



Financial Statements  
June 30, 2017  
**Town of Alta**

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Alta, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

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

The Budgetary Comparison – Nonmajor Fund and the Supplemental Schedule to Statement of Revenues, Expenditures and Changes in Fund Balance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison – Nonmajor Fund and the Supplemental Schedule to Statement of Revenues, Expenditures and Changes in Fund Balance are 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 22, 2017 on our consideration of the Town of Alta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Alta's internal control over financial reporting and compliance.



Salt Lake City, Utah  
December 22, 2017

## **Management's Discussion and Analysis**

As management of the Town of Alta, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017.

### **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 \$1,780,356. A majority of its operating revenue is generated from sales tax, property tax and energy taxes. Other types of revenue include Class C Road Funds; State Liquor Funds; State Grants; business, liquor, and animal licenses; and building permit fees, to name a few. The Town provides the following services within the community: administrative, planning and zoning, police services, fire protection under contract, recycling, parks and summer program, plan review and building inspection, judicial court, Contract Post Office, library and community center, road improvements and community and economic development. The Town also operates fully approved sewer and culinary water systems.

### **Financial Highlights**

During the course of the fiscal year ending June 30, 2017, the Town of Alta saw an increase in its net position of \$56,648. The Town attributes this increase to an increase in the total sales tax collected during the fiscal year.

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.

One of the town's major projects during fiscal 16-17 was the development of what is now known as the Commercial Core Plan. The Commercial Core Plan is a general planning document which illustrates the Town's vision for development of a community center and other public facilities, improved pedestrian and bicycling connectivity throughout downtown Alta, and improved transit infrastructure at the ski area base facilities. This project was developed by town staff with the assistance of consultants, who were hired under a grant of funding from the Wasatch Front Regional Council (WFRC). The Town of Alta provided \$10,000 in matching grant funds for this project.

The Town is currently conducting another WFRC grant-funded planning project intended to follow-up on one of the central themes from the Commercial Core Plan. This project, known as the Town of Alta Commercial Core Active Transportation Implementation project, is focused on the SR 210 corridor through Alta, and it will produce an inventory of roadway design strategies for increasing pedestrian and bicycle safety, traffic calming, and parking management the Town can implement in partnership with the Utah Department of Transportation (UDOT). In June 2017, the Town made a matching contribution of \$10,000 to a contract between WFRC and the selected consulting firm. The project is slated to conclude in December 2017.

In January of 2017 the Town of Alta purchased a 2017 Toyota Tacoma for the Marshal's Department and approved a three year municipal lease in January to finance this vehicle.

In March of 2016 the Alta Post Office building was hit by a snow plow. The building sustained significant damage which posed a challenge to the ongoing operation of the Alta Post Office. The Town completed this project in the fiscal 2017 and the Town's insurance provider covered the damages to this building.

In the spring of 2017 the Town of Alta undertook a process to adopt a Capital Projects Plan. A committee was created to evaluate and prepare a list of possible capital projects along with evaluating available funding for those projects. In June of 2017 the Alta Town Council adopted the Capital Projects Plan (the "Plan") which outlined four projects; upgrade and modernized radio system for the Alta Marshal's Office, replacement of the membrane roof on the Alta Town Office building, an Alta Central plumbing upgrade, and a Town of Alta Facilities Programming project. A total of \$126,195 was transferred from the general fund balance into a separate PTIF account held with the Utah State Treasurer's Office.

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, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances.

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

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

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

The government-wide financial statements distinguish functions of the Town that are principally supported by intergovernmental revenues and taxes (governmental activities) from other functions that are designed to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include the following: legislative, municipal building, economic development, judicial court, administration, non-departmental, planning and zoning, police department, post

office, fire department (under contract), building inspection, streets, recycling, geographic information systems, parks, summer program, library and community center, community development, and homeland security. Business-type activities include the water department and the sewer department.

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

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

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

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

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

### **Government-wide Financial Analysis**

The tables provided hereafter show net position, changes in net position, and capital assets for the year ended June 30, 2017. Data for the year ended June 30, 2016 (the 2016 fiscal year) is also provided for comparative purposes. The Town's net position, may serve over time, as a useful indicator of a local government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$4,000,284 at June 30, 2017. Assets and deferred outflows exceeded liabilities and deferred inflows by \$3,943,636 at June 30, 2016. By far the largest portion of the Town's net position 65% in 2017 fiscal year end (66 % at the 2016 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, 2017:

	Governmental Activities	Business-type Activities	Total
Current assets	\$ 1,760,713	\$ 348,526	\$ 2,109,239
Capital assets	1,308,459	1,300,433	2,608,892
Total assets	3,069,172	1,648,959	4,718,131
Deferred outflow of resources - pensions	147,120	-	147,120
Current liabilities	91,983	16,690	108,673
Long term liabilities	399,286	-	399,286
Total liabilities	491,269	16,690	507,959
Deferred inflows of resources	357,007	-	357,007
Net position:			
Restricted - roads	17,667	-	17,667
Net investment in capital assets	1,281,997	1,300,433	2,582,430
Unrestricted	1,068,351	331,836	1,400,187
Total net position	\$ 2,368,015	\$ 1,632,269	\$ 4,000,284

The following table describes the Town's net position as of **June 30, 2016**:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets	\$ 1,665,910	\$ 313,325	\$ 1,979,235
Capital and other assets	<u>1,259,918</u>	<u>1,357,434</u>	<u>2,617,352</u>
Total assets	<u>2,925,828</u>	<u>1,670,759</u>	<u>4,596,587</u>
Deferred outflow of resources - pensions	<u>128,752</u>	<u>-</u>	<u>128,752</u>
Current liabilities	58,985	23,728	82,713
Long term liabilities	<u>341,004</u>	<u>-</u>	<u>341,004</u>
Total liabilities	<u>399,989</u>	<u>23,728</u>	<u>423,717</u>
Deferred inflows of resources	<u>357,986</u>	<u>-</u>	<u>357,986</u>
Net position:			
Restricted - roads	10,154	-	10,154
Net investment in capital assets	1,253,271	1,357,434	2,610,705
Unrestricted	<u>1,033,180</u>	<u>289,597</u>	<u>1,322,777</u>
Total net position	<u>\$ 2,296,605</u>	<u>\$ 1,647,031</u>	<u>\$ 3,943,636</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 2017 by \$56,648 and increased in 2016 by \$936,050. The increase in 2017 is attributed to an increase in sales tax revenue. The higher increase in 2016 is largely due to a non-recurring donation of land. The Town's fiscal year 2017 expenses increased by \$107,677 over 2016 expenses mostly due to increases in the following departmental budgets; Justice Court, administration, police department, non-departmental, planning and zoning, post office, building department, summer program and economic development. 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, 2017

The elements of the increase in net position for the 2017 fiscal year are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 86,674	\$ 205,447	\$ 292,121
Operating grants and contributions	98,364	-	98,364
General revenues:			
Property taxes	337,014	-	337,014
General sales and use tax	1,159,800	-	1,159,800
Energy sales and use tax	68,510	-	68,510
Telephone use tax	6,555	-	6,555
Gain on sale of assets	20,911	-	20,911
Other	27,586	-	27,586
Investment earnings	6,314	8,724	15,038
<b>Total revenues</b>	<b><u>1,811,728</u></b>	<b><u>214,171</u></b>	<b><u>2,025,899</u></b>
<b>Expenses:</b>			
Legislative	23,297	-	23,297
Municipal building	26,898	-	26,898
Economic development	82,031	-	82,031
Judicial court	26,880	-	26,880
Administration	430,587	-	430,587
Non-departmental	38,253	-	38,253
Planning and zoning	28,735	-	28,735
Police department	767,013	-	767,013
Post Office	34,829	-	34,829
Fire department	117,814	-	117,814
Building inspection	60,953	-	60,953
Streets	15,693	-	15,693
Recycling	16,330	-	16,330
Geographic information systems	4,445	-	4,445
Parks	56,383	-	56,383
Community development	3,253	-	3,253
Library and community center	6,748	-	6,748
Homeland security	176	-	176
Water	-	138,519	138,519
Sewer	-	90,414	90,414
<b>Total expenses</b>	<b><u>1,740,318</u></b>	<b><u>228,933</u></b>	<b><u>1,969,251</u></b>
Change in net position	71,410	(14,762)	56,648
Net position - beginning	<u>2,296,605</u>	<u>1,647,031</u>	<u>3,943,636</u>
Net position - ending	<u><u>\$ 2,368,015</u></u>	<u><u>\$ 1,632,269</u></u>	<u><u>\$ 4,000,284</u></u>

Key elements of the decrease in net position for the 2016 fiscal year are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 114,444	\$ 207,813	\$ 322,257
Operating grants and contributions	100,394	-	100,394
Capital grants and contributions	857,150	-	857,150
General revenues:			
Property taxes	348,256	-	348,256
General sales and use tax	1,098,089	-	1,098,089
Energy sales and use tax	69,578	-	69,578
Telephone use tax	5,508	-	5,508
Investment earnings	3,794	4,728	8,522
<b>Total revenues</b>	<u>2,597,213</u>	<u>212,541</u>	<u>2,809,754</u>
<b>Expenses:</b>			
Legislative	18,949	-	18,949
Municipal building	23,785	-	23,785
Economic development	81,369	-	81,369
Judicial court	25,246	-	25,246
Administration	424,585	-	424,585
Non-departmental	69,030	-	69,030
Planning and zoning	23,998	-	23,998
Police department	703,286	-	703,286
Post Office	29,767	-	29,767
Fire department	115,442	-	115,442
Building inspection	22,548	-	22,548
Streets	29,800	-	29,800
Recycling	17,342	-	17,342
Geographic information systems	5,732	-	5,732
Parks	32,906	-	32,906
Library and community center	4,342	-	4,342
Homeland security	4,514	-	4,514
Water	-	156,275	156,275
Sewer	-	84,788	84,788
<b>Total expenses</b>	<u>1,632,641</u>	<u>241,063</u>	<u>1,873,704</u>
Change in net position	964,572	(28,522)	936,050
Net position - beginning	<u>1,332,033</u>	<u>1,675,553</u>	<u>3,007,586</u>
<b>Net position - ending</b>	<u>\$ 2,296,605</u>	<u>\$ 1,647,031</u>	<u>\$ 3,943,636</u>

### **Budgetary Highlights**

In June of 2017, as part of its regular budgetary hearing, the Town Council amended the revenue and expenditure side of the general fund budget. The following departments were amended: legislative, Justice Court, administrative, municipal building, non-departmental, planning and zoning, police, post office, fire protection, building inspection, streets, recycling, geographic, parks, community center and community development. A portion of the increases in the aforementioned departments can be attributed to increases in payroll related to a change in overtime policy in the police department, the change in how the Town calculates vacation for its full time employees, the one-time bonuses for all full time employees, the purchase of a Toyota Tacoma for the Marshal's Department, the Post Office repair that was paid by the Town's insurance company, the expense of the free summer shuttle through the Summer Program Department, increase plan check fees related to a proposed building project, and the completion of two projects, a new stair chair at the Community Center and ADA Ramp for Alta Central, that were funded by a Community Development Grant. The Commercial Core Planning grant was also expenses in non-departmental. In addition, ACVB requested funds to help match grants that they secured for marketing programs.

### **Capital Assets**

The Town's investment in capital assets, net of accumulated depreciation, amounted to \$2,608,891 as of June 30, 2017 and \$2,617,339 as of June 30, 2016. The investment includes land, buildings and related improvements, machinery and equipment, autos and trucks, and municipal utility distribution systems. There were no major additions and improvements in the sewer and water distribution systems.

**Town's Capital Assets (net of depreciation)**

For the 2017 fiscal year:

	Balance June 30, 2016	Additions	Transfers or Deletions	Balance June 30, 2017
Governmental activities				
Capital assets not being depreciated				
Land acquisition costs	\$ 899,000	\$ -	\$ -	\$ 899,000
Capital assets being depreciated				
Buildings and other improvements	910,383	44,143	-	954,526
Machinery and equipment	335,110	17,268	(22,484)	329,894
Autos and trucks	154,600	36,568	(42,734)	148,434
Total capital assets being depreciated	<u>1,400,093</u>	<u>97,979</u>	<u>(65,218)</u>	<u>1,432,854</u>
Less accumulated depreciation for:				
Buildings and other improvements	(634,082)	(18,682)	-	(652,764)
Machinery and equipment	(310,368)	(6,552)	21,395	(295,525)
Autos and trucks	(94,738)	(23,103)	42,734	(75,107)
Total accumulated depreciation	<u>(1,039,188)</u>	<u>(48,337)</u>	<u>64,129</u>	<u>(1,023,396)</u>
Total capital assets being depreciated, net	<u>360,905</u>	<u>49,642</u>	<u>(1,089)</u>	<u>409,458</u>
Governmental activities capital assets, net	<u>\$ 1,259,905</u>	<u>\$ 49,642</u>	<u>\$ (1,089)</u>	<u>\$ 1,308,458</u>
Business-type activities				
Capital assets being depreciated				
Sewer system	\$ 841,548	\$ 6,670	\$ -	\$ 848,218
Water system	1,908,121	11,240	-	1,919,361
Other machinery and equipment	31,617	-	-	31,617
Autos and trucks	23,010	-	-	23,010
Total capital assets being depreciated	<u>2,804,296</u>	<u>17,910</u>	<u>-</u>	<u>2,822,206</u>
Less accumulated depreciation for:				
Sewer system	(551,186)	(19,483)	-	(570,669)
Water system	(851,779)	(54,359)	-	(906,138)
Other machinery and equipment	(20,978)	(978)	-	(21,956)
Autos and trucks	(22,919)	(91)	-	(23,010)
Total accumulated depreciation	<u>(1,446,862)</u>	<u>(74,911)</u>	<u>-</u>	<u>(1,521,773)</u>
Total capital assets being depreciated, net	<u>1,357,434</u>	<u>(57,001)</u>	<u>-</u>	<u>1,300,433</u>
Business-type activity capital assets, net	<u>\$ 1,357,434</u>	<u>\$ (57,001)</u>	<u>\$ -</u>	<u>\$ 1,300,433</u>

Town of Alta  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2017

For the 2016 fiscal year:

	Balance June 30, 2015	Additions	Transfers or Deletions	Balance June 30, 2016
Governmental activities				
Capital assets not being depreciated				
Land acquisition costs	\$ 41,850	\$ 857,150	\$ -	\$ 899,000
Capital assets being depreciated				
Buildings and other improvements	910,383	-	-	910,383
Machinery and equipment	335,110	-	-	335,110
Autos and trucks	154,600	-	-	154,600
Total capital assets being depreciated	1,400,093	-	-	1,400,093
Less accumulated depreciation for:				
Buildings and other improvements	(615,592)	(18,491)	-	(634,083)
Machinery and equipment	(303,034)	(7,333)	-	(310,367)
Autos and trucks	(74,335)	(20,403)	-	(94,738)
Total accumulated depreciation	(992,961)	(46,227)	-	(1,039,188)
Total capital assets being depreciated, net	407,132	(46,227)	-	360,905
Governmental activities capital assets, net	<u>\$ 448,982</u>	<u>\$ 810,923</u>	<u>\$ -</u>	<u>\$ 1,259,905</u>
Business-type activities				
Capital assets being depreciated				
Sewer system	\$ 841,548	\$ -	\$ -	\$ 841,548
Water system	1,908,121	-	-	1,908,121
Other machinery and equipment	31,617	-	-	31,617
Autos and trucks	23,010	-	-	23,010
Total capital assets being depreciated	2,804,296	-	-	2,804,296
Less accumulated depreciation for:				
Sewer system	(531,822)	(19,364)	-	(551,186)
Water system	(797,439)	(54,340)	-	(851,779)
Other machinery and equipment	(19,909)	(1,069)	-	(20,978)
Autos and trucks	(22,919)	-	-	(22,919)
Total accumulated depreciation	(1,372,089)	(74,773)	-	(1,446,862)
Total capital assets being depreciated, net	1,432,207	(74,773)	-	1,357,434
Business-type activity capital assets, net	<u>\$ 1,432,207</u>	<u>\$ (74,773)</u>	<u>\$ -</u>	<u>\$ 1,357,434</u>

### Long-Term Debt

At June 30, 2017 the Town had \$415,853 in long term debt for governmental activities and \$0 for business activities. At June 30, 2016 the Town had \$347,638 in long term debt for governmental activities and \$0 for business type activities. Debt consists of vehicle leases, termination benefits, compensated absences, and net pension obligation. The following tables illustrate debt activity over the past two years.

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Governmental activities					
Capital vehicle leases	\$ 6,634	\$ 33,220	\$ (13,393)	\$ 26,461	\$ 16,567
Termination benefits	34,020	1,793	-	35,813	-
Compensated absences	51,074	-	(9,184)	41,890	-
Net pension obligation (see Note 6)	255,910	55,779	-	311,689	-
Total governmental activities	347,638	90,792	(22,577)	415,853	16,567
Business-type activities	-	-	-	-	-
Total obligations	<u>\$ 347,638</u>	<u>\$ 90,792</u>	<u>\$ (22,577)</u>	<u>\$ 415,853</u>	<u>\$ 16,567</u>
	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Governmental activities					
Capital vehicle leases	\$ 40,880	\$ -	\$ (34,246)	\$ 6,634	\$ 6,634
Termination benefits	31,212	2,808	-	34,020	-
Compensated absences	61,788	-	(10,714)	51,074	-
Net pension obligation	193,385	62,525	-	255,910	-
Total governmental activities	327,265	65,333	(44,960)	347,638	6,634
Business-type activities	-	-	-	-	-
Total obligations	<u>\$ 327,265</u>	<u>\$ 65,333</u>	<u>\$ (44,960)</u>	<u>\$ 347,638</u>	<u>\$ 6,634</u>

### Requests for Information

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



## **Government-wide Financial Statements**

Town of Alta  
Statement of Net Position  
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash and investments (cash equivalents)	\$ 919,368	\$ 731,611	\$ 1,650,979
Accounts receivable			
Service fees	-	48,131	48,131
Property tax	337,889	-	337,889
Other	12,092	-	12,092
Prepaid expenses	54,646	5,502	60,148
Internal balances	436,718	(436,718)	-
Total current assets	<u>1,760,713</u>	<u>348,526</u>	<u>2,109,239</u>
Long-term assets			
Capital assets, net of accumulated depreciation	<u>1,308,458</u>	<u>1,300,433</u>	<u>2,608,891</u>
Total long-term assets	<u>1,308,458</u>	<u>1,300,433</u>	<u>2,608,891</u>
Total Assets	<u>3,069,171</u>	<u>1,648,959</u>	<u>4,718,130</u>
Deferred Outflow of Resources			
Pensions	<u>147,120</u>	<u>-</u>	<u>147,120</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	25,658	16,690	42,348
Wages and payroll taxes payable	37,998	-	37,998
Deposits	11,760	-	11,760
Capital leases, current portion	<u>16,567</u>	<u>-</u>	<u>16,567</u>
Total current liabilities	<u>91,983</u>	<u>16,690</u>	<u>108,673</u>
Long-term liabilities			
Termination benefits	35,813	-	35,813
Compensated absences	41,890	-	41,890
Capital leases, net of current portion	9,894	-	9,894
Net pension obligation	<u>311,689</u>	<u>-</u>	<u>311,689</u>
Total long-term liabilities	<u>399,286</u>	<u>-</u>	<u>399,286</u>
Total Liabilities	<u>491,269</u>	<u>16,690</u>	<u>507,959</u>
Deferred Inflows of Resources			
Unavailable revenue - property tax	337,889	-	337,889
Pensions	<u>19,118</u>	<u>-</u>	<u>19,118</u>
Total Deferred Inflows of Resources	<u>357,007</u>	<u>-</u>	<u>357,007</u>
<b>Net Position</b>			
Restricted - roads	17,667	-	17,667
Net investment in capital assets	1,281,997	1,300,433	2,582,430
Unrestricted	<u>1,068,351</u>	<u>331,836</u>	<u>1,400,187</u>
Total Net Position	<u>\$ 2,368,015</u>	<u>\$ 1,632,269</u>	<u>\$ 4,000,284</u>

See Notes to Financial Statements

Town of Alta  
Statement of Activities  
Year Ended June 30, 2017

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Legislative	\$ 23,297	\$ -	\$ -	\$ -	\$ (23,297)	\$ -	\$ (23,297)
Municipal building	26,898	-	-	-	(26,898)	-	(26,898)
Economic development	82,031	-	-	-	(82,031)	-	(82,031)
Judicial court	26,880	31,619	-	-	4,739	-	4,739
Administration	430,587	9,238	-	-	(421,349)	-	(421,349)
Non-departmental	38,253	-	-	-	(38,253)	-	(38,253)
Planning and zoning	28,735	2,000	-	-	(26,735)	-	(26,735)
Police department	767,013	22,977	27,994	-	(716,042)	-	(716,042)
Post office	34,829	-	14,000	-	(20,829)	-	(20,829)
Fire department	117,814	-	-	-	(117,814)	-	(117,814)
Building inspection	60,953	19,040	-	-	(41,913)	-	(41,913)
Streets	15,693	-	15,793	-	100	-	100
Recycling	16,330	-	-	-	(16,330)	-	(16,330)
Geographic information systems	4,445	-	-	-	(4,445)	-	(4,445)
Parks	56,383	1,800	25,893	-	(28,690)	-	(28,690)
Community development	3,253	-	14,684	-	11,431	-	11,431
Library and community center	6,748	-	-	-	(6,748)	-	(6,748)
Homeland security	176	-	-	-	(176)	-	(176)
Total governmental activities	<u>1,740,318</u>	<u>86,674</u>	<u>98,364</u>	<u>-</u>	<u>(1,555,280)</u>	<u>-</u>	<u>(1,555,280)</u>
Business-type activities:							
Water	138,519	123,218	-	-	-	(15,301)	(15,301)
Sewer	90,414	82,229	-	-	-	(8,185)	(8,185)
Total business-type activities	<u>228,933</u>	<u>205,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,486)</u>	<u>(23,486)</u>
Total primary government	<u>\$ 1,969,251</u>	<u>\$ 292,121</u>	<u>\$ 98,364</u>	<u>\$ -</u>	<u>(1,555,280)</u>	<u>(23,486)</u>	<u>(1,578,766)</u>
General revenues:							
Property taxes					337,014	-	337,014
General sales and use tax					1,159,800	-	1,159,800
Energy sales and use tax					68,510	-	68,510
Telephone use tax					6,555	-	6,555
Gain on disposal of assets					20,911	-	20,911
Other					27,586	-	27,586
Interest earnings					6,314	8,724	15,038
Total general revenues					<u>1,626,690</u>	<u>8,724</u>	<u>1,635,414</u>
Change in net position					71,410	(14,762)	56,648
Net position - beginning					<u>2,296,605</u>	<u>1,647,031</u>	<u>3,943,636</u>
Net position - ending					<u>\$ 2,368,015</u>	<u>\$ 1,632,269</u>	<u>\$ 4,000,284</u>

See Notes to Financial Statements

## **Governmental Fund Financial Statements**

Town of Alta  
Balance Sheet  
Governmental Funds  
June 30, 2017

	<u>General Fund</u>	<u>Nonmajor Fund Capital Projects Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments (cash equivalents)	\$ 793,173	\$ 126,195	\$ 919,368
Accounts receivable			
Accounts receivable - property tax	337,889	-	337,889
Account receivable - other	12,092	-	12,092
Prepaid expenses	54,646	-	54,646
Due from other funds	436,718	-	436,718
	<u>1,634,518</u>	<u>126,195</u>	<u>1,760,713</u>
Total assets	<u>\$ 1,634,518</u>	<u>\$ 126,195</u>	<u>\$ 1,760,713</u>
<b>Liabilities</b>			
Accounts payable	\$ 25,658	\$ -	\$ 25,658
Wages and payroll taxes payable	37,998	-	37,998
Deposits	11,760	-	11,760
	<u>75,416</u>	<u>-</u>	<u>75,416</u>
Total liabilities	<u>75,416</u>	<u>-</u>	<u>75,416</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property tax	337,889	-	337,889
	<u>337,889</u>	<u>-</u>	<u>337,889</u>
<b>Fund Balances</b>			
Non-spendable	54,646	-	54,646
Restricted - roads	17,667	-	17,667
Committed to termination benefits	30,000	-	30,000
Assigned to capital projects	-	126,195	126,195
Assigned to balance the new year's budget	36,818	-	36,818
Unassigned	1,082,082	-	1,082,082
	<u>1,221,213</u>	<u>126,195</u>	<u>1,347,408</u>
Total fund balances	<u>1,221,213</u>	<u>126,195</u>	<u>1,347,408</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 1,634,518</u>	<u>\$ 126,195</u>	<u>\$ 1,760,713</u>

Town of Alta  
Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
June 30, 2017

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Total Fund Balances - Governmental Funds	\$ 1,347,408
Amounts reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental fund.	1,308,458
Net pension asset and deferred outflow of resources related to the pension are not applicable to the current period and therefore, are not reported in the governmental fund.	147,120
Long-term liabilities, including capital leases, termination benefits, compensated absences, and the net pension obligation are not payable in the current period and therefore, are not reported in the governmental fund.	(415,853)
Deferred inflow of resources related to pensions are not applicable to the current period and therefore, are not reported in the governmental fund.	<u>(19,118)</u>
Total Net Position - Governmental Activities	<u>\$ 2,368,015</u>

Town of Alta  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
Year Ended June 30, 2017

	General Fund	Nonmajor Fund Capital Projects Fund	Total
<b>Revenues</b>			
Taxes	\$ 1,571,879	\$ -	\$ 1,571,879
Licenses and permits	43,364	-	43,364
Intergovernmental	66,858	-	66,858
Charges for services	11,691	-	11,691
Fines and forfeitures	31,619	-	31,619
Contributions	31,506	-	31,506
Miscellaneous	5,424	-	5,424
Total revenues	<u>1,762,341</u>	<u>-</u>	<u>1,762,341</u>
<b>Expenditures</b>			
Current:			
Legislative	23,297	-	23,297
Municipal building	13,430	-	13,430
Economic development	82,000	-	82,000
Judicial court	26,880	-	26,880
Administration	424,696	-	424,696
Non-departmental	37,793	-	37,793
Planning and zoning	28,735	-	28,735
Police department	721,096	-	721,096
Post office	33,073	-	33,073
Fire department	117,279	-	117,279
Building inspection	60,953	-	60,953
Streets	15,693	-	15,693
Recycling	16,330	-	16,330
Geographic information systems	3,570	-	3,570
Parks	54,779	-	54,779
Community development	3,253	-	3,253
Library and community center	6,000	-	6,000
Homeland security	176	-	176
Capital outlay	97,979	-	97,979
Debt service	13,344	-	13,344
Total expenditures	<u>1,780,356</u>	<u>-</u>	<u>1,780,356</u>
Revenues over (under) expenditures	<u>(18,015)</u>	<u>-</u>	<u>(18,015)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	126,195	126,195
Transfers out	(126,195)	-	(126,195)
Proceeds from sale of assets	22,000	-	22,000
Proceeds from other sources	61,696	-	61,696
	<u>(42,499)</u>	<u>126,195</u>	<u>83,696</u>
Net Change in Fund Balance	(60,514)	126,195	65,681
Fund Balance - Beginning of Year	<u>1,281,727</u>	<u>-</u>	<u>1,281,727</u>
Fund Balance - End of Year	<u>\$ 1,221,213</u>	<u>\$ 126,195</u>	<u>\$ 1,347,408</u>

See Notes to Financial Statements

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, 2017

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Net Change in Fund Balances - Governmental Funds \$ 65,681

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

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

Acquisition of capital assets	97,979
Depreciation expense	(48,337)
Net book value of asset disposals	(1,089)

The long-term portion of the liability for capital leases and termination benefits is not recorded at the fund level but is reported in the statement of net position. In the current period, these amounts were as follows:

New capital vehicle leases	(33,220)
Capital lease payments	13,393
Change in termination benefits	(1,793)
Change in compensated absences	9,184

Pension expense is not reported at the governmental fund level but is reported in the statement of activities. (30,388)

Change in Net Position of Governmental Activities \$ 71,410



## **Proprietary Fund Financial Statements**

Town of Alta  
Statement of Net Position  
Proprietary Funds  
June 30, 2017

	Sewer Enterprise Fund	Water Enterprise Fund	Total
<b>Assets</b>			
Current assets			
Cash and investments (cash equivalents)	\$ 489,758	\$ 241,853	\$ 731,611
Accounts receivable	20,653	27,478	48,131
Prepaid expense	3,379	2,123	5,502
Total current assets	<u>513,790</u>	<u>271,454</u>	<u>785,244</u>
Long-term Assets			
Capital assets			
Sewer system	848,218	-	848,218
Water system	-	1,919,361	1,919,361
Other machinery and equipment	-	31,617	31,617
Automobiles and trucks	11,505	11,505	23,010
Accumulated depreciation	<u>(582,600)</u>	<u>(939,173)</u>	<u>(1,521,773)</u>
Total long-term assets	<u>277,123</u>	<u>1,023,310</u>	<u>1,300,433</u>
Total Assets	<u>790,913</u>	<u>1,294,764</u>	<u>2,085,677</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	13,773	2,917	16,690
Due to other funds	120,330	316,388	436,718
Total current liabilities	<u>134,103</u>	<u>319,305</u>	<u>453,408</u>
<b>Net Position</b>			
Net investment in capital assets	277,123	1,023,310	1,300,433
Unrestricted (deficit)	<u>379,687</u>	<u>(47,851)</u>	<u>331,836</u>
Total net position	<u>\$ 656,810</u>	<u>\$ 975,459</u>	<u>\$ 1,632,269</u>

Town of Alta  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
Year Ended June 30, 2017

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Operating Revenues			
Service fees	\$ 82,229	\$ 123,218	\$ 205,447
Operating Expenses			
Sewage disposal	56,819	-	56,819
Water costs	-	7,328	7,328
Depreciation	20,000	54,911	74,911
Personnel services	5,388	8,423	13,811
Materials, supplies and services	8,207	67,857	76,064
Total operating expenses	90,414	138,519	228,933
Operating Loss	(8,185)	(15,301)	(23,486)
Non-Operating Revenue			
Interest revenue	5,262	3,462	8,724
Net non-operating revenue	5,262	3,462	8,724
Change in Net Position	(2,923)	(11,839)	(14,762)
Total Net Position - Beginning of Year	659,733	987,298	1,647,031
Total Net Position - End of Year	\$ 656,810	\$ 975,459	\$ 1,632,269

Town of Alta  
Statement of Cash Flow  
Proprietary Funds  
Year Ended June 30, 2017

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Operating Activities			
Receipts from customers	\$ 82,264	\$ 122,830	\$ 205,094
Payments to suppliers	(69,300)	(83,450)	(152,750)
Payments to employees	(5,388)	(8,423)	(13,811)
Net Cash from Operating Activities	<u>7,576</u>	<u>30,957</u>	<u>38,533</u>
Capital and Related Financing Activities			
Purchase of capital assets	<u>(6,670)</u>	<u>(11,240)</u>	<u>(17,910)</u>
Noncapital and Related Financing Activities			
Payments on internal balances	<u>(33,818)</u>	<u>(58,963)</u>	<u>(92,781)</u>
Investing Activities			
Interest on investments	<u>5,262</u>	<u>3,462</u>	<u>8,724</u>
Net Change in Cash	(27,650)	(35,784)	(63,434)
Cash and Investments (Cash Equivalents), Beginning of Year	<u>517,408</u>	<u>277,637</u>	<u>795,045</u>
Cash and Investments (Cash Equivalents), End of Year	<u>\$ 489,758</u>	<u>\$ 241,853</u>	<u>\$ 731,611</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities:			
Operating loss	\$ (8,185)	\$ (15,301)	\$ (23,486)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	20,000	54,911	74,911
Change in assets and liabilities:			
Accounts receivable	35	(388)	(353)
Accounts payable	(895)	(6,142)	(7,037)
Prepaid expense	(3,379)	(2,123)	(5,502)
Net Cash from Operating Activities	<u>\$ 7,576</u>	<u>\$ 30,957</u>	<u>\$ 38,533</u>

## **Notes to the Financial Statements**

## **Note 1 - Summary of Significant Accounting Policies**

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

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

### **A. Reporting Entity**

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

### **B. Financial Statement Presentation**

#### *Basis of Presentation*

##### **Government-wide Financial Statements**

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

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

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

##### **Fund Financial Statements**

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

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

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% 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.

#### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

#### D. Reconciliation of Government-wide and Fund Financial Statements

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

#### 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.

H. Capital Assets

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

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

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

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

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

#### I. Pensions

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

#### J. Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

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

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

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

#### L. Sales and Related Taxes - Revenue

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

#### M. Interfund Receivables and Payable

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

#### N. Budgetary Basis

Budgets are prepared by the Town on the modified accrual basis of accounting, the same basis which is used for financial reporting. The budget presented was first adopted by the Town in June 2016. The Council held a public meeting to officially amend the budget in June 2017. 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 and Investments (Cash Equivalents)**

*Cash Deposits* – At year end, the carrying amount of the Town’s book cash balance was \$93,175. The book balance as of June 30, 2017, did not exceed the federal depository insurance limit. No deposits are collateralized.

*Deposit Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The 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.

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. 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, 2017, the Town had \$1,557,804 in the Utah State Public Treasurers’ Investment Fund. These investments were valued by applying the June 30, 2017 fair value factor, as calculated by the Utah State Treasurer, to the Town’s average daily balance in the Fund. Such valuation is considered a *Level 2* valuation for GASB 72 purposes.

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

<u>Cash and Cash Equivalents</u>	
Cash	\$ 93,175
Utah Public Treasurer's Investment Fund	<u>1,557,804</u>
Total (fair value)	<u><u>\$ 1,650,979</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, 2017:

	Balance June 30, 2016	Additions	Transfers or Deletions	Balance June 30, 2017
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land acquisition costs	\$ 899,000	\$ -	\$ -	\$ 899,000
Capital assets being depreciated				
Buildings and other improvements	910,383	44,143	-	954,526
Machinery and equipment	335,110	17,268	(22,484)	329,894
Autos and trucks	154,600	36,568	(42,734)	148,434
Total capital assets being depreciated	1,400,093	97,979	(65,218)	1,432,854
Less accumulated depreciation for:				
Buildings and other improvements	(634,082)	(18,682)	-	(652,764)
Machinery and equipment	(310,368)	(6,552)	21,395	(295,525)
Autos and trucks	(94,738)	(23,103)	42,734	(75,107)
Total accumulated depreciation	(1,039,188)	(48,337)	64,129	(1,023,396)
Total capital assets being depreciated, net	360,905	49,642	(1,089)	409,458
Governmental activities capital assets, net	<u>\$ 1,259,905</u>	<u>\$ 49,642</u>	<u>\$ (1,089)</u>	<u>\$ 1,308,458</u>
<b>Business-type activities</b>				
Capital assets being depreciated				
Sewer system	\$ 841,548	\$ 6,670	\$ -	\$ 848,218
Water system	1,908,121	11,240	-	1,919,361
Other machinery and equipment	31,617	-	-	31,617
Autos and trucks	23,010	-	-	23,010
Total capital assets being depreciated	2,804,296	17,910	-	2,822,206
Less accumulated depreciation for:				
Sewer system	(551,186)	(19,483)	-	(570,669)
Water system	(851,779)	(54,359)	-	(906,138)
Other machinery and equipment	(20,978)	(978)	-	(21,956)
Autos and trucks	(22,919)	(91)	-	(23,010)
Total accumulated depreciation	(1,446,862)	(74,911)	-	(1,521,773)
Total capital assets being depreciated, net	1,357,434	(57,001)	-	1,300,433
Business-type activity capital assets, net	<u>\$ 1,357,434</u>	<u>\$ (57,001)</u>	<u>\$ -</u>	<u>\$ 1,300,433</u>

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

	Depreciation Expense
Governmental activities:	
Municipal building	\$ 13,468
Economic development	31
Non-departmental	460
Police department	28,860
Post office	1,756
Fire department	535
Geographic information systems	875
Parks	1,604
Library and community center	748
Total depreciation expense - governmental activities	\$ 48,337
Business-type activities:	
Sewer	\$ 20,000
Water	54,911
Total depreciation expense - business-type activities	\$ 74,911

#### Note 4 - Obligations Payable

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

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Governmental activities					
Capital vehicle leases	\$ 6,634	\$ 33,220	\$ (13,393)	\$ 26,461	\$ 16,567
Termination benefits	34,020	1,793	-	35,813	-
Compensated absences	51,074	-	(9,184)	41,890	-
Net pension obligation (see Note 6)	255,910	55,779	-	311,689	-
Total governmental activities	347,638	90,792	(22,577)	415,853	16,567
Business-type activities	-	-	-	-	-
Total obligations	\$ 347,638	\$ 90,792	\$ (22,577)	\$ 415,853	\$ 16,567

*Capital Vehicle Leases* — As of June 30, 2017, the Town has one capital lease. As of June 30, 2017, the equipment under capital lease had a cost basis of \$33,220 and accumulated depreciation of \$2,821. The following is a summary of the future minimum lease payments under capital lease obligations:

<u>Year Ending June 30,</u>		
2018 lease payments due	\$	26,939
Less amount representing interest		<u>(478)</u>
Present value of net minimum payments		26,461
Less current portion		<u>(16,567)</u>
Long-term portion	<u>\$</u>	<u>9,894</u>

*Termination Benefits* — Termination benefits are available for certain appointed officials, currently three, 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 financial statements because the expected amount of the benefits is not estimable.

*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.

## **Note 5 - Contingencies**

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



**Note 6 - Pension Plan**

**Defined Benefit Plans – General Information and Contributions**

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

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

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

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

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

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

\* with actuarial reductions

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

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

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
Noncontributory System				
15 - Local Governmental Division Tier 1	N/A	N/A	18.47%	N/A
Contributory System - Tier 2 Public Employees				
111 - Local Governmental Division Tier 2	N/A	N/A	14.91%	1.78%
Tier 2 DC Only System				
211 - Local Government	N/A	N/A	6.69%	10.00%

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

For the fiscal year ended June 30, 2017, the employer and employee contributions to the Systems were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 75,067	N/A
Tier 2 Public Employees System	6,149	-
Tier 2 DC Only System	2,249	N/A
Total Contributions	<u>\$ 83,465</u>	<u>\$ -</u>

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

**Defined Benefit Plans – Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2016, the Town reported a net pension asset of \$0 and a net pension liability of \$311,689, which is summarized as follows:

	December 31, 2016 (measurement date)			December 31, 2015 Proportionate Share	Increase in Proportionate Share
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 311,118	0.0484515%	0.0452258%	0.0032257%
Tier 2 Public Employees System	-	571	0.0051166%	0.0061727%	-0.0010561%
<b>Total Net Pension Asset / Liability</b>	<b>\$ -</b>	<b>\$ 311,689</b>			

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the Town’s actual contributions to the Systems during the plan year over the total of all employer contributions to the Systems during the plan year.

For the year ended June 30, 2017, the Town recognized actuarial calculated pension expense of \$113,828. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,758	\$ 8,940
Changes in assumptions	42,393	10,178
Net difference between projected and actual earnings on pension plan investments	48,793	-
Changes in proportion and differences between contributions and proportionate share of contributions	11,837	-
Contributions subsequent to the measurement date	37,339	-
<b>Total</b>	<b>\$ 147,120</b>	<b>\$ 19,118</b>

\$37,339 was included in deferred outflows of resources related to pensions—this results from contributions made by the Town prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016.

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

Year Ending December 31,	Deferred Outflows (Inflows) of Resources
2017	\$ 27,724
2018	27,993
2019	33,891
2020	894
2021	12
Thereafter	149

*Actuarial assumptions:* The most recent actuarial valuation of the defined benefit plan was dated January 1, 2016. The total pension liability in the December 31, 2016 measurement was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.60%
- Salary increases 3.35 - 10.35%, average, including inflation
- Investment rate of return 7.20%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ended December 31, 2013.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0%	0.00%
Totals	<u>100%</u>		<u>5.23%</u>
	Inflation		<u>2.60%</u>
		Expected arithmetic nominal return	<u>7.83%</u>

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

*Discount rate:* The discount rate used to measure the total pension liability was 7.20%. 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 to 7.20% from 7.50% from the prior measurement period.

*Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of net pension liability (asset)			
Noncontributory System	\$ 644,431	\$ 311,118	\$ 32,987
Tier 2 Public Employees System	3,885	571	(1,951)
Total	<u>\$ 648,316</u>	<u>\$ 311,689</u>	<u>\$ 31,036</u>

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

**Defined Contribution Savings Plans**

The Town and its employees also participate in defined contribution savings plans administered by the Utah Retirement Systems Board. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue Code. The Plan covers Town employees who have opted out of the Noncontributory Systems and certain other employees. The contribution requirements of the Systems are authorized by statute and specified by the URS Board. Detailed information regarding plan provisions is available in the separately issued URS financial report. Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for the respective fiscal years ended June 30, were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
401(k) Plan			
Employer contributions	\$ 23,946	\$ 23,205	\$ 20,269
Employer contribution rate	18.47%	18.47%	18.47%
Employee contributions	24,474	21,008	16,388

**Note 7 - Related Party Transactions**

Fire protection for the Town is provided by the Unified Fire Authority (UFA) on a contract basis. Under the terms of the contract, the Town's mayor is also a member of the UFA's board of directors. During the year ended June 30, 2017, the Town paid \$117,279 to UFA for fire protection.

**Required Supplementary Information**

Town of Alta  
Schedule of the Proportionate Share of the Net Pension Liability  
June 30, 2017  
Last 10 Fiscal Years\*

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	As of and for the year ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee 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 plan liability
Noncontributory System	2015	0.0445358%	\$ 193,385	\$ 420,073	46.00%	90.20%
	2016	0.0452258%	\$ 255,910	\$ 424,927	60.22%	87.80%
	2017	0.0484515%	\$ 311,118	\$ 475,177	65.47%	87.30%
Tier 2 Public Employees Systems	2015	0.0091622%	\$ (278)	\$ 45,043	-0.60%	103.50%
	2016	0.0061727%	\$ (13)	\$ 39,880	-0.03%	100.20%
	2017	0.0051166%	\$ 571	\$ 41,960	1.36%	95.10%

\* GASB 68 requires ten years of information be presented in this table. However, the schedule above is only for fiscal years ending in 2015 and after. The Town will build the ten year schedule prospectively.



Town of Alta  
Schedule of Contributions  
June 30, 2017  
Last 10 Fiscal Years\*

	For the year ended June 30,	Actuarially determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll**
Noncontributory System	2014	\$ 70,781	\$ 70,781	\$ -	\$ 454,178	15.58%
	2015	67,158	67,158	-	409,786	16.39%
	2016	73,495	73,495	-	448,477	16.39%
	2017	75,067	75,067	-	461,238	16.28%
Tier 2 Public Employees System***	2014	2,832	2,832	-	20,242	13.99%
	2015	7,047	7,047	-	47,172	14.94%
	2016	6,069	6,069	-	40,706	14.91%
	2017	6,149	6,149	-	41,240	14.91%
Tier 2 Public Employees DC Only***	2014	-	-	-	-	0.00%
	2015	1,301	1,301	-	19,362	6.72%
	2016	2,190	2,190	-	32,729	6.69%
	2017	2,249	2,249	-	33,620	6.69%

\* GASB 68 requires ten years of information be presented in this table. However, the schedule above is only for fiscal years ending in 2014 and after. The Town will build the ten year schedule prospectively.

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

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

**Changes of Assumptions**

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

Town of Alta  
Budgetary Comparison – General Fund  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues</b>				
Taxes	\$ 1,400,006	\$ 1,577,843	\$ 1,571,879	\$ (5,964)
Licenses and permits	39,000	41,183	43,364	2,181
Intergovernmental	40,755	51,884	66,858	14,974
Charges for services	4,400	9,016	11,691	2,675
Fines and forfeitures	19,000	31,000	31,619	619
Contributions	76,574	159,832	31,506	(128,326)
Miscellaneous	24,000	42,200	5,424	(36,776)
Total revenues	<u>1,603,735</u>	<u>1,912,958</u>	<u>1,762,341</u>	<u>(150,617)</u>
<b>Expenditures</b>				
Legislative	21,020	23,736	23,297	439
Municipal building	12,000	13,210	13,430	(220)
Economic development	82,000	82,000	82,000	-
Judicial court	21,297	27,078	26,880	198
Administration	417,590	431,307	424,696	6,611
Non-departmental	58,000	97,433	81,936	15,497
Planning and zoning	25,450	31,090	28,735	2,355
Police department	702,909	769,588	776,366	(6,778)
Post office	26,350	32,772	33,073	(301)
Fire department	116,749	117,279	117,279	-
Building inspection	25,535	51,449	60,953	(9,504)
Streets	32,000	16,627	15,693	934
Recycling	16,000	15,532	16,330	(798)
Geographic information systems	5,600	3,507	3,570	(63)
Parks	29,980	51,096	55,259	(4,163)
Community development	5,000	14,684	14,683	1
Library and community center	5,300	5,787	6,000	(213)
Homeland security	955	178	176	2
Total expenditures	<u>1,603,735</u>	<u>1,784,353</u>	<u>1,780,356</u>	<u>3,997</u>
Revenues Over (Under) Expenditures	-	128,605	(18,015)	(146,620)
Other Financing Sources (Uses)	-	(64,499)	(42,499)	22,000
Net Change in Fund Balance	-	64,106	(60,514)	(124,620)
Fund Balance - Beginning of Year	<u>1,281,727</u>	<u>1,281,727</u>	<u>1,281,727</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,281,727</u>	<u>\$ 1,345,833</u>	<u>\$ 1,221,213</u>	<u>\$ (124,620)</u>

## **Supplementary Information**

Town of Alta  
 Budgetary Comparison – Nonmajor Fund: Capital Projects Fund  
 For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Legislative	-	-	-	-
Municipal building	-	-	-	-
Economic development	-	-	-	-
Judicial court	-	-	-	-
Administration	-	-	-	-
Non-departmental	-	-	-	-
Planning and zoning	-	-	-	-
Police department	-	-	-	-
Post office	-	-	-	-
Fire department	-	-	-	-
Building inspection	-	-	-	-
Streets	-	-	-	-
Recycling	-	-	-	-
Geographic information systems	-	-	-	-
Parks	-	-	-	-
Community development	-	-	-	-
Library and community center	-	-	-	-
Homeland security	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources	<u>-</u>	<u>126,195</u>	<u>126,195</u>	<u>-</u>
Net Change in Fund Balance	-	126,195	126,195	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ 126,195</u></u>	<u><u>\$ 126,195</u></u>	<u><u>\$ -</u></u>

Town of Alta  
Supplemental Schedule to Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
General Fund  
For the Year Ended June 30, 2017

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Revenues	
Taxes	
Property	\$ 337,014
General and sales	1,159,800
Energy sales and use	68,510
Telephone use	6,555
	<u>1,571,879</u>
	<u>\$ 1,571,879</u>
Licenses and Permits	
Business licenses and permits	\$ 15,570
Liquor licenses	3,500
Building permits	13,264
Animal licenses	11,030
	<u>43,364</u>
	<u>\$ 43,364</u>
Intergovernmental	
Community development - SL County	\$ 14,684
State Grants	15,000
Class "C" road funds	15,793
State liquor funds	4,381
Wasatch National Forest	3,000
Post office contract	14,000
	<u>66,858</u>
	<u>\$ 66,858</u>
Charges for Services	
Revegetation bonds	\$ 2,000
Plan check fees	7,891
Community center use fees	1,800
	<u>11,691</u>
	<u>\$ 11,691</u>
Fines and Forfeitures	
Court fines	\$ 31,619
	<u>31,619</u>
	<u>\$ 31,619</u>
Contributions	
	<u>\$ 31,506</u>
	<u>\$ 31,506</u>

Town of Alta  
 Supplemental Schedule to Statement of Revenues, Expenditures,  
 and Changes in Fund Balance  
 General Fund  
 For the Year Ended June 30, 2017

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Revenues, Continued		
Miscellaneous		
Interest earnings		\$ 5,304
Sundry revenues		<u>120</u>
		<u>\$ 5,424</u>
Other Financing Sources/Uses		
Transfers out		\$ (126,195)
Insurance proceeds		61,696
Sale of fixed assets		<u>22,000</u>
		<u>\$ (42,499)</u>

Town of Alta  
Supplemental Schedule to Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
General Fund  
For the Year Ended June 30, 2017

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Expenditures		
Legislative		
Personnel services		\$ 23,297
		<u>23,297</u>
Municipal Building		
Personnel services		\$ 3,196
Materials, supplies, services		10,234
		<u>13,430</u>
		<u>36,727</u>
Economic Development		
Materials, supplies, services		\$ 82,000
		<u>82,000</u>
Judicial Court		
Personnel services		\$ 7,475
Materials, supplies, services		19,405
		<u>26,880</u>
Administration		
Personnel services		\$ 359,439
Materials, supplies, services		65,257
		<u>424,696</u>
Non-Departmental		
Materials, supplies, services		\$ 37,793
Capital outlay		44,143
		<u>81,936</u>
Planning and Zoning		
Personnel services		\$ 3,525
Materials, supplies, services		25,210
		<u>28,735</u>
Police Department		
Personnel services		\$ 619,275
Materials, supplies, services		101,821
Capital outlay		42,406
Debt service		12,864
		<u>776,366</u>



Town of Alta  
Supplemental Schedule to Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
General Fund  
For the Year Ended June 30, 2017

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Expenditures, Continued	
Post Office	
Personnel services	\$ 20,423
Materials, supplies, services	<u>12,650</u>
	<u>\$ 33,073</u>
Fire Department	
Materials, supplies, services	<u>\$ 117,279</u>
Building Inspection	
Materials, supplies, services	<u>\$ 60,953</u>
Streets	
Materials, supplies, services	<u>\$ 15,693</u>
Recycling	
Materials, supplies, services	<u>\$ 16,330</u>
Geographic information systems	
Materials, supplies, services	<u>\$ 3,570</u>
Parks	
Personnel services	\$ 30,211
Materials, supplies, services	24,568
Debt service	<u>480</u>
	<u>\$ 55,259</u>
Community Development	
Materials, supplies, services	\$ 3,253
Capital outlay	<u>11,430</u>
	<u>\$ 14,683</u>
Library and Community Center	
Personnel services	\$ 375
Materials, supplies, services	<u>5,625</u>
	<u>\$ 6,000</u>
Homeland Security	
Materials, supplies, services	<u>\$ 176</u>

## **Compliance and Internal Control**

**Independent Auditor’s Report on Compliance with General State Compliance Requirements and Internal Control Over Compliance as Required by the *State Compliance Audit Guide***

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

**Report on Compliance with General State Compliance Requirements**

We have audited Town of Alta’s compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the Town of Alta for the year ended June 30, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 in the following areas:

- Budgetary Compliance
- Fund Balance Limitation
- Justice Courts
- Utah Retirement Systems
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Public Treasurer’s Bond

***Management’s Responsibility***

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

***Auditor’s Responsibility***

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

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

***Opinion on General State Compliance Requirements***

In our opinion, the Town of Alta complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Town of Alta for the year ended June 30, 2017.

## **Report on Internal Control over Compliance**

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

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

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

## **Purpose of Report**

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



Salt Lake City, Utah  
December 22, 2017



CPAs & BUSINESS ADVISORS

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

The Honorable Mayor  
and Town Council  
Town of Alta, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Alta as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Town of Alta’s basic financial statements, and have issued our report thereon dated December 22, 2017.

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2017-A and 2017-B to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

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

**Town of Alta's Response to Findings**

The Town of Alta's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Town of Alta's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

**Purpose of this Report**

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

A handwritten signature in cursive script that reads "Eric Sallie LLP".

Salt Lake City, Utah  
December 22, 2017

2017-A *Statement of Condition:* Management is responsible for the fair presentation of the financial statements in accordance with generally accepted accounting principles. The Town's system of internal control contemplates that the outside auditors will prepare the financial statements and related financial disclosures being audited. This also includes annual conversion entries to present the government-wide financial statements using the full-accrual method. We also made immaterial adjustment to accounts payable and to balances due to/from other funds. Although we noted that management had taken steps to improve the year-end account closing process, all reconciling adjustments should be made each year prior to the audit. This circumstance is not unusual for an organization of your size, but the reliance on the outside auditors to prepare the financial statements and related financial disclosures increases the possibility that a misstatement of the financial statements could occur and not be prevented, or detected and corrected, by the entity's management.

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

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

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

*Corrective Action Plan:* Management and staff charged with preparing accounting records for the financial statements will continue to improve the year-end account closing process by making the appropriate adjustments. For the time being, management plans to continue to request that the auditors prepare the financial statements.

*Contact:* Kate Black (801) 363-5105

2017-B *Statement of Condition:* Adequate segregation of duties is necessary as an internal control to prevent and detect fraud and to provide assurance that transactions are properly authorized and recorded to provide management with accurate interim and year-end financial information. During the fiscal year ended June 30, 2017, the Town of Alta took steps to further segregate the duties of check signing and of cash receipting in the utility funds and the justice court. However, for the majority of the fiscal year, the Town's accounting duties were not adequately segregated in that the person who authorizes expenditures and signs checks also records journal entries and reconciles bank accounts. In addition, the same person who receives payments and prepares the bank deposits had access to post transactions to the accounts receivable ledgers for the sewer and water funds.

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

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

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

*Recommendation:* Additional controls can be implemented to ensure oversight of transaction classes for which adequate segregation of duties is not feasible given the limited number of staff. Alternatively, other persons not involved in accounting could be assigned to approve and sign checks and to create daily logs of cash receipts.

*Corrective Action Plan:* The Town of Alta has removed the Town Clerk from check signing duties and assigned that responsibility to another person not involved in any accounting procedures. The Town Clerk is preparing monthly reconciliations for all monthly bank accounts and is reviewing the reconciliations and applicable bank statements and journals with one of the following persons: the Mayor, Town Treasurer or Town Administrator.

The Town of Alta put procedures in place in early April, 2017 whereby all payments received (sewer and water fees, business and liquor licenses, court fines, animal licenses and sundry revenues) by the Town of Alta are being processed and entered into an applicable spread sheets by one of two individuals not involved in any accounting procedures. Those individuals note the date received, name of vendor/person, check #, the reason for the payment and the amount of payment. The Assistant Town Clerk then takes custody of the payments and prepares the deposits. An individual not involved in any accounting procedures then checks the deposits slips against the receipts entered in the spread sheet and the date of the deposit is entered next to the payment in the applicable spreadsheet. The Town Clerk then documents the deposits in the applicable journal in the Caselle software. Procedures have also been put in place to receive payments from vendors/individuals using credit cards – individuals not involved with any accounting procedures process and record all payments received by credit cards.

*Contact:* Kate Black (801) 363-5105