,290</u>	<u>329,825</u>	<u>34,634</u>	<u>-</u>	<u>-</u>	<u>64,169</u>	<u>64,169</u>
Total primary government	<u>\$ 1,929,718</u>	<u>\$ 474,965</u>	<u>\$ 215,265</u>	<u>\$ 34,260</u>	<u>(1,269,397)</u>	<u>64,169</u>	<u>(1,205,228)</u>
General Revenues:							
Property taxes					408,741	-	408,741
General sales and use tax					1,261,929	-	1,261,929
Energy sales and use tax					72,068	-	72,068
Telephone use tax					6,128	-	6,128
Other					6,550	-	6,550
Investment earnings					7,527	4,108	11,635
Total general revenues					<u>1,762,943</u>	<u>4,108</u>	<u>1,767,051</u>
Change in net position					493,546	68,277	561,823
Net position - beginning					<u>3,112,835</u>	<u>1,780,043</u>	<u>4,892,878</u>
Net position - ending					<u>\$ 3,606,381</u>	<u>\$ 1,848,320</u>	<u>\$ 5,454,701</u>

Governmental Fund Financial Statements

Town of Alta
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Nonmajor Fund Capital Projects Fund	Total
Assets			
Cash and cash equivalents	\$ 1,341,101	\$ 597,983	\$ 1,939,084
Accounts receivable			
Property tax	244,146	-	244,146
Due from other governments	73,995	-	73,995
Other	872	-	872
Due from other funds	419,251	-	419,251
Restricted cash and cash equivalents	121,278	-	121,278
Total assets	<u>\$ 2,200,643</u>	<u>\$ 597,983</u>	<u>\$ 2,798,626</u>
Liabilities			
Accounts payable	\$ 15,804	\$ -	\$ 15,804
Wages and payroll taxes payable	24,088	-	24,088
Accrued expenses	2,185	-	2,185
Deposits	15,760	-	15,760
Total liabilities	<u>57,837</u>	<u>-</u>	<u>57,837</u>
Deferred Inflows of Resources			
Unavailable revenue - property tax	242,937	-	242,937
Total Deferred Inflows of Resources	<u>242,937</u>	<u>-</u>	<u>242,937</u>
Fund Balances			
Restricted:			
Roads	42,774	-	42,774
Impact fees	36,549	-	36,549
Committed to termination benefits	100,000	-	100,000
Assigned to capital projects	-	597,983	597,983
Unassigned	1,720,546	-	1,720,546
Total fund balances	<u>1,899,869</u>	<u>597,983</u>	<u>2,497,852</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,200,643</u>	<u>\$ 597,983</u>	<u>\$ 2,798,626</u>

Town of Alta
 Reconciliation of the Governmental Fund Balance Sheet
 To the Statement of Net Position
 June 30, 2021

Total fund balances - Governmental Funds	\$ 2,497,852
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.	1,329,514
Deferred outflows of resources related to pension are not applicable to the current period and therefore, are not reported in the governmental funds.	86,953
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.	
Termination benefits	(50,771)
Compensated absences	(51,685)
Net pension liability	(23,818)
Deferred inflows of resources related to pensions are not applicable to the current period and therefore, are not reported in the governmental funds.	(181,664)
Total Net Position - Governmental Activities	\$ 3,606,381

Town of Alta
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	General Fund	Nonmajor Fund	
		Capital Projects Fund	Total
Revenues			
Taxes	\$ 1,748,866	\$ -	\$ 1,748,866
Licenses and permits	87,252	-	87,252
Intergovernmental	196,101	-	196,101
Charges for services	32,353	-	32,353
Fines and forfeitures	25,535	-	25,535
Contributions	4,000	-	4,000
Interest income	6,690	837	7,527
Impact fees	14,390	-	14,390
Miscellaneous	6,950	-	6,950
Total revenues	<u>2,122,137</u>	<u>837</u>	<u>2,122,974</u>
Expenditures			
Current:			
Legislative	19,342	-	19,342
Municipal building	27,136	-	27,136
Judicial court	17,507	-	17,507
Administration	448,993	-	448,993
Non-departmental	25,782	-	25,782
Transportation	2,171	-	2,171
Planning and zoning	19,464	-	19,464
Police department	819,538	-	819,538
Post office	32,215	-	32,215
Fire department	79,164	-	79,164
Building inspection	19,681	-	19,681
Streets	9,498	-	9,498
Recycling	21,029	-	21,029
Geographic information systems	-	-	-
Parks	15,250	-	15,250
Library and community center	80,701	-	80,701
Homeland security	-	-	-
Capital outlay:			
Administration	1,628	-	1,628
Police department	66,780	-	66,780
Parks	11,200	-	11,200
Homeland security	3,600	-	3,600
Debt service:			
Principal	18,060	-	18,060
Interest	366	-	366
Total expenditures	<u>1,739,105</u>	<u>-</u>	<u>1,739,105</u>
Revenues over (under) expenditures	<u>383,032</u>	<u>837</u>	<u>383,869</u>
Other Financing Sources (Uses)			
Transfers in	-	422,997	422,997
Transfers out	(422,997)	-	(422,997)
Total other financing sources	<u>(422,997)</u>	<u>422,997</u>	<u>-</u>
Net Change in Fund Balance	(39,965)	423,834	383,869
Fund balance - Beginning of Year	<u>1,939,834</u>	<u>174,149</u>	<u>2,113,983</u>
Fund Balance - End of Year	<u>\$ 1,899,869</u>	<u>\$ 597,983</u>	<u>\$ 2,497,852</u>

Town of Alta
 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, 2021

Net Change in Fund Balances - Governmental Funds	\$	383,869
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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:</p>		
Acquisition of capital assets		83,208
Depreciation expense		(55,178)
<p>The governmental funds report activity related to long-term liabilities as revenues and expenditures when incurred, however, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred. These adjustments reflect the changes from entering into a new lease, making payments on those leases, and changes in the termination benefit and compensated absence balances:</p>		
Capital lease payments		18,060
Change in termination benefits		(2,244)
Change in compensated absences		569
Pension expense is not reported at the governmental fund level but is reported in the statement of activities.		65,262
Change in Net Position of Governmental Activities	\$	493,546

Proprietary Fund Financial Statements

Town of Alta
Statement of Net Position
Proprietary Funds
June 30, 2021

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 547,473	\$ 533,398	\$ 1,080,871
Accounts receivable	31,406	46,096	77,502
Total current assets	578,879	579,494	1,158,373
Long-term assets			
Capital assets			
Sewer system	848,218	-	848,218
Water system	-	2,030,240	2,030,240
Other machinery and equipment	-	17,923	17,923
Accumulated depreciation	(649,309)	(1,124,701)	(1,774,010)
Total long-term assets	198,909	923,462	1,122,371
Total Assets	777,788	1,502,956	2,280,744
Liabilities			
Current Liabilities			
Accounts payable	12,894	279	13,173
Due to other funds	17,057	402,194	419,251
Total liabilities	29,951	402,473	432,424
Net Position			
Net investment in capital assets	198,909	923,462	1,122,371
Unrestricted	548,928	177,021	725,949
Total net position	\$ 747,837	\$ 1,100,483	\$ 1,848,320

Town of Alta
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
June 30, 2021

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Operating Revenues			
Service fees	\$ 125,096	\$ 204,729	\$ 329,825
Total operating revenues	125,096	204,729	329,825
Operating Expenses			
Sewage disposal	49,255	-	49,255
Water costs	-	7,241	7,241
Depreciation	19,554	61,927	81,481
Personnel services	7,781	8,945	16,726
Materials, supplies and services	33,237	112,350	145,587
Total operating expenses	109,827	190,463	300,290
Operating Income	15,269	14,266	29,535
Non-Operating Revenue			
Intergovernmental	-	34,634	34,634
Interest income	2,382	1,571	3,953
Net non-operating revenue	2,382	36,205	38,587
Change in Net Position	17,651	50,471	68,122
Net Position, Beginning of Year	730,186	1,050,012	1,780,198
Net Position, End of Year	\$ 747,837	\$ 1,100,483	\$ 1,848,320

Town of Alta
Statement of Cash Flow
Proprietary Funds
Year Ended June 30, 2021

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Operating Activities			
Receipts from customers	\$ 125,652	\$ 198,535	\$ 324,187
Payments to suppliers	(78,475)	(119,821)	(198,296)
Payments to employees	(7,781)	(8,945)	(16,726)
Net Cash from Operating Activities	<u>39,396</u>	<u>69,769</u>	<u>109,165</u>
Non-Capital Financing Activities			
Payments on internal balances	(58,814)	4,350	(54,464)
Intergovernmental revenues	-	34,634	34,634
Net Cash used for Non-Capital Financing Activities	<u>(58,814)</u>	<u>38,984</u>	<u>(19,830)</u>
Capital Financing Activities			
Purchase of capital assets	-	(72,133)	(72,133)
Net Cash used for Capital Financing Activities	<u>-</u>	<u>(72,133)</u>	<u>(72,133)</u>
Investment Activities			
Interest earned on cash and cash equivalents	2,380	1,571	3,951
Net Change in Cash and Cash Equivalents	(17,038)	38,191	21,153
Cash and Cash Equivalents, Beginning of Year	564,511	495,207	1,059,718
Cash and Cash Equivalents, End of Year	<u>\$ 547,473</u>	<u>\$ 533,398</u>	<u>\$ 1,080,871</u>
Reconciliation of Operating Income (loss) to Net Cash from (used by) Operating Activities			
Operating Income	\$ 15,269	\$ 14,266	\$ 29,535
Adjustments to reconcile operating gain to net cash from operating activities:			
Depreciation	19,554	61,927	81,481
Changes in assets and liabilities:			
Accounts receivable	558	(6,194)	(5,636)
Accounts payable	4,015	(230)	3,785
Net Cash from (used by) Operating Activities	<u>\$ 39,396</u>	<u>\$ 69,769</u>	<u>\$ 109,165</u>

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:

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

I. Pensions

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 2020. The Council held a public meeting to officially amend the budget in June 2021. 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 \$434,282 in total within two different banking institutions. \$184,282 of the Town’s cash deposits exceeded the federal depository insurance limit. No deposits are collateralized. The carrying value of the Town’s cash deposits were \$393,991.

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, 2021, the Town had \$2,747,242 in the Utah State Public Treasurers’ Investment Fund. The fair value of these investments were \$2,756,452 and valued by applying the June 30, 2021 fair value factor, as determined 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.

	June 30 2021	Fair Value Measurements		
		Level 1	Level 2	Level 3
Public Treasurer's Investment Fund	\$ 2,756,452	\$ -	\$ 2,756,452	\$ -
Total investments by fair value	\$ 2,756,452	\$ -	\$ 2,756,452	\$ -

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

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

<u>Cash and Cash Equivalents</u>	
Cash	\$ 393,991
Utah Public Treasurer's Investment Fund	<u>2,747,242</u>
Cash and cash equivalents (fair value)	<u>\$ 3,141,233</u>
 As Reported on the Statement of Net Position:	
Cash and cash equivalents	\$ 3,019,955
Restricted cash and cash equivalents	<u>121,278</u>
Total cash and cash equivalents	<u>\$ 3,141,233</u>

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, 2021:

	Balance June 30, 2020	Additions	Transfers or Deletions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated				
Land acquisition costs	\$ 899,000	\$ -	\$ -	\$ 899,000
Construction in process	7,500	11,200	(18,700)	-
Total capital assets not being depreciated	<u>906,500</u>	<u>11,200</u>	<u>(18,700)</u>	<u>899,000</u>
Capital assets being depreciated				
Buildings and other improvements	954,526	-	-	954,526
Machinery and equipment	361,614	23,928	-	385,542
Autos and trucks	221,465	66,780	-	288,245
Total capital assets being depreciated	<u>1,537,605</u>	<u>90,708</u>	<u>-</u>	<u>1,628,313</u>
Accumulated depreciation				
Buildings and other improvements	(709,880)	(17,877)	-	(727,757)
Machinery and equipment	(286,976)	(12,664)	-	(299,640)
Autos and trucks	(145,765)	(24,637)	-	(170,402)
Total accumulated depreciation	<u>(1,142,621)</u>	<u>(55,178)</u>	<u>-</u>	<u>(1,197,799)</u>
Total capital assets being depreciated, net	<u>394,984</u>	<u>35,530</u>	<u>-</u>	<u>430,514</u>
Governmental activities capital assets, net	<u>\$ 1,301,484</u>	<u>\$ 46,730</u>	<u>\$ (18,700)</u>	<u>\$ 1,329,514</u>
Business-type activities				
Capital assets being depreciated				
Sewer system	\$ 848,218	\$ -	\$ -	\$ 848,218
Water system	1,969,394	72,133	(11,286)	2,030,241
Other machinery and equipment	17,923	-	-	17,923
Total capital assets being depreciated	<u>2,835,535</u>	<u>72,133</u>	<u>(11,286)</u>	<u>2,896,382</u>
Accumulated depreciation				
Sewer system	(629,755)	(19,554)	-	(649,309)
Water system	(1,060,174)	(61,025)	11,286	(1,109,913)
Other machinery and equipment	(13,887)	(902)	-	(14,789)
Total accumulated depreciation	<u>(1,703,816)</u>	<u>(81,481)</u>	<u>11,286</u>	<u>(1,774,011)</u>
Total capital assets being depreciated, net	<u>1,131,719</u>	<u>(9,348)</u>	<u>-</u>	<u>1,122,371</u>
Business-type activities capital assets, net	<u>\$ 1,131,719</u>	<u>\$ (9,348)</u>	<u>\$ -</u>	<u>\$ 1,122,371</u>

NOTE 3: Capital Assets (Continued)

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

	Depreciation Expense
Governmental activities:	
Municipal building	\$ 13,468
Administration	679
Non-departmental	460
Police department	27,121
Post office	2,358
Fire department	350
Geographic information systems	875
Parks	8,925
Library and community center	762
Homeland security	180
Total depreciation expense - governmental activities	\$ 55,178
Business-type activities:	
Sewer	19,554
Water	61,927
Total depreciation expense - business-type activities	\$ 81,481

NOTE 4: Obligations Payable

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

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
Governmental activities					
Capital vehicle leases - direct	\$ 18,060	\$ -	\$ (18,060)	\$ -	\$ -
Termination benefits	48,527	2,244	-	50,771	-
Compensated absences	52,254	41,172	(41,741)	51,685	41,000
Net pension liability	162,248	-	(138,430)	23,818	-
Total governmental activities	281,089	43,416	(198,231)	126,274	41,000
Business-type activities					
Total long-term liabilities	\$ 281,089	\$ 43,416	\$ (198,231)	\$ 126,274	\$ 41,000

Capital Vehicle Leases - Direct Borrowing – During the fiscal year ended June 30, 2020, the Town entered into a lease agreement for a police vehicle. The lease carries interest at 3.35% for a period of 24 months beginning August 2020. Principal and interest payments are due monthly with the final payment due July 2021. During the year, paid the remaining balance of the lease off early.

NOTE 4: Obligations Payable (Continued)

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.

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:

Defined Benefit Plans

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

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

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/general/publications.

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%

* Actuarial reductions are applied.

**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.

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, 2021 are as follows:

	Employee	Employer	Employer 401(k)
Contributory System			
111 Local Government Div - Tier 2	N/A	15.80%	0.89%
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%

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

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, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 73,484	N/A
Tier 2 Public Employees System	\$ 16,518	-
Tier 2 DC Only System	\$ 2,477	N/A
Total Contributions	\$ 92,479	\$ -

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, 2021, we reported a net pension asset of \$0 and a net pension liability of \$23,818.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2019	Change (Decrease)
Noncontributory System	\$ -	\$ 22,871	0.0445883%	0.0426131%	0.0019752%
Tier 2 Public Employees System	-	\$ 947	0.0065831%	0.0073132%	(0.0007301%)
Total	\$ -	\$ 23,818			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020, 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, 2021, we recognized pension expense of \$27,187.

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 31,555	\$ 434
Changes in assumptions	1,198	3,026
Net difference between projected and actual earnings on pension plan investments	-	169,775
Changes in proportion and differences between contri- butions and proportionate share of contributions	7,950	8,429
Contributions subsequent to the measurement date	46,250	-
	\$ 86,953	\$ 181,664

\$46,250 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, 2020.

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
2021	\$ (40,556)
2022	(16,505)
2023	(58,026)
2024	(27,868)
2025	331
Thereafter	1,663

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

For the year ended June 30, 2021, we recognized pension expense of \$17,909.

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 30,683	\$ -
Changes in assumptions	-	2,992
Net difference between projected and actual earnings on pension plan investments	-	167,007
Changes in proportion and differences between contri- butions and proportionate share of contributions	6,341	8,429
Contributions subsequent to the measurement date	36,681	-
	\$ 73,705	\$ 178,428

\$36,681 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, 2020.

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
2021	\$ (40,091)
2022	(16,235)
2023	(57,391)
2024	(27,687)
2025	-
Thereafter	-

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

For the year ended June 30, 2021, we recognized pension expense of \$9,278.

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 872	\$ 434
Changes in assumptions	1,198	34
Net difference between projected and actual earnings on pension plan investments	-	2,768
Changes in proportion and differences between contri- butions and proportionate share of contributions	1,610	-
Contributions subsequent to the measurement date	9,568	-
	\$ 13,248	\$ 3,236

\$9,568 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, 2020.

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
2021	\$ (465)
2022	(270)
2023	(635)
2024	(180)
2025	331
Thereafter	1,663

Actuarial Assumptions

The total pension liability in the December 31, 2020, 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 adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

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

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term Expected Portfolio Real Rate of Return
Equity securities	37.00%	6.30%	2.33%
Debt securities	20.00%	0.00%	0.00%
Real assets	15.00%	6.19%	0.93%
Private equity	12.00%	9.50%	1.14%
Absolute return	16.00%	2.75%	0.44%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.84%
Inflation			2.50%
Expected arithmetic nominal return			7.34%

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.

Discount Rate

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

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

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	\$ 396,520	\$ 22,871	\$ (288,621)
Tier 2 Public Employees System	15,932	947	(10,517)
Total	\$ 412,452	\$ 23,818	\$ (299,138)

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

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

	2021	2020	2019
401(k) Plan			
Employer Contributions	\$ 19,560	\$ 19,480	\$ 25,416
Employee Contributions	33,147	30,102	33,961
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 11,373	\$ 13,808	\$ 15,129

NOTE 7: Interfund Balances and Transfers

The Town has interfund balances relating to amounts advanced from/to other funds. As of June 30, 2021, these internal balances consisted of the following:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Governmental fund:		
General fund	\$ 419,251	\$ -
Proprietary funds		
Sewer fund	-	17,057
Water fund	-	402,194
Totals	<u>\$ 419,251</u>	<u>\$ 419,251</u>

As of June 30, 2021 transfers between funds consisted of the following:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental funds:		
General fund	\$ -	\$ 422,997
Capital Projects fund	422,997	-
Totals	<u>\$ 422,997</u>	<u>\$ 422,997</u>

These amounts were transferred to help fund future projects of the Town.

NOTE 8: Related Party Transactions

Fire protection for the Town was provided by the Unified Fire Authority (UFA) on a contract basis up through January 1, 2021. Under the terms of that contract, the Town's mayor was also a member of the UFA's board of directors. During the year ended June 30, 2021, the Town paid \$79,164 to UFA for fire protection. As of January 1, 2021 the Town's membership was transferred to Unified Fire Service Area (UFSA) which will be funded through property taxes.

Required Supplementary Information

Town of Alta
Schedule of the Proportionate Share of the Net Pension Liability
Measurement Date of December 31, 2020
June 30, 2021
Last 10 Years*

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- employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
Noncontributory System					
2020	0.0445883%	\$ 22,871	\$ 426,736	5.36%	99.2%
2019	0.0426131%	160,603	410,144	39.16%	93.7%
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					
2020	0.0065831%	\$ 947	\$ 105,287	0.90%	98.3%
2019	0.0073132%	1,645	101,651	1.62%	96.5%
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.

Town of Alta
Schedule of Contributions
Year Ended June 30, 2021
Last 10 Fiscal Years*

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System					
2021	\$ 73,484	\$ 73,484	\$ -	\$ 431,474	17.03%
2020	71,199	71,199	-	416,704	17.09%
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**					
2021	\$ 16,518	\$ 16,518	\$ -	\$ 104,547	15.80%
2020	16,547	16,547	-	105,662	15.66%
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**					
2021	\$ 2,477	\$ 2,477	\$ -	\$ 37,025	6.69%
2020	2,456	2,456	-	36,718	6.69%
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

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability as of December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

Town of Alta
 Budgetary Comparison – General Fund
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance of Final Budget
Revenues				
Taxes	\$ 1,305,445	\$ 1,685,955	\$ 1,748,866	\$ 62,911
Licenses and permits	57,700	85,299	87,252	1,953
Intergovernmental	69,850	196,998	196,101	(897)
Charges for services	15,000	34,651	32,353	(2,298)
Fines and forfeitures	23,000	23,000	25,535	2,535
Contributions	4,000	4,000	4,000	-
Interest income	15,500	7,000	6,690	(310)
Impact fees	4,000	14,390	14,390	-
Miscellaneous	18,100	7,088	6,950	(138)
Total revenues	1,512,595	2,058,381	2,122,137	63,756
Expenditures				
Current:				
Legislative	20,100	20,300	19,342	958
Municipal building	40,010	37,460	27,136	10,324
Economic development	42,000	-	-	-
Judicial court	28,225	18,762	17,507	1,255
Administration	466,705	479,273	448,993	30,280
Non-departmental	31,500	27,250	25,782	1,468
Transportation	17,200	5,200	2,171	3,029
Planning and zoning	28,750	18,000	19,464	(1,464)
Police department	851,198	850,774	819,538	31,236
Post office	31,206	34,256	32,215	2,041
Fire department	78,208	79,164	79,164	-
Building inspection	23,800	23,850	19,681	4,169
Streets	16,000	16,000	9,498	6,502
Recycling	14,800	21,875	21,029	846
Geographic information systems	3,833	-	-	-
Parks	20,676	20,367	15,250	5,117
Library and community center	82,250	96,850	80,701	16,149
Homeland security	-	-	-	-
Capital Outlay				
Administration	-	1,700	1,628	72
Police department	23,000	81,780	66,780	15,000
Parks	16,500	16,500	11,200	5,300
Homeland security	-	3,600	3,600	-
Debt Service				
Principal	16,648	17,140	18,060	(920)
Interest	352	-	366	(366)
Total expenditures	1,852,961	1,870,101	1,739,105	130,996
Revenues over (under) expenditures	(340,366)	188,280	383,032	(67,240)
Other Financing Sources (uses)				
Proceeds from capital lease	-	-	-	-
Transfers from other funds	248,164	234,717	-	(234,717)
Transfers to other funds	-	(422,997)	(422,997)	-
Total other financing sources	248,164	(188,280)	(422,997)	(234,717)
Net Change in Fund Balance	\$ (92,202)	\$ -	(39,965)	\$ (301,957)
Fund balance - Beginning of Year			1,939,834	
Fund Balance - End of Year			<u>1,899,869</u>	

Supplementary Information

Town of Alta
 Budgetary Comparison – Nonmajor Fund: Capital Projects Fund
 For the year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance of Final Budget
Revenues				
Interest income	\$ 1,000	\$ 520	\$ 837	\$ 317
Total revenues	<u>1,000</u>	<u>520</u>	<u>837</u>	<u>317</u>
Expenditures				
Current:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,000</u>	<u>520</u>	<u>837</u>	<u>317</u>
Other Financing Sources (uses)				
Transfers from other funds	-	422,997	422,997	-
Transfers to other funds	<u>(40,000)</u>	<u>(14,553)</u>	<u>-</u>	<u>14,553</u>
Total other financing sources	<u>(40,000)</u>	<u>408,444</u>	<u>422,997</u>	<u>14,553</u>
Net Change in Fund Balance	<u>\$ (39,000)</u>	<u>\$ 408,964</u>	423,834	<u>\$ 14,870</u>
Fund balance - Beginning of Year			<u>174,149</u>	
Fund Balance - End of Year			<u>\$ 597,983</u>	

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



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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BEN H PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the City Council
Town of Alta
Alta, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Alta (the Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alta Town'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 the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gilbert & Stewart

GILBERT & STEWART, CPA PC
Provo, Utah
November 30, 2021



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE**

Honorable Mayor and
Members of the Town Council
Town of Alta, Utah

Report on Compliance

We have audited the Town of Alta's ("the Town") compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on the Town for the year ended June 30, 2021.

State compliance requirements were tested for the year ended June 30, 2021 in the following areas:

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Government Fees
- Restricted Taxes and Related Revenues
- Cash Management

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the Town's compliance with those requirements.

Opinion on Compliance

In our opinion, the Town of Alta complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

Sincerely,

Gilbert & Stewart

Gilbert & Stewart, CPA's
Provo, Utah
November 30, 2021