

**MAYOR**  
ROGER BOURKE

**TOWN COUNCIL**  
CAROLYN ANCTIL  
JOHN BYRNE  
SHERIDAN DAVIS  
ELISE MORGAN



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## **CERTIFICATION OF ANNUAL FINANCIAL REPORT**

December 15, 2022

Under penalty of perjury, I Roger Bourke and I Jen Clancy, certify that the annual financial report for the year ending June 30, 2022 fairly presents in all material respects the financial condition and results of operation of the Town of Alta.

Signature   
Mayor Roger Bourke  
Chief Administrative Officer

Signature   
Jen Clancy, Town Clerk  
Chief Financial Officer

### Notes:

- a. This certification is to be submitted with the annual financial report to the Utah State Auditor.
- b. Utah Code 11-50-202 designates the chief administrative officer as the individual appointed as the chief administrative officer of the political subdivision in accordance with statute; or if a chief administrative officer is not appointed in accordance with statute, the individual designated as the chief administrative officer by the governing body of the political subdivision. In designating a chief administrative officer, the governing body shall designate the individual who holds a managerial or similar position to perform administrative duties or functions for the political subdivision.
- c. Utah Code 11-50-202 designates the chief financial officer as the individual appointed as the chief financial officer of the political subdivision in accordance with statute; or if a chief financial officer is not appointed in accordance with statute, the individual designated as the chief financial officer by the governing body of the political subdivision. In designating a chief financial officer, the governing body shall designate the individual who has primary responsibility for preparing the annual financial report.

**Town of Alta**  
**Financial Statements**  
**June 30, 2022**



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# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

RANDEL A. HEATON, CPA  
LYNN A. GILBERT, CPA  
JAMES A. GILBERT, CPA  
BEN H. PROBST, CPA  
RONALD J. STEWART, CPA

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

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2022 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.

### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Alta and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Alta's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our objectives to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Alta's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Alta's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's 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 December 8, 2022, 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  
December 8, 2022

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, 2022.

### **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 \$1,852,961. 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, 2022, the Town of Alta's overall increase to its net position of \$992,784 (change in net position) compared to the change in position reported in the prior year of \$561,823.

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 9 and 10.

**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 12 and 14.

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 38 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, 2022. Data for the year ended June 30, 2021 (the 2021 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 \$6,447,485 (net position) at June 30, 2022. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,454,701 at June 30, 2021. \$2,430,117, or 38% of The Town's net position at the 2022 fiscal year end (45% at the 2021 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, 2022 and 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 3,865,232	\$ 2,798,626	\$ 900,153	\$ 739,122	\$ 4,765,385	\$ 3,537,748
Capital assets, net	1,384,487	1,329,514	1,045,630	1,122,371	2,430,117	2,451,885
Total assets	<u>5,249,719</u>	<u>4,128,140</u>	<u>1,945,783</u>	<u>1,861,493</u>	<u>7,195,502</u>	<u>5,989,633</u>
Deferred outflows of resources	123,662	86,953	-	-	123,662	86,953
Current and other liabilities	126,326	98,837	64,390	13,173	190,716	112,010
Long-term liabilities	65,222	85,274	-	-	65,222	85,274
Total liabilities	<u>191,548</u>	<u>184,111</u>	<u>64,390</u>	<u>13,173</u>	<u>255,938</u>	<u>197,284</u>
Deferred inflows of resources	615,741	424,601	-	-	615,741	424,601
Net position:						
Net investment in capital assets	1,384,487	1,329,514	1,045,630	1,122,371	2,430,117	2,451,885
Restricted:						
Roads	19,896	42,774	-	-	19,896	42,774
Impact fees	25,150	36,549	-	-	25,150	36,549
Unrestricted	<u>3,136,559</u>	<u>2,197,544</u>	<u>835,763</u>	<u>725,949</u>	<u>3,972,322</u>	<u>2,923,493</u>
Total net position	<u>\$ 4,566,092</u>	<u>\$ 3,606,381</u>	<u>\$ 1,881,393</u>	<u>\$ 1,848,320</u>	<u>\$ 6,447,485</u>	<u>\$ 5,454,701</u>

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

The Town's net position increased during 2022 by \$992,784 and increased in 2021 by \$561,823. The increase in fiscal year 2022 is primarily due to increased intergovernmental revenues of \$568,805 over the previous year, and minor increases in expenses of \$137,844 over the previous year. Expense reductions from the previous year were more notable in the Fire Department (\$79,164) and Library and Community Center (\$64,408) 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, 2022

The elements of the increase in net position for the 2022 and 2021 fiscal years are as follows:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 194,732	\$ 145,140	\$ 387,241	\$ 329,825	\$ 581,973	\$ 474,965
Operating grants and contributions	45,895	180,631	46,570	34,634	92,465	215,265
Capital grants and contributions	30,897	34,260	-	-	30,897	34,260
General revenues:						
Property taxes	248,348	408,741	-	-	248,348	408,741
General sales and use tax	1,940,210	1,261,929	-	-	1,940,210	1,261,929
Energy sales and use tax	82,552	72,068	-	-	82,552	72,068
Telephone use tax	5,800	6,128	-	-	5,800	6,128
Other	9,528	6,550	-	-	9,528	6,550
Unrestricted investment earnings	10,963	7,527	3,461	4,108	14,424	11,635
Gain on sale of assets	54,149	-	-	-	54,149	-
Total revenues	<u>2,623,074</u>	<u>2,122,974</u>	<u>437,272</u>	<u>368,567</u>	<u>3,060,346</u>	<u>2,491,541</u>
<b>Expenses:</b>						
Legislative	13,790	17,714	-	-	13,790	17,714
Municipal building	46,225	40,604	-	-	46,225	40,604
Economic development	29,000	-	-	-	29,000	-
Judicial court	29,060	17,507	-	-	29,060	17,507
Administration	455,850	424,543	-	-	455,850	424,543
Non-departmental	28,112	26,242	-	-	28,112	26,242
Transportation	30,468	2,171	-	-	30,468	2,171
Planning and zoning	13,391	19,464	-	-	13,391	19,464
Police department	857,634	810,195	-	-	857,634	810,195
Post office	38,130	34,573	-	-	38,130	34,573
Fire department	350	79,514	-	-	350	79,514
Building inspection	19,183	19,681	-	-	19,183	19,681
Streets	36,446	9,498	-	-	36,446	9,498
Recycling	18,318	21,029	-	-	18,318	21,029
Geographic information systems	925	875	-	-	925	875
Parks	27,367	24,175	-	-	27,367	24,175
Library and community center	17,055	81,463	-	-	17,055	81,463
Homeland security	2,059	180	-	-	2,059	180
Water	-	-	289,350	190,463	289,350	190,463
Sewer	-	-	114,849	109,827	114,849	109,827
Total expenses	<u>1,663,363</u>	<u>1,629,428</u>	<u>404,199</u>	<u>300,290</u>	<u>2,067,562</u>	<u>1,929,718</u>
Change in net position	959,711	493,546	33,073	68,277	992,784	561,823
Net position - beginning	<u>3,606,381</u>	<u>3,112,835</u>	<u>1,848,320</u>	<u>1,780,043</u>	<u>5,454,701</u>	<u>4,892,878</u>
Net position - ending	<u>\$ 4,566,092</u>	<u>\$ 3,606,381</u>	<u>\$ 1,881,393</u>	<u>\$ 1,848,320</u>	<u>\$ 6,447,485</u>	<u>\$ 5,454,701</u>

### 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 \$100,367. The Town also amended the budget to increase expenditures by \$93,530 while also approving a transfer to the Town's capital projects fund of \$100,000.

### Capital Assets

The Town's investment in capital assets, net of accumulated depreciation, amounted to \$2,430,117 as of June 30, 2022 and \$2,451,885 as of June 30, 2021. 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 new dispatch system, police vehicle, and a gas conversion project.

Town of Alta  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2022

For the 2022 and 2021 fiscal years, capital asset activity is summarized as follows:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 899,000	\$ 899,000	\$ -	\$ -	\$ 899,000	\$ 899,000
Construction in process	-	-	-	-	-	-
Buildings and other improvements	954,526	954,526			954,526	954,526
Sewer system	-	-	848,218	848,218	848,218	848,218
Water system	-	-	2,038,842	2,030,241	2,038,842	2,030,241
Machinery and equipment	417,712	385,542	17,923	17,923	435,635	403,465
Autos and trucks	279,935	288,245	-	-	279,935	288,245
<b>Total</b>	<b>2,551,173</b>	<b>2,527,313</b>	<b>2,904,983</b>	<b>2,896,382</b>	<b>5,456,156</b>	<b>5,423,695</b>
Less accumulated depreciation	(1,166,686)	(1,197,799)	(1,859,353)	(1,774,011)	(3,026,039)	(2,971,810)
<b>Total capital assets, net</b>	<b>\$ 1,384,487</b>	<b>\$ 1,329,514</b>	<b>\$ 1,045,630</b>	<b>\$ 1,122,371</b>	<b>\$ 2,430,117</b>	<b>\$ 2,451,885</b>

### Long-Term Debt

At June 30, 2022 the Town had \$108,222 in long term debt for governmental activities and \$0 for business-type activities. At June 30, 2021 the Town had \$126,274 in long term debt for governmental activities and \$0 for business-type activities. 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, 2021	Incurred or Issued	Satisfied or Matured	Balance June 30, 2022
Governmental activities:				
Termination benefits	\$ 50,771	\$ 6,950	\$ -	\$ 57,721
Compensated absences	51,685	49,866	(51,050)	50,501
Net pension liability	23,818	-	(23,818)	-
<b>Total governmental activities</b>	<b>126,274</b>	<b>56,816</b>	<b>(74,868)</b>	<b>108,222</b>
Business-type activities:	-	-	-	-
<b>Total obligations</b>	<b>\$ 126,274</b>	<b>\$ 56,816</b>	<b>\$ (74,868)</b>	<b>\$ 108,222</b>

### Next Year's Budget

The budget for the fiscal year ending June 30, 2023 was prepared using conservative expenditure/expense while still being cautious regarding the unknowns related to the local economy. As a result, the Town budgeted for decreased revenues and expenditures.

### 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, 2022

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 2,822,616	\$ 1,175,519	\$ 3,998,135
Accounts receivable			
Service fees	-	93,050	93,050
Property tax	245,490	-	245,490
Due from other governments	112,660	-	112,660
Other	386	-	386
Internal balances	368,416	(368,416)	-
Restricted cash and cash equivalents	45,046	-	45,046
<b>Total current assets</b>	<b>3,594,614</b>	<b>900,153</b>	<b>4,494,767</b>
<b>Long-term assets</b>			
Capital assets, net of accumulated depreciation	1,384,487	1,045,630	2,430,117
Net pension asset	270,618	-	270,618
<b>Total long-term assets</b>	<b>1,655,105</b>	<b>1,045,630</b>	<b>2,700,735</b>
<b>Total Assets</b>	<b>5,249,719</b>	<b>1,945,783</b>	<b>7,195,502</b>
Deferred outflows of resources related to pensions	123,662	-	123,662
<b>Total assets and deferred outflows of resources</b>	<b>\$ 5,373,381</b>	<b>\$ 1,945,783</b>	<b>\$ 7,319,164</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 40,832	\$ 64,390	\$ 105,222
Wages and payroll taxes payable	20,007	-	20,007
Accrued expenses	2,727	-	2,727
Deposits	19,760	-	19,760
Compensated absences, current portion	43,000	-	43,000
<b>Total current liabilities</b>	<b>126,326</b>	<b>64,390</b>	<b>190,716</b>
<b>Long-term Liabilities</b>			
Termination benefits	57,721	-	57,721
Compensated absences	7,501	-	7,501
Net pension liability	-	-	-
<b>Total long-term liabilities</b>	<b>65,222</b>	<b>-</b>	<b>65,222</b>
<b>Total Liabilities</b>	<b>191,548</b>	<b>64,390</b>	<b>255,938</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property tax	243,323	-	243,323
Pensions	372,418	-	372,418
<b>Total Deferred Inflows of Resources</b>	<b>615,741</b>	<b>-</b>	<b>615,741</b>
<b>Net Position</b>			
Nonspendable - prepaid			
Net investment in capital assets	1,384,487	1,045,630	2,430,117
Restricted			
Roads	19,896	-	19,896
Impact fees	25,150	-	25,150
Unrestricted	3,136,559	835,763	3,972,322
<b>Total net position</b>	<b>4,566,092</b>	<b>1,881,393</b>	<b>6,447,485</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 5,373,381</b>	<b>\$ 1,945,783</b>	<b>\$ 7,319,164</b>

Town of Alta  
Statement of Activities  
Year Ended June 30, 2022

Function/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
Legislative	\$ 13,790	\$ -	\$ -	\$ -	\$ (13,790)	\$ -	\$ (13,790)
Municipal building	46,225	-	-	-	(46,225)	-	(46,225)
Judicial court	29,060	36,870	-	-	7,810	-	7,810
Administration	455,850	22,400	-	4,000	(429,450)	-	(429,450)
Non-departmental	28,112	-	-	-	(28,112)	-	(28,112)
Transportation	30,468	-	-	-	(30,468)	-	(30,468)
Planning and zoning	13,391	150	-	-	(13,241)	-	(13,241)
Police department	857,634	15,375	24,045	-	(818,214)	-	(818,214)
Post office	38,130	-	21,850	-	(16,280)	-	(16,280)
Fire protection	350	-	-	-	(350)	-	(350)
Building inspection	19,183	105,437	-	-	86,254	-	86,254
Streets	36,446	14,500	-	13,568	(8,378)	-	(8,378)
Recycling	18,318	-	-	-	(18,318)	-	(18,318)
Geographic information systems	925	-	-	-	(925)	-	(925)
Parks	27,367	-	-	13,329	(14,038)	-	(14,038)
Library and community center	17,055	-	-	-	(17,055)	-	(17,055)
Homeland security	2,059	-	-	-	(2,059)	-	(2,059)
Total governmental activities	<u>1,663,363</u>	<u>194,732</u>	<u>45,895</u>	<u>30,897</u>	<u>(1,391,839)</u>	<u>-</u>	<u>(1,391,839)</u>
Business-type activities							
Water	289,350	262,579	46,570	-	-	19,799	19,799
Sewer	114,849	124,662	-	-	-	9,813	9,813
Total business-type activities	<u>404,199</u>	<u>387,241</u>	<u>46,570</u>	<u>-</u>	<u>-</u>	<u>29,612</u>	<u>29,612</u>
Total primary government	<u>\$ 2,067,562</u>	<u>\$ 581,973</u>	<u>\$ 92,465</u>	<u>\$ 30,897</u>	<u>(1,391,839)</u>	<u>29,612</u>	<u>(1,362,227)</u>
General Revenues:							
Property taxes					248,348	-	248,348
General sales and use tax					1,940,210	-	1,940,210
Energy sales and use tax					82,552	-	82,552
Telephone use tax					5,800	-	5,800
Gain on sale of assets					54,149	-	54,149
Other					9,528	-	9,528
Investment earnings					10,963	3,461	14,424
Total general revenues					<u>2,351,550</u>	<u>3,461</u>	<u>2,355,011</u>
Change in net position					959,711	33,073	992,784
Net position - beginning					3,606,381	1,848,320	5,454,701
Net position - ending					<u>\$ 4,566,092</u>	<u>\$ 1,881,393</u>	<u>\$ 6,447,485</u>

See Notes to Financial Statements

## **Governmental Fund Financial Statements**

Town of Alta  
Balance Sheet  
Governmental Funds  
June 30, 2022

	<u>General Fund</u>	<u>Nonmajor Fund Capital Projects Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,173,925	\$ 648,691	\$ 2,822,616
Accounts receivable			
Property tax	245,490	-	245,490
Due from other governments	112,660	-	112,660
Other	386	-	386
Due from other funds	368,416	-	368,416
Restricted cash and cash equivalents	45,046	-	45,046
Total assets	<u>\$ 2,945,923</u>	<u>\$ 648,691</u>	<u>\$ 3,594,614</u>
<b>Liabilities</b>			
Accounts payable	\$ 40,832	\$ -	\$ 40,832
Wages and payroll taxes payable	20,007	-	20,007
Accrued expenses	2,727	-	2,727
Deposits	19,760	-	19,760
Total liabilities	<u>83,326</u>	<u>-</u>	<u>83,326</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property tax	243,323	-	243,323
Total Deferred Inflows of Resources	<u>243,323</u>	<u>-</u>	<u>243,323</u>
<b>Fund Balances</b>			
Restricted:			
Roads	19,896	-	19,896
Impact fees	25,150	-	25,150
Committed to termination benefits	100,000	-	100,000
Assigned to capital projects	-	648,691	648,691
Unassigned	2,474,228	-	2,474,228
Total fund balances	<u>2,619,274</u>	<u>648,691</u>	<u>3,267,965</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,945,923</u>	<u>\$ 648,691</u>	<u>\$ 3,594,614</u>

Town of Alta  
 Reconciliation of the Governmental Fund Balance Sheet  
 To the Statement of Net Position  
 June 30, 2022

Total fund balances - Governmental Funds	\$ 3,267,965
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.	1,384,487
Net pension asset balance is not a current financial resource and therefore are not reported in the governmental funds.	270,618
Deferred outflows of resources related to pension are not applicable to the current period and therefore, are not reported in the governmental funds.	123,662
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	(57,721)
Compensated absences	(50,501)
Deferred inflows of resources related to pensions are not applicable to the current period and therefore, are not reported in the governmental funds.	(372,418)
Total Net Position - Governmental Activities	\$ 4,566,092

Town of Alta  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2022

	General Fund	Nonmajor Fund	
		Capital Projects Fund	Total
Revenues			
Taxes	\$ 2,276,910	\$ -	\$ 2,276,910
Licenses and permits	122,577	-	122,577
Intergovernmental	68,692	-	68,692
Charges for services	35,285	-	35,285
Fines and forfeitures	36,870	-	36,870
Contributions	4,100	-	4,100
Interest income	8,043	2,920	10,963
Impact fees	4,000	-	4,000
Miscellaneous	9,528	-	9,528
Total revenues	<u>2,566,005</u>	<u>2,920</u>	<u>2,568,925</u>
Expenditures			
Current:			
Legislative	13,790	-	13,790
Municipal building	32,059	-	32,059
Economic development	29,000	-	29,000
Judicial court	29,060	-	29,060
Administration	498,621	-	498,621
Non-departmental	27,652	-	27,652
Transportation	30,468	-	30,468
Planning and zoning	13,391	-	13,391
Police department	908,566	-	908,566
Post office	36,659	-	36,659
Building inspection	19,183	-	19,183
Streets	36,446	-	36,446
Recycling	18,318	-	18,318
Geographic information systems	195	-	195
Parks	19,319	-	19,319
Library and community center	16,293	-	16,293
Homeland security	1,339	-	1,339
Capital outlay:			
Administration	12,935	-	12,935
Municipal building	18,857	-	18,857
Police department	89,815	-	89,815
Geographic information systems	995	-	995
Total expenditures	<u>1,852,961</u>	<u>-</u>	<u>1,852,961</u>
Revenues over (under) expenditures	<u>713,044</u>	<u>2,920</u>	<u>715,964</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	54,149	-	54,149
Transfers in	52,212	100,000	152,212
Transfers out	(100,000)	(52,212)	(152,212)
Total other financing sources	<u>6,361</u>	<u>47,788</u>	<u>54,149</u>
Net Change in Fund Balance	719,405	50,708	770,113
Fund balance - Beginning of Year	<u>1,899,869</u>	<u>597,983</u>	<u>2,497,852</u>
Fund Balance - End of Year	<u>\$ 2,619,274</u>	<u>\$ 648,691</u>	<u>\$ 3,267,965</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, 2022

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Net Change in Fund Balances - Governmental Funds \$ 770,113

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

The governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current year, these amounts were as follows:

Acquisition of capital assets	122,602
Depreciation expense	(67,629)

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:

Change in termination benefits	(6,950)
Change in compensated absences	1,184

Pension expense is not reported at the governmental fund level but is reported in the statement of activities.	140,391
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Change in Net Position of Governmental Activities	\$ 959,711
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## **Proprietary Fund Financial Statements**

Town of Alta  
Statement of Net Position  
Proprietary Funds  
June 30, 2022

	Sewer Enterprise Fund	Water Enterprise Fund	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 576,928	\$ 598,591	\$ 1,175,519
Accounts receivable	31,411	61,639	93,050
<b>Total current assets</b>	<b>608,339</b>	<b>660,230</b>	<b>1,268,569</b>
<b>Long-term assets</b>			
<b>Capital assets</b>			
Sewer system	848,218	-	848,218
Water system	-	2,038,841	2,038,841
Other machinery and equipment	-	17,923	17,923
Accumulated depreciation	(668,863)	(1,190,489)	(1,859,352)
<b>Total long-term assets</b>	<b>179,355</b>	<b>866,275</b>	<b>1,045,630</b>
<b>Total Assets</b>	<b>787,694</b>	<b>1,526,505</b>	<b>2,314,199</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	17,966	46,424	64,390
Due to other funds	10,046	358,370	368,416
<b>Total liabilities</b>	<b>28,012</b>	<b>404,794</b>	<b>432,806</b>
<b>Net Position</b>			
Net investment in capital assets	179,355	866,275	1,045,630
Unrestricted	580,327	255,436	835,763
<b>Total net position</b>	<b>\$ 759,682</b>	<b>\$ 1,121,711</b>	<b>\$ 1,881,393</b>

Town of Alta  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
June 30, 2022

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Operating Revenues			
Service fees	\$ 124,662	\$ 262,579	\$ 387,241
Total operating revenues	124,662	262,579	387,241
Operating Expenses			
Sewage disposal	79,753	-	79,753
Water costs	-	8,853	8,853
Depreciation	19,554	65,788	85,342
Personnel services	6,518	7,033	13,551
Materials, supplies and services	9,024	207,676	216,700
Total operating expenses	114,849	289,350	404,199
Operating Income	9,813	(26,771)	(16,958)
Non-Operating Revenue			
Intergovernmental	-	46,570	46,570
Interest income	2,032	1,429	3,461
Net non-operating revenue	2,032	47,999	50,031
Change in Net Position	11,845	21,228	33,073
Net Position, Beginning of Year	747,837	1,100,483	1,848,320
Net Position, End of Year	\$ 759,682	\$ 1,121,711	\$ 1,881,393

Town of Alta  
Statement of Cash Flow  
Proprietary Funds  
Year Ended June 30, 2022

	Sewer Enterprise Fund	Water Enterprise Fund	Total
<b>Operating Activities</b>			
Receipts from customers	\$ 124,657	\$ 247,036	\$ 371,693
Payments to suppliers	(83,703)	(170,384)	(254,087)
Payments to employees	(6,518)	(7,033)	(13,551)
Net Cash from Operating Activities	<u>34,436</u>	<u>69,619</u>	<u>104,055</u>
<b>Non-Capital Financing Activities</b>			
Payments on internal balances	(7,011)	(43,824)	(50,835)
Intergovernmental revenues	-	46,570	46,570
Net Cash used for Non-Capital Financing Activities	<u>(7,011)</u>	<u>2,746</u>	<u>(4,265)</u>
<b>Capital Financing Activities</b>			
Purchase of capital assets	-	(8,601)	(8,601)
Net Cash used for Capital Financing Activities	<u>-</u>	<u>(8,601)</u>	<u>(8,601)</u>
<b>Investment Activities</b>			
Interest earned on cash and cash equivalents	2,030	1,429	3,459
Net Change in Cash and Cash Equivalents	29,455	65,193	94,648
Cash and Cash Equivalents, Beginning of Year	547,473	533,398	1,080,871
Cash and Cash Equivalents, End of Year	<u>\$ 576,928</u>	<u>\$ 598,591</u>	<u>\$ 1,175,519</u>
<b>Reconciliation of Operating Income (loss) to Net Cash from (used by) Operating Activities</b>			
Operating Income	\$ 9,813	\$ (26,771)	\$ (16,958)
Adjustments to reconcile operating gain to net cash from operating activities:			
Depreciation	19,554	65,788	85,342
Changes in assets and liabilities:			
Accounts receivable	(3)	(15,543)	(15,546)
Accounts payable	5,072	46,145	51,217
Net Cash from (used by) Operating Activities	<u>\$ 34,436</u>	<u>\$ 69,619</u>	<u>\$ 104,055</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.

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.

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

**H. Capital Assets**

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

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

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

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

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

**I. Pensions**

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

**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.

**J. Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)**

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 2021. The Council held a public meeting to officially amend the budget in June 2022. Appropriations may not legally be made in excess of budgeted amounts by department.

**O. Risk Management**

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

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

*Cash Deposits* – At year end, the Town’s cash balances on deposit were \$748,482 in total within two different banking institutions. \$248,481 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 \$661,558.

*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),
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.

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

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, 2022, the Town had \$3,381,623 in the Utah State Public Treasurers’ Investment Fund. The fair value of these investments were \$3,367,652 and valued by applying the June 30, 2022 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 2022	Fair Value Measurements		
		Level 1	Level 2	Level 3
Public Treasurer's Investment Fund	\$ 3,367,652	\$ -	\$ 3,367,652	\$ -
Total investments by fair value	\$ 3,367,652	\$ -	\$ 3,367,652	\$ -

**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:

Cash and Cash Equivalents

Cash	\$ 661,558
Utah Public Treasurer's Investment Fund	<u>3,381,623</u>
Cash and cash equivalents (fair value)	<u><u>\$ 4,043,181</u></u>
As Reported on the Statement of Net Position:	
Cash and cash equivalents	\$ 3,998,135
Restricted cash and cash equivalents	<u>45,046</u>
Total cash and cash equivalents	<u><u>\$ 4,043,181</u></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, 2022:

	Balance June 30, 2021	Additions	Transfers or Deletions	Balance June 30, 2022
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land acquisition costs	\$ 899,000	\$ -	\$ -	\$ 899,000
Construction in process	-	13,559	(13,559)	-
Total capital assets not being depreciated	899,000	13,559	(13,559)	899,000
Capital assets being depreciated				
Buildings and other improvements	954,526	-	-	954,526
Machinery and equipment	385,542	67,222	(35,052)	417,712
Autos and trucks	288,245	55,380	(63,690)	279,935
Total capital assets being depreciated	1,628,313	122,602	(98,742)	1,652,173
Accumulated depreciation				
Buildings and other improvements	(727,757)	(16,991)	-	(744,748)
Machinery and equipment	(299,640)	(16,492)	35,052	(281,080)
Autos and trucks	(170,402)	(34,146)	63,690	(140,858)
Total accumulated depreciation	(1,197,799)	(67,629)	98,742	(1,166,686)
Total capital assets being depreciated, net	430,514	54,973	-	485,487
Governmental activities capital assets, net	<u>\$ 1,329,514</u>	<u>\$ 68,532</u>	<u>\$ (13,559)</u>	<u>\$ 1,384,487</u>
	Balance June 30, 2021	Additions	Transfers or Deletions	Balance June 30, 2022
<b>Business-type activities</b>				
Capital assets being depreciated				
Sewer system	\$ 848,218	\$ -	\$ -	\$ 848,218
Water system	2,030,241	8,601	-	2,038,842
Other machinery and equipment	17,923	-	-	17,923
Total capital assets being depreciated	2,896,382	8,601	-	2,904,983
Accumulated depreciation				
Sewer system	(649,309)	(19,554)	-	(668,863)
Water system	(1,109,913)	(65,076)	-	(1,174,989)
Other machinery and equipment	(14,789)	(712)	-	(15,501)
Total accumulated depreciation	(1,774,011)	(85,342)	-	(1,859,353)
Total capital assets being depreciated, net	1,122,371	(76,741)	-	1,045,630
Business-type activities capital assets, net	<u>\$ 1,122,371</u>	<u>\$ (76,741)</u>	<u>\$ -</u>	<u>\$ 1,045,630</u>

**NOTE 3: Capital Assets (Continued)**

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

	Depreciation Expense
Governmental activities:	
Municipal building	\$ 14,166
Administration	1,334
Non-departmental	460
Police department	39,588
Post office	1,471
Fire protection	350
Geographic information systems	730
Parks	8,048
Library and community center	762
Homeland security	720
Total depreciation expense - governmental activities	\$ 67,629
Business-type activities:	
Sewer	19,554
Water	65,788
Total depreciation expense - business-type activities	\$ 85,342

**NOTE 4: Obligations Payable**

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

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Governmental activities					
Termination benefits	\$ 50,771	\$ 6,950	\$ -	\$ 57,721	\$ -
Compensated absences	51,685	49,866	(51,050)	50,501	43,000
Net pension liability	23,818	-	(23,818)	-	-
Total governmental activities	126,274	56,816	(74,868)	108,222	43,000
Business-type activities					
	-	-	-	-	-
Total long-term liabilities	\$ 126,274	\$ 56,816	\$ (74,868)	\$ 108,222	\$ 43,000

*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 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.

**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.

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

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

**Benefits Provided**

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Service	COLA**
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 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, 2022 are as follows:

	Employee	Employer	Employer 401(k)
<b>Contributory System</b>			
111 Local Government Div - Tier 2	N/A	16.07%	0.62%
<b>Noncontributory System</b>			
15 Local Government Div - Tier 1	N/A	18.47%	N/A
<b>Tier 2 DC Only</b>			
211 Local Government	N/A	6.69%	10.00%

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

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

For fiscal year ended June 30, 2022, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 77,296	N/A
Tier 2 Public Employees System	29,256	-
Tier 2 DC Only System	3,022	N/A
Total Contributions	\$ 109,574	\$ -

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, 2022, we reported a net pension asset of \$270,618 and a net pension liability of \$0.

	(Measurement Date): December 31, 2021				
	Net	Net	Proportionate Share	Proportionate Share December 31, 2020	Change (Decrease)
	Pension Asset	Pension Liability			
Noncontributory System	\$ 267,624	\$ -	0.0467294%	0.0445883%	0.0021411%
Tier 2 Public Employees System	\$ 2,994	\$ -	0.0070729%	0.0065831%	0.0004898%
Total	\$ 270,618	\$ -			

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, 2022, we recognized pension expense of (\$30,847).

At June 30, 2022, 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	\$ 29,485	\$ 386
Changes in assumptions	27,909	1,755
Net difference between projected and actual earnings	-	367,717
Changes in proportion and differences between contributions and proportionate share of contributions	10,648	2,560
Contributions subsequent to the measurement date	55,620	-
	\$ 123,662	\$ 372,418

\$55,620 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, 2021.

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
2022	\$ (57,731)
2023	(101,272)
2024	(88,249)
2025	(60,593)
2026	601
Thereafter	2,868

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

For the year ended June 30, 2022, we recognized pension expense of (\$41,262).

At June 30, 2022, 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	\$ 28,031	\$ -
Changes in assumptions	25,118	1,727
Net difference between projected and actual earnings	-	360,320
Changes in proportion and differences between contributions and proportionate share of contributions	8,743	2,560
Contributions subsequent to the measurement date	37,308	-
	\$ 99,200	\$ 364,607

\$37,308 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, 2021.

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
2022	\$ (56,361)
2023	(99,510)
2024	(86,976)
2025	(59,868)
2026	-
Thereafter	-

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

For the year ended June 30, 2022, we recognized pension expense of \$10,414.

At June 30, 2022, 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	\$ 1,454	\$ 386
Changes in assumptions	2,791	28
Net difference between projected and actual earnings	-	7,397
Changes in proportion and differences between contributions and proportionate share of contributions	1,905	-
Contributions subsequent to the measurement date	18,312	-
	\$ 24,462	\$ 7,811

\$18,312 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, 2021.

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
2022	\$ (1,370)
2023	(1,762)
2024	(1,273)
2025	(725)
2026	601
Thereafter	2,868

**Actuarial Assumptions**

The total pension liability in the December 31, 2021, 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, 2021, 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%	6.58%	2.43%
Debt securities	20.00%	-0.28%	-0.06%
Real assets	15.00%	5.77%	0.87%
Private equity	12.00%	9.85%	1.18%
Absolute return	16.00%	2.91%	0.47%
Cash and cash equivalents	0.00%	-1.01%	0.00%
<b>Totals</b>	<b>100.00%</b>		<b>4.89%</b>
<b>Inflation</b>			<b>2.50%</b>
<b>Expected arithmetic nominal return</b>			<b>7.39%</b>

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, and a real return of 4.35% that is net of investment expense.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

**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 6.85 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 (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 143,910	\$ (267,624)	\$ (610,969)
Tier 2 Public Employees System	17,836	(2,994)	(18,986)
Total	\$ 161,746	\$ (270,618)	\$ (629,955)

**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:

	2022	2021	2020
<b>401(k) Plan</b>			
Employer Contributions	\$ 21,390	\$ 19,560	\$ 19,480
Employee Contributions	52,098	33,147	30,102
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 10,315	\$ 11,373	\$ 13,808

**NOTE 7: Interfund Balances and Transfers**

The Town has interfund balances relating to amounts advanced from/to other funds. As of June 30, 2022, these internal balances consisted of the following:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Governmental fund:		
General fund	\$ 368,416	\$ -
Proprietary funds		
Sewer fund	-	10,046
Water fund	-	358,370
Totals	<u>\$ 368,416</u>	<u>\$ 368,416</u>

As of June 30, 2022 transfers between funds consisted of the following:

	<u>Transfers in</u>	<u>Transfers out</u>
Governmental funds:		
General fund	\$ 52,212	\$ 100,000
Capital Projects fund	100,000	52,212
Totals	<u>\$ 152,212</u>	<u>\$ 152,212</u>

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

## **Required Supplementary Information**

Town of Alta  
Schedule of the Proportionate Share of the Net Pension Liability  
Measurement Date of December 31, 2021  
June 30, 2022  
Last 10 Years\*

Measurement Date	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)
<b>Noncontributory System</b>					
2021	0.0467294%	\$ (267,624)	\$ 449,830	(59.49%)	108.7%
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%
<b>Tier 2 Public Employees Systems</b>					
2021	0.0070729%	\$ (2,994)	\$ 131,012	(2.29%)	103.8%
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, 2022  
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
<b>Noncontributory System</b>					
2022	\$ 77,296	\$ 77,296	\$ -	\$ 457,974	16.88%
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%
<b>Tier 2 Public Employees System**</b>					
2022	\$ 29,256	\$ 29,256	-	\$ 182,056	16.07%
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%
<b>Tier 2 Public Employees DC Only**</b>					
2022	\$ 3,022	\$ 3,022	-	\$ 45,177	6.69%
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**

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

Town of Alta  
Budgetary Comparison – General Fund  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance of Final Budget
<b>Revenues</b>				
Taxes	\$ 1,610,906	\$ 1,620,906	\$ 2,276,910	\$ 656,004
Licenses and permits	46,100	94,740	122,577	27,837
Intergovernmental	79,558	81,147	68,692	(12,455)
Charges for services	9,390	23,050	35,285	12,235
Fines and forfeitures	23,000	25,000	36,870	11,870
Contributions	4,000	4,050	4,100	50
Interest income	7,500	7,500	8,043	543
Impact fees	2,000	4,000	4,000	-
Miscellaneous	24,100	46,528	9,528	(37,000)
<b>Total revenues</b>	<u>1,806,554</u>	<u>1,906,921</u>	<u>2,566,005</u>	<u>659,084</u>
<b>Expenditures</b>				
<b>Current:</b>				
Legislative	20,300	20,300	13,790	6,510
Municipal building	68,750	50,750	32,059	18,691
Economic development	42,000	42,000	29,000	13,000
Judicial court	24,735	29,735	29,060	675
Administration	512,687	504,383	498,621	5,762
Non-departmental	30,519	30,519	27,652	2,867
Transportation	29,200	34,200	30,468	3,732
Planning and zoning	21,675	31,950	13,391	18,559
Police department	948,050	983,861	908,566	75,295
Post office	35,128	36,858	36,659	199
Building inspection	10,300	11,946	19,183	(7,237)
Streets	41,000	41,000	36,446	4,554
Recycling	21,800	21,800	18,318	3,482
Geographic information systems	3,833	2,333	195	2,138
Parks	54,510	54,882	19,319	35,563
Library and community center	31,650	31,650	16,293	15,357
Homeland security	-	-	1,339	(1,339)
<b>Capital Outlay</b>				
Municipal building	6,000	19,000	18,857	143
Administration	-	13,000	12,935	65
Police department	56,000	90,000	89,815	185
Geographic information systems	-	1,500	995	505
<b>Total expenditures</b>	<u>1,958,137</u>	<u>2,051,667</u>	<u>1,852,961</u>	<u>198,706</u>
<b>Revenues over (under) expenditures</b>	<u>(151,583)</u>	<u>(144,746)</u>	<u>713,044</u>	<u>460,378</u>
<b>Other Financing Sources (uses)</b>				
Proceeds from sale of capital assets	45,000	54,149	54,149	
Transfers from other funds	166,000	166,000	52,212	(113,788)
Transfers to other funds	(59,417)	(100,000)	(100,000)	-
<b>Total other financing sources</b>	<u>151,583</u>	<u>120,149</u>	<u>6,361</u>	<u>(113,788)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (24,597)</u>	<u>719,405</u>	<u>\$ 346,590</u>
Fund balance - Beginning of Year			<u>1,899,869</u>	
Fund Balance - End of Year			<u>\$ 2,619,274</u>	

## **Supplementary Information**

Town of Alta  
 Budgetary Comparison – Nonmajor Fund: Capital Projects Fund  
 For the year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance of Final Budget
Revenues				
Interest income	\$ 500	\$ 500	\$ 2,920	\$ 2,420
Total revenues	<u>500</u>	<u>500</u>	<u>2,920</u>	<u>2,420</u>
Expenditures				
Current:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>500</u>	<u>500</u>	<u>2,920</u>	<u>2,420</u>
Other Financing Sources (uses)				
Transfers from other funds	59,417	59,417	100,000	40,583
Transfers to other funds	(105,000)	(105,000)	(52,212)	52,788
Total other financing sources	<u>(45,583)</u>	<u>(45,583)</u>	<u>47,788</u>	<u>93,371</u>
Net Change in Fund Balance	<u>\$ (45,083)</u>	<u>\$ (45,083)</u>	50,708	<u>\$ 95,791</u>
Fund balance - Beginning of Year			<u>597,983</u>	
Fund Balance - End of Year			<u>\$ 648,691</u>	

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



# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

RANDEL A HEATON, CPA  
LYNN A. GILBERT, CPA  
JAMES A. GILBERT, CPA  
BEN H PROBST, CPA  
RONALD J. STEWART, CPA

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

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

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2022.

### 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*.

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  
December 8, 2022



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—  
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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, 2022.

State compliance requirements were tested for the year ended June 30, 2022 in the following areas:

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

***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, 2022

## **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  
December 8, 2022