

**ALPINE CITY, UTAH
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2023**

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
Members of the City Council
Alpine City, Utah

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alpine City, Utah (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my 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 City as of June 30, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11, budgetary comparison and pension information on pages 46-49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated September 16, 2023, on my consideration of the City's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Greg Ogden CPA". The signature is written in a cursive style with a large, stylized "G" and "O".

Greg Ogden,
Certified Public Accountant
Springville, Utah
September 16, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This document is a narrative overview and analysis of the financial activities of Alpine City for the fiscal year ending June 30, 2023. Alpine City management encourages readers to consider the information presented here in conjunction with the financial statements which follow this section. To help the reader with navigation of this report, the city's activities are classified in the following manner: government activities refers to general administration, parks, streets, garbage, planning etc., while business-type activities refers to operations such as the sewer, storm drain, water, and pressurized irrigation.

FINANCIAL HIGHLIGHTS

- The total net position of Alpine City increased by \$3,722,982 totaling \$93,977,313. The governmental net position increased by \$3,017,034 and the business-type net position increased by \$705,948.
- The total net position of governmental and business-type activities is \$93,977,313 and is made up of \$72,563,045 in capital assets, such as land, infrastructure and equipment and \$21,414,268 in other net position. The \$21,414,268 in other net position is made up of \$5,886,190 which is restricted for capital projects, debt service and endowments. Finally, the remaining \$15,528,077 is unrestricted assets.
- Total liabilities of the City increased by \$323,847. The liabilities for governmental activities increased by \$481,144. The business-type activities liabilities decreased by \$157,297.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to Alpine City's basic financial statements. Alpine City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of Alpine City's finances, in a manner similar to a private-sector business.

- The statement of net position presents information on all of Alpine City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Alpine City is improving or deteriorating. However, you will also need to consider other nonfinancial factors.
- The statement of activities presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Alpine City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 13-15 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Alpine City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Capital Projects Fund. The balances of the governmental funds are determined to be non-major and are included in the combining statements within this report.

- **Proprietary funds** - Alpine City maintains one type of proprietary fund, the enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Alpine City uses enterprise funds to account for its Pressurized Irrigation Utility, Culinary Water Utility, Sewer Utility and Storm Drain Operation. As determined by generally accepted accounting principles, the pressurized irrigation, culinary water, storm drain and, sewer enterprise funds meet the criteria for major fund classification.

- **Fiduciary funds** - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting method used for these funds is much like that used for proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Alpine City, assets exceed liabilities by \$93,977,313.

By far the largest portion of Alpine City's net position (77%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENT OF NET POSITION
(In thousands of dollars)

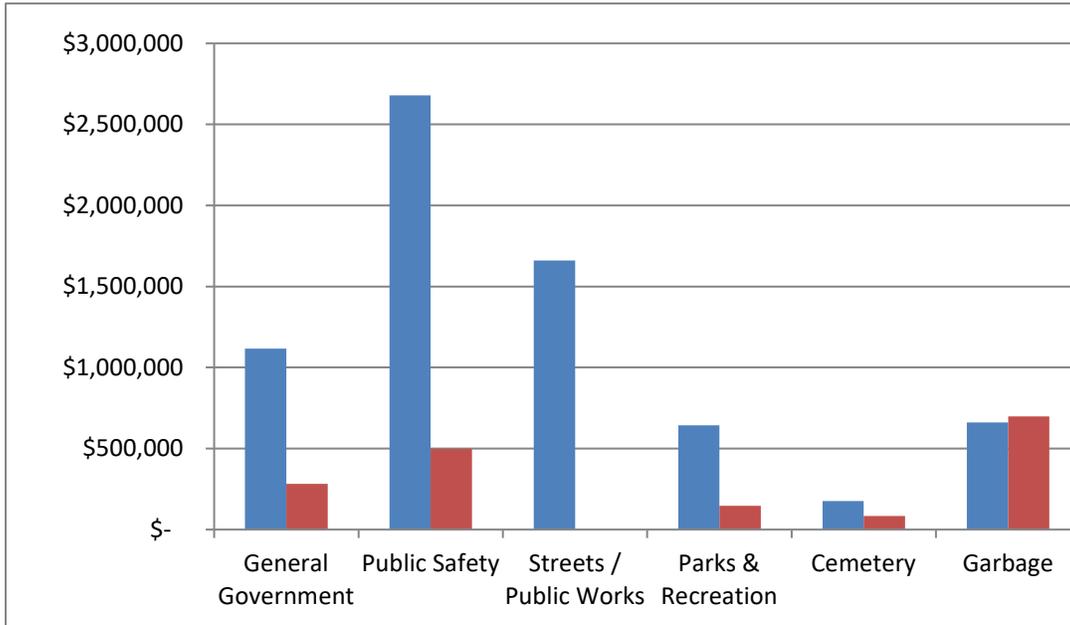
	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Current and Other Assets	\$ 18,285	\$ 15,150	\$ 9,054	\$ 8,691
Capital Assets	41,749	41,690	33,342	33,445
Deferred Outflow	138	100	202	195
Total Assets	<u>60,172</u>	<u>56,940</u>	<u>42,598</u>	<u>42,331</u>
Long-term Debt Outstanding	193	100	2,645	2,914
Other Liabilities	3,078	2,690	270	158
Deferred Inflow	2,605	2,871	3	284
Total Liabilities	<u>5,876</u>	<u>5,661</u>	<u>2,917</u>	<u>3,356</u>
Net Position:				
Net Invested in Capital Assets,	41,749	41,690	30,814	30,575
Restricted	4,572	3,770	1,314	1,115
Unrestricted	7,975	5,820	7,553	7,285
Total Net Position	<u>\$ 54,296</u>	<u>\$ 51,280</u>	<u>\$ 39,681</u>	<u>\$ 38,975</u>

CHANGES IN NET ASSETS
(In thousands of dollars)

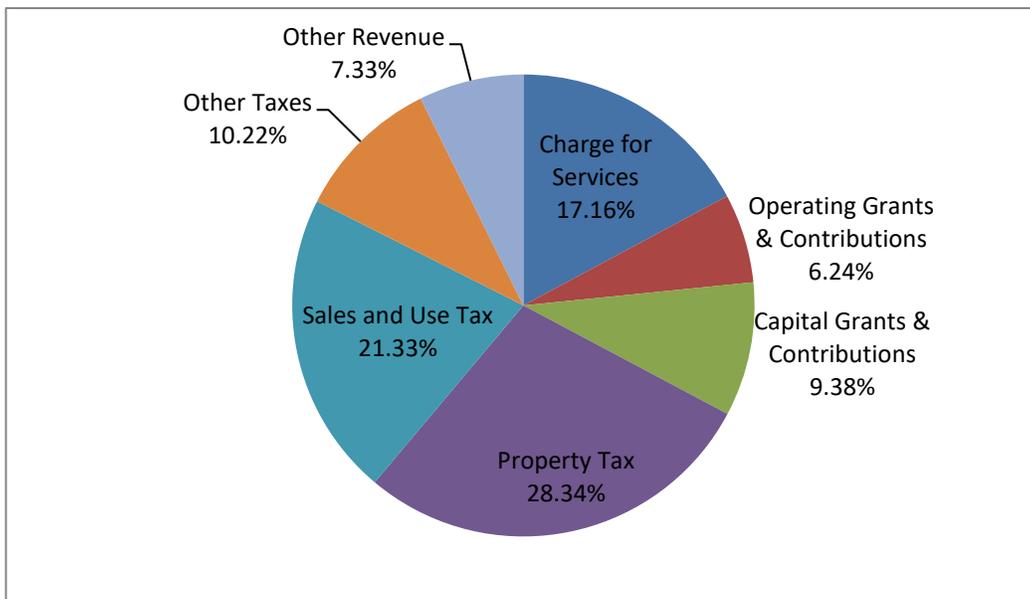
	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Revenues				
Program Revenues				
Charges for Services	\$ 1,707	\$ 1,736	\$ 3,162	\$ 3,151
Operating Grants and Contributions	621	622	-	-
Capital Grants and Contributions	934	1,293	597	454
General Revenues				
Property Taxes	2,820	1,996	-	-
Sales and Use Taxes	2,123	2,023	-	-
Other Taxes	1,017	852	-	-
Other Revenues	729	128	306	39
Total Revenues	9,952	8,650	4,065	3,644
Expenses				
General Government	1,117	1,142	-	-
Public Safety	2,680	2,413	-	-
Streets/Public Works	1,660	2,133	-	-
Parks and Recreation	643	864	-	-
Cemetery	175	179	-	-
Garbage	660	610	-	-
Interest Expense	-	-	-	-
Water	-	-	909	818
Sewer	-	-	1,152	1,060
Pressurized Irrigation	-	-	1,027	1,005
Storm Drain	-	-	271	271
Total Expenses	6,935	7,341	3,359	3,154
Increase in Net Position Before Transfers	3,017	1,309	706	490
Transfers	-	-	-	-
Change in Net Position	3,017	1,309	706	490
Net Position Beginning	51,279	49,970	38,976	38,486
Net Position Ending	\$ 54,296	\$ 51,279	\$ 39,682	\$ 38,976

The following graphs display the government-wide activities as reflected in the above tables. Program revenues included in the first graph are fees charged for specific services performed by the various governmental functions. General revenues such as property taxes, sales and uses taxes, etc. are not included.

Expense and Program Revenues -Governmental Activities

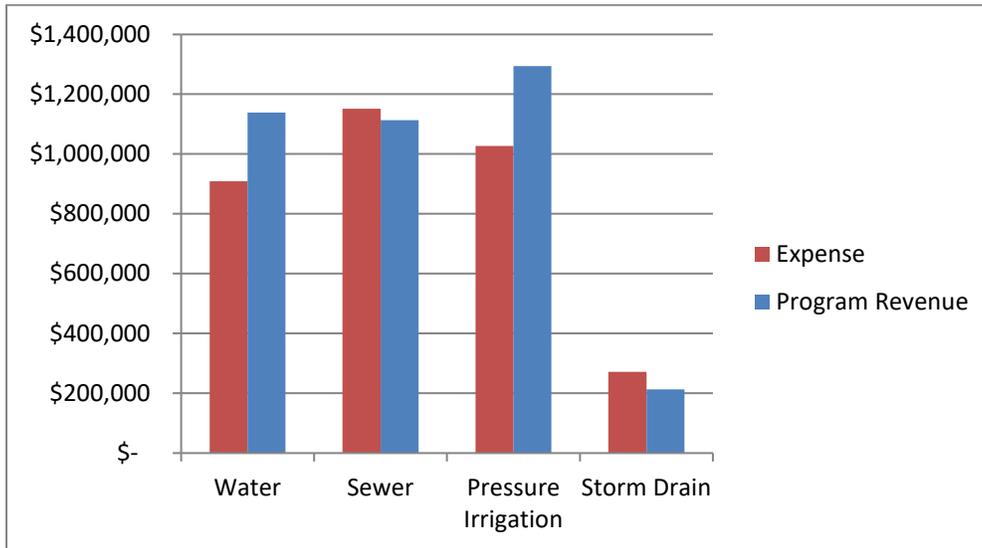


Revenues by Source – Governmental Activities

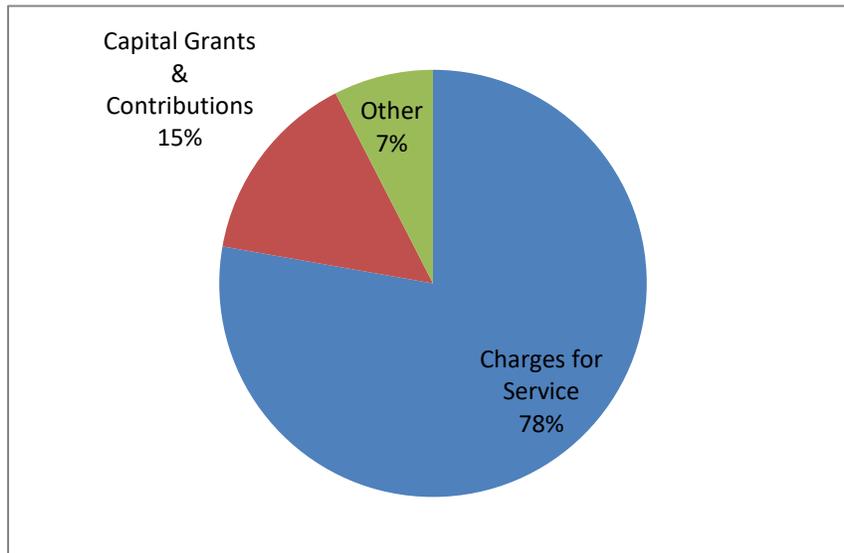


It can be seen from the following charts, the main revenues in the business-type activities are in charges for services, with 87.4 percent of the revenues coming from this source. The revenues from capital grants and contributions represent the value of infrastructure systems donated to the City via subdivisions being developed and can vary substantially from year to year.

Expense and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. As of June 30, 2023; the City's governmental funds (General, Capital Projects and Debt Service) reported combined fund equity of \$12,605,384. The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain matching of revenues and expenses is accounted for in this fund.

As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund original budget was amended to:

- Transfer funds from General Fund to Capital Projects for future projects.
- Various park and infrastructure improvements were completed.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - Alpine City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$75,091,045 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, bridges, etc.), and machinery and equipment. The total decrease in the City's investment in fixed assets for the current year was \$(43,662).

Major capital asset events during the current fiscal year included the following:

- Additions to parks and recreation areas.
- Asset contributions from developers in new subdivisions being added to the City.

ALPINE CITY'S CAPITAL ASSETS
(Net of Depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Capital Assets Not Being Depreciated				
Land	\$ 22,775	\$ 22,775	\$ 456	\$ 456
Water Shares	-	-	73	73
Construction in Progress	-	-	-	-
Capital Assets Being Depreciated				
Buildings and Structures	2,107	2,073	215	215
Improvements and Infrastructure	41,980	40,728	48,350	47,377
Machinery, Equipment and Vehicles	1,724	1,611	1,963	1,963
Total	68,586	67,187	51,057	50,085
Less Accumulated Depreciation	(26,837)	(25,497)	(17,715)	(16,640)
Total Capital Assets	\$ 41,749	\$ 41,690	\$ 33,342	\$ 33,444

Additional information on the City's capital assets can be found in the footnotes to this financial report and also the supplemental section.

Long-term debt - At June 30, 2023, the City had total debt outstanding of \$2,837,872. The majority of Alpine City's long term debt, \$2,528,000 is debt secured solely by specific revenue sources (i.e., revenue bonds within the Water and Pressurized Irrigation Funds).

ALPINE CITY'S OUTSTANDING DEBT
(In thousands of dollars)

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Revenue Bonds	\$ -	\$ -	\$ 2,528	\$ 2,870
Capital Leases	-	-	-	-
Net Pension Liability	77	-	68	-
Compensated Absences	116	100	49	44
Total	\$ 193	\$ 100	\$ 2,645	\$ 2,914

Additional information on the outstanding debt obligations of the City can be found in the footnotes to this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Unemployment rate for Utah County (of which Alpine is part) was 2.70% compared with the State unemployment rate of 2.5% this has increased from the previous year due to the economics across the world are in flux and we are seeing increasing jobs and demand.
- Alpine is continuing to see an increase in building permits and the occupation of vacant homes along with new subdivision developments.
- The major projects budgeted for next year includes the following:
 - B&C road projects: \$1,010,000
 - Park Improvements: \$1,185,150
 - Utility projects: \$950,000

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Alpine City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

City Finance Officer
20 N Main St
Alpine, UT 84004

BASIC FINANCIAL STATEMENTS

ALPINE CITY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business Type Activities	Totals
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 10,404,810	\$ 7,478,926	\$ 17,883,736
Accounts Receivable	3,286,386	261,146	3,547,532
Prepaid Expenses	21,470	-	21,470
TOTAL CURRENT ASSETS	13,712,666	7,740,072	21,452,738
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	4,572,316	1,313,875	5,886,191
Net Pension Asset	-	-	-
Capital Assets			
Non Depreciable	22,775,044	529,527	23,304,571
Depreciable Assets (net of Depreciation)	18,973,758	32,812,717	51,786,475
TOTAL NONCURRENT ASSETS	46,321,117	34,656,119	80,977,236
TOTAL ASSETS	60,033,783	42,396,191	102,429,974
DEFERRED OUTFLOW OF RESOURCES	138,270	202,037	340,307
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	60,172,053	42,598,228	102,770,281
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	3,077,490	270,090	3,347,580
TOTAL CURRENT LIABILITIES	3,077,490	270,090	3,347,580
NONCURRENT LIABILITIES			
Due Within One Year	105,205	390,479	495,684
Net Pension Liability	76,906	67,954	144,860
Due in More Than One Year	11,113	2,186,215	2,197,328
TOTAL NONCURRENT LIABILITIES	193,224	2,644,648	2,837,872
TOTAL LIABILITIES	3,270,714	2,914,738	6,185,452
DEFERRED INFLOWS OF RESOURCES	2,604,979	2,537	2,607,516
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,875,693	2,917,275	8,792,968
<u>NET POSITION</u>			
Net Investment in Capital Assets	41,748,801	30,814,244	72,563,045
Restricted	4,572,316	1,313,875	5,886,191
Unrestricted	7,975,243	7,552,834	15,528,077
TOTAL NET POSITION	\$ 54,296,360	\$ 39,680,953	\$ 93,977,313

See the accompanying notes to the financial statements

ALPINE CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<u>FUNCTIONS/PROGRAMS</u>				
Governmental Activities				
General Government	\$ 1,116,567	\$ 281,884	\$ 621,223	\$ -
Public Safety	2,680,087	498,097	-	-
Streets	1,659,964	-	-	791,426
Parks and Recreation	643,262	146,449	-	142,308
Cemetery	175,075	83,415	-	-
Garbage	660,337	697,540	-	-
Total Governmental Activities	<u>6,935,292</u>	<u>1,707,384</u>	<u>621,223</u>	<u>933,734</u>
Business-type Activities				
Water	909,172	895,810	-	242,824
Sewer	1,151,659	1,023,039	-	89,877
Pressurized Irrigation	1,026,933	1,039,140	-	255,000
Storm Drain	271,398	203,528	-	9,687
Total Business-type Activities	<u>3,359,162</u>	<u>3,161,517</u>	<u>-</u>	<u>597,388</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 10,294,454</u>	<u>\$ 4,868,902</u>	<u>\$ 621,223</u>	<u>\$ 1,531,122</u>

General Revenues
Property Taxes
Vehicle Taxes
Sales Taxes
Franchise Taxes
Miscellaneous
Unrestricted Investment Earnings
Total General Revenues and Transfers
Change in Net Position
Net Position - Beginning

Net Position - Ending

See the accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (213,461)	-	\$ (213,461)
(2,181,990)	-	(2,181,990)
(868,538)	-	(868,538)
(354,505)	-	(354,505)
(91,660)	-	(91,660)
<u>37,203</u>	<u>-</u>	<u>37,203</u>
(3,672,951)	-	(3,672,951)
-	229,462	229,462
-	(38,743)	(38,743)
-	267,207	267,207
<u>-</u>	<u>(58,184)</u>	<u>(58,184)</u>
-	399,743	399,743
(3,672,951)	399,743	(3,273,208)
2,820,484	-	2,820,484
134,274	-	134,274
2,122,691	-	2,122,691
883,046	-	883,046
213,731	-	213,731
<u>515,759</u>	<u>306,205</u>	<u>821,964</u>
<u>6,689,985</u>	<u>306,205</u>	<u>6,996,190</u>
3,017,034	705,948	3,722,982
<u>51,279,326</u>	<u>38,975,005</u>	<u>90,254,331</u>
\$ 54,296,360	\$ 39,680,953	\$ 93,977,313

ALPINE CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Governmental-type Activities</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,464,081	\$ -	\$ -	\$ 1,464,081
Accounts Receivable	3,286,386	-	-	3,286,386
Restricted Cash and Cash Equivalents	2,766,615	8,940,729	1,805,701	13,513,045
Prepaid Expenses	21,470	-	-	21,470
TOTAL ASSETS	\$ 7,538,552	\$ 8,940,729	\$ 1,805,701	\$ 18,284,982
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 226,615	\$ 41,948	\$ -	\$ 268,563
Developer Completion Bonds Payable	862,483	-	-	862,483
Infrastructure Protection Bonds Payable	-	1,946,443	-	1,946,443
TOTAL LIABILITIES	1,089,098	1,988,391	-	3,077,490
DEFERRED INFLOW OF RESOURCES	2,602,108	-	-	2,602,108
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	3,691,206	1,988,391	-	5,679,598
FUND BALANCE				
Non-Spendable	21,470	-	745,971	767,441
Restricted	2,766,615	-	1,059,730	3,826,346
Assigned	-	6,952,338	-	6,952,338
Unassigned	1,059,261	-	-	1,059,261
TOTAL FUND BALANCES	3,847,345	6,952,338	1,805,701	12,605,385
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 7,538,552	\$ 8,940,729	\$ 1,805,701	\$ 18,284,983

See the accompanying notes to the financial statements

ALPINE CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 12,605,385
<i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	41,748,801
Deferred outflows of resources related to pensions represent a consumption of net position that applies to future periods and therefore, are not reported in the funds.	138,270
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(193,225)
Deferred inflows of resources related to pensions represent a source of resources that applies to future periods and therefore, are not reported in the funds.	<u>(2,871)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 54,296,360</u>

ALPINE CITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental-type Activities			
	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,960,495	\$ -	\$ -	\$ 5,960,495
Licenses and Permits	591,989	-	-	591,989
Intergovernmental	1,394,328	-	-	1,394,328
Charge for Services	1,039,630	-	26,318	1,065,948
Fines and Forfeitures	49,448	-	-	49,448
Interest	231,459	218,939	65,361	515,759
Miscellaneous	92,716	121,014	-	213,730
TOTAL REVENUES	9,360,066	339,953	91,679	9,791,697
EXPENDITURES				
General Government	1,021,268	-	-	1,021,268
Public Safety	2,680,087	-	-	2,680,087
Streets	670,304	-	4,224	674,528
Parks and Recreation	414,981	-	-	414,981
Cemetery	172,525	-	-	172,525
Garbage	665,206	-	-	665,206
Capital Outlay	140,449	903,357	244,796	1,288,603
TOTAL EXPENDITURES	5,764,819	903,357	249,020	6,917,197
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	3,595,246	(563,404)	(157,342)	2,874,500
OTHER FINANCING SOURCES (USES)				
Impact Fees	-	-	50,869	50,869
Transfers from Other Funds	-	3,118,753	-	3,118,753
Transfer to Other Funds	(3,118,753)	-	-	(3,118,753)
TOTAL OTHER FINANCING SOURCES (USES)	(3,118,753)	3,118,753	50,869	50,869
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	476,493	2,555,349	(106,472)	2,925,369
BEGINNING FUND BALANCE	3,370,852	4,396,989	1,912,173	9,680,014
ENDING FUND BALANCE	\$ 3,847,345	\$ 6,952,338	\$ 1,805,701	\$ 12,605,383

See the accompanying notes to the financial statements

ALPINE CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER
EXPENDITURES AND USES - TOTAL GOVERNMENTAL FUNDS \$ 2,925,369

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

Governmental funds report capital outlays as expenditures. In the statement
of activities the cost of those assets is allocated over their estimated useful
lives as depreciation expense. This is the amount by which capital outlays
were exceeded by depreciation in the current period. 58,802

Some revenues and expenses reported in the statement of activities do not add
to or require the use of current financial resources and, therefore, are not
reported as revenues or expenditures in the governmental funds. 32,864

CHANGE IN NET POSITION OF GOVERNMENTAL FUNDS \$ 3,017,034

ALPINE CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-type Activities - Enterprise Funds</u>				<u>Total Enterprise Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Pressure Irrigation</u>	<u>Storm Drain</u>	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 2,829,755	\$ 2,872,224	\$ 1,019,173	\$ 757,774	\$ 7,478,926
Accounts Receivable, Net of Allowance for Uncollectible	87,397	86,691	72,184	14,875	261,146
TOTAL CURRENT ASSETS	2,917,152	2,958,915	1,091,356	772,648	7,740,072
NONCURRENT ASSETS					
Restricted Assets					
Cash and Cash Equivalents	553,324	152,627	411,565	196,360	1,313,875
Net Pension Asset	-	-	-	-	-
Capital Assets					
Construction in progress	-	-	-	-	-
Water Shares	73,400	-	-	-	73,400
Land	219,000	21,072	-	216,055	456,127
Building and Structures	169,103	45,971	-	-	215,074
Improvements	16,759,114	8,326,036	16,036,906	7,227,966	48,350,023
Machinery, Equipment and Vehicles	1,203,492	390,907	368,294	-	1,962,693
Less Accumulated Depreciation	(7,049,417)	(3,748,465)	(5,011,332)	(1,905,860)	(17,715,073)
TOTAL NONCURRENT ASSETS	11,928,016	5,188,148	11,805,433	5,734,521	34,656,120
TOTAL ASSETS	14,845,168	8,147,064	12,896,790	6,507,170	42,396,191
DEFERRED OUTFLOWS OF RESOURCES	43,520	40,161	107,548	10,808	202,037
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	14,888,688	8,187,225	13,004,338	6,517,978	42,598,228
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
CURRENT LIABILITIES					
Accounts Payable	9,975	190,658	38,735	1,422	240,790
Customer Deposits Payable	29,300	-	-	-	29,300
Developer Deposits	-	-	-	-	-
Compensated Absences	3,204	24,198	5,345	10,732	43,479
Current Portion of Long-Term Debt	-	-	347,000	-	347,000
TOTAL CURRENT LIABILITIES	42,479	214,856	391,080	12,154	660,569
NONCURRENT LIABILITIES					
Compensated Absences	169	4,414	66	566	5,215
Net Pension Liability	24,206	22,337	15,399	6,012	67,954
Bonds Payable	-	-	2,181,000	-	2,181,000
TOTAL NONCURRENT LIABILITIES	24,375	26,751	2,196,465	6,578	2,254,169
TOTAL LIABILITIES	66,854	241,607	2,587,545	18,732	2,914,738
DEFERRED INFLOWS OF RESOURCES	904	834	575	224	2,537
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	67,758	242,441	2,588,120	18,956	2,917,275
NET POSITION					
Net Investment in Capital Assets	11,374,693	5,035,521	8,865,869	5,538,162	30,814,244
Restricted					
Impact Fees	553,324	152,627	411,565	196,360	1,313,875
Unrestricted	2,892,914	2,756,635	1,138,785	764,500	7,552,833
TOTAL NET POSITION	\$ 14,820,930	\$ 7,944,784	\$ 10,416,218	\$ 6,499,022	\$ 39,680,953

See the accompanying notes to the financial statements

ALPINE CITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds				Total Enterprise Funds
	Water	Sewer	Pressure Irrigation	Storm Drain	
OPERATING REVENUES					
Charge for Services	\$ 870,395	\$ 1,018,289	\$ 975,036	\$ 192,428	\$ 3,056,147
Connection Fees	17,000	4,750	62,865	-	84,615
Miscellaneous	8,415	-	1,240	\$ 11,100	20,755
TOTAL OPERATING REVENUES	895,810	1,023,039	1,039,140	203,528	3,161,517
OPERATING EXPENSES					
Salaries, Wages and Benefits	237,255	241,251	208,331	80,430	767,268
Operations	285,296	719,361	246,532	33,250	1,284,439
Depreciation	386,622	191,046	339,758	157,717	1,075,143
TOTAL OPERATING EXPENSES	909,172	1,151,659	794,621	271,398	3,126,850
OPERATING INCOME (LOSS)	(13,362)	(128,620)	244,519	(67,870)	34,667
NON-OPERATING REVENUES (EXPENSES)					
Grant Revenues	-	-	-	-	-
Impact Fees	103,523	16,015	180,994	9,687	310,219
Interest Income	120,271	106,839	43,002	36,092	306,204
Interest and Amortization Expense	-	-	(232,312)	-	(232,312)
TOTAL NON-OPERATING REVENUES (EXPENSES)	223,794	122,854	(8,317)	45,779	384,111
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	210,432	(5,765)	236,203	(22,091)	418,778
Capital Contributions	139,301	73,862	74,006	-	287,169
CHANGE IN NET POSITION	349,733	68,097	310,209	(22,091)	705,947
TOTAL NET POSITION AT BEGINNING OF YEAR	14,471,197	7,876,687	10,106,009	6,521,113	38,975,006
TOTAL NET POSITION AT END OF YEAR	\$ 14,820,930	\$ 7,944,784	\$ 10,416,218	\$ 6,499,022	\$ 39,680,953

See the accompanying notes to the financial statements

ALPINE CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds				Total Enterprise Funds
	Water	Sewer	Pressure Irrigation	Storm Drain	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Receipts from Customers	\$ 869,913	\$ 1,024,249	\$ 1,054,580	\$ 203,382	\$ 3,152,124
Payment to Suppliers	(284,474)	(624,568)	(217,974)	(38,853)	(1,165,869)
Payment to Employees	(252,523)	(252,549)	(191,369)	(83,311)	(779,753)
NET CASH FLOWS FROM OPERATING ACTIVITIES	332,916	147,132	645,237	81,217	1,206,502
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>					
Transfer to/from other funds	-	-	-	-	-
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-	-	-	-	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Impact Fees	103,523	16,016	180,994	9,687	310,220
Grant Proceeds	-	-	-	-	-
Acquisition of Capital Assets	(511,522)	0	(74,289)	(99,703)	(685,514)
Bond Payments	-	-	(342,000)	-	(342,000)
Interest and Amortization Expense	-	-	(232,313)	-	(232,313)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(407,999)	16,016	(467,609)	(90,016)	(949,607)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest Income	120,271	106,838	43,003	36,092	306,204
NET CASH FLOWS FROM INVESTING ACTIVITIES	120,271	106,838	43,003	36,092	306,204
NET CHANGE IN CASH AND CASH EQUIVALENTS	45,189	269,986	220,632	27,293	563,100
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,337,890	2,754,865	1,210,105	926,840	8,229,701
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,383,079	\$ 3,024,851	\$ 1,430,737	\$ 954,134	\$ 8,792,801

See the accompanying notes to the financial statements

ALPINE CITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-type Activities - Enterprise Funds</u>				<u>Total Enterprise Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Pressure Irrigation</u>	<u>Storm Drain</u>	
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Operating Income (Loss)	\$ (13,362)	\$ (128,620)	\$ 244,519	\$ (67,870)	\$ 34,667
Adjustments					
Depreciation	386,622	191,046	339,758	157,717	1,075,143
Changes in Net Position					
Accounts Receivable, Net	(19,497)	1,210	15,440	(146)	(2,993)
Net Pension Asset	72,499	66,902	46,120	18,006	203,527
Deferred Outflows - Pensions	(11,990)	(11,065)	18,996	(2,978)	(7,037)
Accounts Payable	821	94,793	28,558	(5,603)	118,570
Customer Deposits Payable	(6,400)	-	-	-	(6,400)
Compensated Absences	294	3,064	238	984	4,580
Net Pension Liability	24,206	22,337	15,399	6,012	67,954
Deferred Inflows - Pensions	(100,277)	(92,536)	(63,791)	(24,905)	(281,509)
<u>NET CASH FLOW FROM OPERATING ACTIVITIES</u>	<u>\$ 332,916</u>	<u>\$ 147,132</u>	<u>\$ 645,237</u>	<u>\$ 81,217</u>	<u>\$ 1,206,502</u>
Contributions of Capital Assets from Developers	<u>\$ 139,301</u>	<u>\$ 73,862</u>	<u>\$ 74,006</u>	<u>\$ -</u>	<u>\$ 287,169</u>

See the accompanying notes to the financial statements

ALPINE CITY, UTAH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Alpine City, Utah (City) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The following is a summary of the more significant of the City's accounting policies.

Financial Reporting Entity

Alpine City was incorporated in 1855 under the laws of the State of Utah. The City is a municipal corporation governed by an elected five-member Council and Mayor. The City provides services under the following organizational structure:

General Government: Mayor and City Council, City Administrator, Justice Court, Treasurer and Recorder

Public Safety: Police, Fire and Emergency Medical Services, (through Lone Peak Public Safety District), Building Inspection, Planning and Zoning

Public Works: Streets, Water, Sewer, Garbage, Pressurized Irrigation and Storm Drains

Parks and Recreation: Parks, Cemetery and Recreation

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. The City has no component units and is not a component unit of another entity.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. Individual funds are not displayed but the statements distinguish governmental activities, which normally are supported by taxes and general revenues, from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The statement of net position presents the financial position of the governmental and business-type activities of the City at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and are clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

NOTE 1 - (CONTINUED)

The statement of activities reports the expenses of a given function or segment offset by program revenues directly connected to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or activity; 2) operating grants and contributions which finance annual operating activities, including restricted investment income; and 3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets.

For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Taxes, interest, and other revenue sources not properly included with program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Fund Accounting – The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two types of categories: governmental and proprietary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *capital projects fund* accounts for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds).

Proprietary Fund – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

The City reports the following major proprietary funds:

The *water fund* accounts for the activities of the City's water production, treatment and distribution operations. The *sewer fund* accounts for the activities of the City's sewer treatment operations.

NOTE 1 - (CONTINUED)

The *pressure irrigation fund* accounts for the activities of the City's pressurized irrigation distribution operations.

The *storm drain fund* accounts for the activities of the City's storm drain operations.

Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales tax, property tax, grants, and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale taxes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected by June 30, 2023 for property taxes and within 60 days for other non-exchange transactions) before it can be recognized.

NOTE 1 - (CONTINUED)

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: sales taxes, property taxes, special assessments, and federal and state grants.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. This unearned revenue is expected to be collected in the next fiscal year.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On the modified accrual basis, expenditures are generally recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

Cash, cash equivalents, and investments

Cash and cash equivalents include cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. The City's investment policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The Fund operates in accordance with state laws and regulations. The reported value of the City's cash in the Fund is the same as the fair value of the Fund shares.

Cash equivalents are generally considered short-term highly liquid investments with maturities of three months or less from the purchase date. Investments 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.

Restricted assets

Cash which is restricted to a particular use due to statutory, budgetary or bonding requirements is classified as "restricted cash" on the statement of net position and on the balance sheets. Restricted cash would be spent first and then unrestricted resources would be used when the restricted funds are depleted.

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible amounts, where applicable.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

NOTE 1 - (CONTINUED)

Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds or contributions. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the proprietary fund's statement of net position.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are capitalized at historical cost, if purchased and at fair market value at the date of the gift, if donated. Improvements to capital assets are capitalized. Major additions are capitalized, while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

All reported capital assets are depreciated except for land, rights-of-way, water rights, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of improvements and replacements.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

<u>Classification</u>	<u>Range of Lives</u>
Buildings and structures	20-50 years
Improvements and infrastructure	10-50 years
Machinery, equipment and vehicles	5-15 years

Compensated absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid. Compensated leave time may be accrued up to 160 hours. The accumulated sick leave is earned at a rate of one day per month. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate up to 90 days of sick leave. Employees who retire are offered the choice to be paid 25% of accumulated sick leave at retirement or to have City pay the cost of the employee's health insurance for one month for every two days of sick leave until the employee can qualify for Medicare.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absences liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when it is due to for payment in the current fiscal year.

Long-term liabilities

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

NOTE 1 - (CONTINUED)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of these funds. Bonds are recognized as a liability in the governmental fund financial statements only when they are due for payment in the current fiscal year.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The City current has deferred outflows of resources related to debt refunding and pensions.

In addition to liabilities, the statement of net position will sometimes include a separate section deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The governmental funds report deferred inflows of resources related to property taxes and pensions.

Pensions

For purposes of measuring the net pension liability, 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 Plans (URS), including 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.

Fund equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are divided into five categories as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained. Fund balance amounts related to inventory, prepaid expenses and permanent endowments (such as cemetery perpetual care) are classified as non-spendable.

Restricted – This classification includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. The City's remaining balances of Class C roads and impact fees are restricted.

NOTE 1 - (CONTINUED)

Committed – This classification includes amounts that can only be used for specific purposes established by formal action of the City Council, which is the City's highest level of decision-making authority. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has not committed any fund balance amounts.

Assigned – This classification includes amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. These are established by the City Council. This classification includes the remaining positive fund balances for governmental funds other than the general fund.

Unassigned – This classification holds the remainder of the fund equity and is the amount available for the city to spend.

Net Position Flow Assumptions – The City has established a flow assumption policy to use restricted net position first before using unrestricted net position.

Fund Balance Flow Assumptions – The City has established a flow assumption policy to use restricted fund balance before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the City's policy to use the fund balance in the following order: 1) Committed, 2) Assigned, and 3) Unassigned.

Net Position – The net position represents the difference between assets and liabilities. The net position component, net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. The net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The balance of the net position is reported as unrestricted.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund. All other revenues and expenses are classified as non-operating including investment earnings, interest expense, and the gain or loss on the disposition of capital assets.

Contributions of Capital

Contributions of capital reported in proprietary fund financial statements and the government-wide financial statements arise from outside contributions of capital assets (e.g. developers), and grants or outside contributions of resources restricted to capital acquisition and construction.

NOTE 1 - (CONTINUED)

Inter-Fund Transactions

During the course of normal operations, the City has transactions between funds to subsidize operations in certain funds, to allocate administrative costs, to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as operating transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between total governmental fund balances and of governmental activities in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Capital Asset Differences

When capital assets (land, buildings, improvements and equipment) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, those costs are reported as capital assets in the statement of net position. The details of these differences are presented below:

Land	\$ 22,775,043
Buildings and Structures	2,106,643
Improvements and Infrastructure	41,979,633
Machinery, Equipment and Vehicles	1,724,379
Less Accumulated Depreciation	<u>(26,836,897)</u>
Net Capital Asset Difference	<u>\$ 41,748,801</u>

Long-Term Liability Differences

Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities (both current and long-term) are reported in the statement of net position. The details of these differences are presented below:

Net Pension Liability	\$ (76,906)
Compensated Absences	<u>(116,318)</u>
Total Long-Term Liability Difference	<u>\$(193,224)</u>

NOTE 2 - (CONTINUED)

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund financial statements include reconciliation between changes in fund balances in the governmental funds and changes in net position in the government-wide statement of activities. This difference primarily results from the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental fund financial statements.

Capital Outlay and Depreciation Differences

Capital outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

Capital Outlay	\$ 1,288,603
Developer Contributions	109,759
Depreciation Expense	(1,339,561)
Net Difference	<u>\$ 58,801</u>

Long-Term Debt Issuance and Repayment Differences

The change in long-term compensated absences is not reported in the statement of revenues, expenditures and changes in fund balance. This change is reported in the statement of activities. The detail of this difference is reported below:

Change in Pension Benefits Payable	\$ (16,579)
Change in Compensated Absences	49,443
Net Difference	<u>\$ 32,864</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to the first regularly scheduled meeting of the City Council in May, the Mayor and the City Manager submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and proposed sources of revenues.

Between May 1 and June 22, the City Council reviews and adjusts the proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution, unless a property tax increase is proposed. If a property tax increase is proposed, a hearing must be held on or before August 17, which does not conflict with other taxing entities that have proposed a property tax increase. At this time the final balanced budget is adopted.

Under Utah State law, the City's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, including revisions, except as allowed by the code for certain events.

The Mayor, in conjunction with the appropriate department head, has the authority to transfer budget appropriations within and between any divisions of any budgetary fund. The City Council has the authority to transfer budget appropriations between individual budgetary funds by resolution. A public hearing must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.

NOTE 3 – (CONTINUED)

Annual budgets for the general fund, all debt service funds and capital projects funds were legally adopted by the City and prepared on the modified-accrual method of accounting. Annual budgets for the proprietary funds were legally adopted by the City and prepared on the accrual method of accounting.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of comparisons of actual results to budgets for the general fund and any major special revenue funds.

Tax Revenues

Property taxes are collected by the County Treasurer and remitted to the City in two to three installments in November, December, and a final settlement in the first quarter of the calendar year. Taxes are levied and are due and payable on November 1st and are delinquent after November 30th of each year, at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes beyond that which was received within 60 days after the fiscal year end has not been made, as the amounts are not deemed to be material.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, or annual basis. An accrual has been made for all fees due and payable to the City at June 30th.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2023, \$60,616 of the City's bank balances of \$310,616 was uninsured and uncollateralized.

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City 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 State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

NOTE 4 – (CONTINUED)

The Money Management Act defines the types of securities authorized as appropriate investments for the City’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.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; 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); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; 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; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers’ Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (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.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administrative 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 City 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, 2023, the City had the following recurring fair value measurements:

	<u>June 30, 2023</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities				
Utah Public Treasurers’ Investment Fund	\$23,589,791	\$ -	\$23,589,791	\$ -

Debt and equity securities classified in Level 2 are valued using the following approach: The Utah Public Treasurers’ Investment Fund uses the application of the June 30, 2023 fair value factor, as calculated by the Utah State Treasurer, to the City’s average daily balance in the Fund.

NOTE 4 – (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. 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.

At June 30, 2023, the City had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>More than 5</u>
Utah Public Treasurers' Investment Fund	\$23,589,791	\$23,589,791	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for deducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At June 30, 2023, the City's investments had the following quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Utah Public Treasurers' Investment Fund	\$23,589,791	\$ -	\$ -	\$ -	\$23,589,791

The deposits and investments described above are included on the statement of net position as per the following reconciliation:

Deposits	\$ 178,921
Investments	23,589,791
Cash on Hand	<u>1,215</u>
Total	<u>\$23,769,927</u>
Cash and Cash Equivalents	\$17,883,736
Restricted Cash and Cash Equivalents	<u>5,886,191</u>
Total	<u>\$23,769,927</u>

NOTE 5 - RECEIVABLES

Property taxes are levied on January 1 of 2023, are due in November of 2023, and are budgeted for the 2023 fiscal year. Even though they are not intended to fund the 2023 fiscal year, they must be recognized as an asset because the City has an enforceable claim to the revenue. The property taxes that have been remitted to the City within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as deferred revenue.

Franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other items are considered to be measurable and available only when cash is received by the City.

The following is a summary of receivables and the associated allowances for uncollectible accounts at June 30, 2023:

	Governmental Activities	Business-type Activities	Total
Accounts Receivable	\$ 64,698	\$ 263,046	\$ 327,744
Property Taxes Receivable	2,628,221	-	2,628,221
Class C Road Receivable	133,989	-	133,989
Sales Tax Receivable	374,812	-	374,812
Franchise Tax Receivable	48,653	-	48,653
Mass Transit Tax Receivable	36,013	-	36,013
Allowance for Uncollectible Accounts	<u>-</u>	<u>(1,900)</u>	<u>(1,900)</u>
Total	<u>\$3,286,386</u>	<u>\$ 261,146</u>	<u>\$3,547,532</u>

NOTE 6 - CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2023.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 22,775,044	\$ -	\$ -	\$ 22,775,044
Capital Assets being Depreciated				
Buildings and Structures	2,073,071	33,572	-	2,106,643
Improvements and Infrastructure	40,728,175	1,251,458	-	41,979,633
Machinery, Equipment and Vehicles	<u>1,611,047</u>	<u>13,332</u>	<u>-</u>	<u>1,724,379</u>
Total	67,187,337	1,398,362	-	68,585,699
Less Accumulated Depreciation	<u>(25,497,336)</u>	<u>(1,339,561)</u>	<u>-</u>	<u>(26,836,897)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 41,690,001</u>	<u>\$ 58,802</u>	<u>\$ -</u>	<u>\$ 41,748,801</u>

NOTE 6 – (CONTINUED)

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2023.

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 456,127	\$ -	\$ -	\$ 456,127
Water Shares	73,400	-	-	73,400
Capital Assets being Depreciated				
Buildings and Structures	215,074	-	-	215,074
Improvements and Infrastructure	47,377,340	972,683	-	48,350,023
Machinery, Equipment, and Vehicles	<u>1,962,693</u>	<u>-</u>	<u>-</u>	<u>1,962,693</u>
Total	50,084,634	972,683	-	51,057,317
Less Accumulated Depreciation	<u>(16,639,929)</u>	<u>(1,075,144)</u>	<u>-</u>	<u>(17,715,073)</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 33,444,705</u>	<u>\$ (102,461)</u>	<u>\$ -</u>	<u>\$ 33,342,244</u>

Depreciation was charged to the functions/programs of the primary government as follows:

Governmental Activities	
General Government	\$ 99,828
Streets	997,504
Parks and Recreation	235,614
Cemetery	<u>6,615</u>
Total Depreciation for Governmental Activities	<u>\$1,339,561</u>
Business-type Activities	
Water	\$ 386,623
Sewer	191,046
Pressurized Irrigation	339,758
Storm Drain	<u>157,717</u>
Total Depreciation Expense-Business-type Activities	<u>\$1,075,144</u>

NOTE 7 –DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The City reports a deferred amount on refunding of \$79,865 in the pressure irrigation fund. The deferred amount on refunding resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of refunded or refunding debt. The City also reports deferred outflows of resources related to pensions of \$138,270, in the governmental activities and \$122,172 in the business-type activities and funds.

NOTE 7 – (CONTINUED)

Property taxes of \$2,602,109, to be collected in November, were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. These amounts are reported in the governmental funds balance sheet and in the government-wide statement of net position. Also, the City reported deferred inflows of resources related to pensions of \$2,871 in the governmental activities and \$2,537 in the business-type activities and funds.

These amounts are reported in the government-wide statement of net position as follows:

	Governmental Activities	Business-type Activities
Deferred Outflows of Resources	\$ 138,270	\$202,037
Deferred Inflows of Resources	\$2,604,979	\$ 2,537

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Governmental Activities	Business-type Activities
Accounts Payable	\$ 336,477	\$ 236,587
Customer Deposits Payable	-	29,300
Accrued Interest Payable	-	4,203
Developer Completion Bonds Payable	953,415	-
Infrastructure Protection Bonds Payable	1,636,098	-
Open Space Bond Payable	<u>151,500</u>	<u>-</u>
Total Accounts Payable and Accrued Liabilities	<u>\$3,077,490</u>	<u>\$ 270,090</u>

The City collects deposits from those wishing to develop subdivisions within the City. The City also collects deposits from developers to ensure that the City's infrastructure is protected during construction. These amounts are deposited into the City's bank account. The original deposit is returned to the developer after the related project is completed.

NOTE 9 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Net Pension Liability	\$ -	\$ 76,906	\$ -	\$ 76,906	\$ -
Compensated Absences	<u>99,739</u>	<u>16,579</u>	<u>-</u>	<u>116,318</u>	<u>105,205</u>
	<u>\$ 99,739</u>	<u>\$ 93,485</u>	<u>\$ -</u>	<u>\$ 193,224</u>	<u>\$ 105,205</u>
Business-type Activities					
Revenue Bonds					
2010 Water Bond	\$2,870,000	\$ -	\$(342,000)	\$2,528,000	\$ 347,000
Net Pension Liability	-	67,954	-	67,954	-
Compensated Absences	<u>44,117</u>	<u>4,577</u>	<u>-</u>	<u>48,694</u>	<u>43,479</u>
	<u>\$2,914,117</u>	<u>\$ 72,531</u>	<u>\$(342,000)</u>	<u>\$2,644,648</u>	<u>\$ 390,479</u>

NOTE 9--(CONTINUED)

Long-term debt and obligations payable at June 30, 2023 were as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
Compensated Absences	N/A	N/A	\$105,205	\$ 11,113
Net Pension Liability	N/A	N/A	-	76,906
Total Governmental Activities Long-term Debt			<u>\$105,205</u>	<u>\$ 88,019</u>

<u>Business-type Activities</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
Bonds Payable				
Water Revenue Bonds, Series 2010, Dated July 2010, (original amount-- \$5,875,000)	2.00% to 4.00%	2026	\$347,000	\$2,181,000
Net Pension Liability			-	67,954
Compensated Absences			<u>43,479</u>	<u>5,215</u>
Total Business-type Activities Long-term Debt			<u>\$390,479</u>	<u>\$2,254,169</u>

In prior years, the City defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the City's financial statements. On June 30, 2023, \$2,900,000 of bonds outstanding are considered defeased.

Principal and interest requirements to retire the City's long-term obligations are as follows:

	<u>Business-type Activities</u>		<u>Government Wide</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 347,000	\$ 31,315	\$ 347,000	\$ 31,315
2025	352,000	26,667	352,000	26,667
2026	356,000	21,958	356,000	21,958
2027	361,000	17,190	361,000	17,190
2028	366,000	12,356	366,000	12,356
2029	370,000	7,461	370,000	7,461
2030	<u>376,000</u>	<u>2,500</u>	<u>376,000</u>	<u>2,500</u>
	<u>\$2,528,000</u>	<u>\$119,447</u>	<u>\$2,528,000</u>	<u>\$119,447</u>

NOTE 10 - FUND EQUITY

Net Investment in Capital Assets – The net investment in capital assets reported on the government-wide statement of net position as of June 30, 2023 is as follows:

	Governmental Activities	Business- type Activities
Cost of capital assets	\$68,585,698	\$51,057,317
Less accumulated depreciation	<u>(26,836,897)</u>	<u>(17,715,073)</u>
Book value	41,748,801	33,342,244
Less capital-related debt	-	<u>(2,528,000)</u>
Net investment in capital assets	<u>\$41,748,801</u>	<u>\$30,814,244</u>

Restricted Fund Equity– The Class “C” Roads allotment from the state excise tax is restricted for construction and maintenance of City streets and roads. The City’s bond covenants require certain restrictions of retained earnings in the pressure irrigation fund. Utah State statute requires unexpended impact fees held at year-end to be restricted for future expansion in the charging department or fund. A perpetual trust fund is designed to provide future operating costs for the cemetery. Funds are collected at the time a lot is sold and a percentage of the fee is transferred to the trust fund. In addition, funds have been assigned for various capital projects.

NOTE 11 - PENSION PLANS

General Information about the Pension Plan

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

Defined Benefit Plans

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

NOTE 11 – (CONTINUED)

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

Summary of Benefits by System

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

*Actuarial reductions are applied.

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

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the 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 as of June 30, 2023 are as follows:

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111 Local Governmental Division Tier 2	N/A	16.01	0.18
Noncontributory System			
15 Local Governmental Division Tier 1	N/A	17.97	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.19	10.00

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

For fiscal year ended June 30, 2023, the employer and employee contribution to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$120,014	N/A
Tier 2 Public Employees System	62,118	-
Tier 2 DC Only System	470	N/A
Total Contributions	\$182,602	\$ -

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

NOTE 11 – (CONTINUED)

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

At June 30, 2023, we reported a net pension asset of \$0 and a net pension liability of \$144,860.

	<u>Measurement Date: December 31, 2022</u>				
	<u>Net Pension</u>	<u>Net Pension</u>	<u>Proportionate</u>	<u>Proportionate Share</u>	<u>Change</u>
	<u>Asset</u>	<u>Liability</u>	<u>Share</u>	<u>December 31, 2021</u>	<u>(Decrease)</u>
Noncontributory System	\$ -	\$127,028	0.0741661%	0.0744601%	(0.0002940)%
Tier 2 Public Employees System	\$ -	\$ 17,832	0.0163762%	0.0175477%	(0.0011715)%
	<u>\$ -</u>	<u>\$144,860</u>			

The net pension asset and liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023, we recognized pension expense of \$ 89,440.

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 49,109	\$ 707
Change in assumptions	26,607	552
Net difference between projected and actual earnings on pension plan investments	90,978	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,721	4,149
Contributions subsequent to the measurement date	<u>90,029</u>	<u>-</u>
Total	<u>\$260,445</u>	<u>\$ 5,408</u>

\$90,029 was reported as deferred outflows of resources related to pension's results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022. 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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows</u>
	<u>(inflows) of Resources</u>
2023	\$(20,540)
2024	\$5,783
2025	\$37,117
2026	\$135,198
2027	\$1,564
Thereafter	\$5,885

NOTE 11 – (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25–9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2021.

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

Asset Class	<u>Expected Return Arithmetic Basis</u>		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of return
Equity securities	35%	6.58%	2.30%
Debt securities	20%	1.08%	0.22%
Real assets	18%	5.72%	1.03%
Private equity	12%	9.80%	1.18%
Absolute return	15%	2.91%	0.44%
Cash and cash equivalents	0%	(0.11)%	0.00%
Totals	100%		5.17%
	<u>Inflation</u>		<u>2.50%</u>
	<u>Expected arithmetic nominal return</u>		<u>7.67%</u>

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

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

NOTE 11 – (CONTINUED)

Sensitivity of the proportionate share of the net pension asset and liability to changes in discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$800,572	\$127,028	\$(435,754)
Tier 2 Public Employees System	\$77,916	\$17,832	\$(28,455)
Total	\$878,488	\$144,860	\$(464,209)

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

NOTE 12– DEFINED CONTRIBUTION SAVINGS PLANS

Defined Contribution Saving Plans

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

Alpine City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- *401(k) Plan
- *457(b) Plan
- *Roth IRA Plan

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

401(k) Plan	2023	2022	2021
Employer Contributions	\$ 1,457	\$7,776	\$8,339
Employee Contributions	\$13,666	\$17,453	\$10,349
457 Plan			
Employer Contributions	\$0	\$0	\$0
Employee Contributions	\$4,672	\$4,393	\$ 3,230
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$12,821	\$16,185	\$11,803

NOTE 13 - RISK MANAGEMENT

Alpine City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other governments in the State of Utah to form the Utah Local Governments Trust (ULGT), a public entity risk pool currently operating as a common risk management and insurance program for Utah State governments. The City pays an annual premium to ULGT for its general insurance coverage.

The City also carries comprehensive general liability insurance coverage through a commercial insurance company. Settled claims from this risk type have not exceeded coverage in any of the past three fiscal years.

NOTE 14—SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through September 23, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ALPINE CITY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedule

The Budgetary Comparison Schedule presented in this section of the report is for the General Fund.

Budgeting and Budgetary Control

The budget for the General Fund is legally required and is prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

No General Fund departmental budgets were exceeded during the fiscal year. Also, the overall General Fund budget was not exceeded for the fiscal year.

Changes in Assumptions Related To Pensions

No changes were made in actuarial assumptions from the prior year's valuation.

ALPINE CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,859,000	\$ 5,573,874	\$ 5,960,495	\$ 386,621
Licenses and Permits	655,000	655,000	591,989	(63,011)
Intergovernmental	626,187	4,964	1,394,328	1,389,364
Charge for Services	751,766	776,766	1,039,630	262,864
Fines and Forfeitures	72,500	72,500	49,448	(23,052)
Interest	50,000	50,000	231,459	181,459
Miscellaneous	250,500	250,500	92,716	(157,784)
TOTAL REVENUES	7,264,953	7,383,604	9,360,066	1,976,462
EXPENDITURES				
General Government	2,221,067	1,714,250	1,021,268	692,982
Public Safety	2,689,255	2,712,055	2,680,087	31,968
Streets	491,800	1,054,800	810,754	244,046
Parks and Recreation	495,796	495,796	414,981	80,815
Cemetery	179,800	179,800	172,525	7,275
Garbage	610,450	674,350	665,206	9,144
TOTAL EXPENDITURES	6,688,168	6,831,051	5,764,819	1,066,232
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	576,785	552,553	3,595,246	3,042,693
OTHER FINANCING SOURCES (USES)				
Transfer From Other Funds	-	-	-	-
Transfer to Other Funds	(576,785)	(3,118,753)	(3,118,753)	-
TOTAL OTHER FINANCING SOURCES (USES)	(576,785)	(3,118,753)	(3,118,753)	-
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	-	(2,566,200)	476,493	3,042,693
FUND BALANCE ALLOCATION	-	2,566,200	-	(2,566,200)
EXCESS (DEFICIT) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ -	\$ -	\$ 476,493	\$ 476,493

ALPINE CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2022

Last 10 Fiscal Years *		Non- contributory System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	2014	0.0717485%	0.0156287%
	2015	0.0810261%	0.0175649%
	2016	0.0848756%	0.0168651%
	2017	0.0800270%	0.0216500%
	2018	0.0763697%	0.0194641%
	2019	0.0785563%	0.0198515%
	2020	0.7624250%	0.0179933%
	2021	0.7446010%	0.0175477%
	2022	0.7416610%	0.0163762%
Proportionate share of the net pension liability (asset)	2014	\$ 311,549	\$ (474)
	2015	\$ 458,485	\$ (38)
	2016	\$ 545,005	\$ 1,881
	2017	\$ 350,622	\$ 1,909
	2018	\$ 562,365	\$ 8,336
	2019	\$ 296,068	\$ 4,465
	2020	\$ 39,108	\$ 2,588
	2021	\$ (426,441)	\$ (7,427)
	2022	\$ 127,028	\$ 17,832
Covered employee payroll	2014	\$ 663,550	\$ 76,759
	2015	\$ 736,998	\$ 113,498
	2016	\$ 786,682	\$ 138,306
	2017	\$ 652,780	\$ 211,607
	2018	\$ 629,264	\$ 227,417
	2019	\$ 666,346	\$ 275,964
	2020	\$ 653,164	\$ 287,471
	2021	\$ 626,085	\$ 325,824
	2022	\$ 664,897	\$ 357,163
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	2014	47.00%	0.60%
	2015	62.21%	0.03%
	2016	69.28%	1.36%
	2017	53.71%	0.90%
	2018	89.37%	3.67%
	2019	44.43%	1.62%
	2020	5.99%	0.90%
	2021	-68.11%	-2.28%
	2022	19.10%	4.99%
Plan fiduciary net position as a percentage of the total pension liability	2014	90.2%	103.5%
	2015	87.8%	100.2%
	2016	87.3%	95.1%
	2017	91.9%	97.4%
	2018	87.0%	90.8%
	2019	93.7%	96.5%
	2020	99.2%	98.3%
	2021	108.7%	103.8%
	2022	97.5%	92.3%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in the required supplementary information. The 10-year schedule will be built prospectively. The schedule above is only for the last seven years.

ALPINE CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2023

Last 10 Fiscal Years *

		Non- contributory System	Tier 2 Public Employees System **	Tier 2 Public Employees DC Only System **
Actuarial determined contribution	2014	\$ 114,397	\$ 13,136	\$ 1,353
	2015	\$ 114,070	\$ 13,929	\$ 3,446
	2016	\$ 124,334	\$ 18,357	\$ 3,445
	2017	\$ 127,890	\$ 24,959	\$ 3,555
	2018	\$ 121,718	\$ 35,747	\$ 2,588
	2019	\$ 115,756	\$ 39,205	\$ 3,346
	2020	\$ 120,781	\$ 41,269	\$ 3,538
	2021	\$ 113,069	\$ 50,496	\$ 3,676
	2022	\$ 119,292	\$ 53,812	\$ 3,814
	2023	\$ 120,014	\$ 62,118	\$ 470
Contributions in relation to the contractually required contribution	2014	\$ 114,397	\$ 13,136	\$ 1,353
	2015	\$ 114,070	\$ 13,929	\$ 3,446
	2016	\$ 124,334	\$ 18,357	\$ 3,445
	2017	\$ 127,890	\$ 24,959	\$ 3,555
	2018	\$ 121,718	\$ 35,747	\$ 2,588
	2019	\$ 115,756	\$ 39,205	\$ 3,346
	2020	\$ 120,781	\$ 41,269	\$ 3,538
	2021	\$ 113,069	\$ 50,496	\$ 3,676
	2022	\$ 119,292	\$ 53,812	\$ 3,814
	2023	\$ 120,014	\$ 62,118	\$ 470
Contribution deficiency (excess)	All years	\$ -	\$ -	\$ -
Covered employee payroll	2014	\$ 738,603	\$ 94,004	\$ 24,245
	2015	\$ 689,192	\$ 93,312	\$ 51,275
	2016	\$ 746,994	\$ 123,115	\$ 51,493
	2017	\$ 726,568	\$ 167,396	\$ 53,140
	2018	\$ 659,004	\$ 237,435	\$ 38,681
	2019	\$ 641,474	\$ 252,287	\$ 50,008
	2020	\$ 671,273	\$ 264,894	\$ 52,884
	2021	\$ 624,920	\$ 319,595	\$ 54,942
	2022	\$ 646,070	\$ 335,650	\$ 57,005
	2023	\$ 668,155	\$ 389,723	\$ 4,432
Contributions as a percentage of covered-employee payroll **	2014	15.49%	13.97%	5.58%
	2015	16.55%	14.93%	6.72%
	2016	16.64%	14.91%	6.69%
	2017	17.60%	14.91%	6.69%
	2018	18.47%	15.06%	6.69%
	2019	18.05%	15.54%	6.69%
	2020	17.99%	15.58%	6.69%
	2021	18.09%	15.80%	6.69%
	2022	18.46%	16.03%	6.69%
	2023	17.96%	15.94%	10.60%

* Amounts presented were determined as of fiscal year July 1 - June 30.

** 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.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in Required Supplementary Information. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative issues.

STATE COMPLIANCE REPORT

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

Honorable Mayor
Members of the City Council
Alpine City, Utah

REPORT ON COMPLIANCE

I have audited Alpine City, Utah's (City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2023.

State compliance requirements were tested for the year ended June 30, 2023 in the following areas:

Budgetary Compliance
Fund Balance
Justice Courts
Restricted Taxes and Related Revenues
Fraud Risk Assessment
Government Fees

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on the City's compliance based on my audit of the state compliance requirements referred to above. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Compliance

In my opinion, Alpine City, Utah, complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.


Greg Ogden,
Certified Public Accountant
Springville, Utah
September 16, 2023

GOVERNMENT AUDITING STANDARDS REPORT

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

Honorable Mayor
Members of the City Council
Alpine City, Utah

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of Alpine City, Utah (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued my report thereon dated September 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Alpine, Utah's financial statements are free from material misstatement, I 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Greg Ogden CPA". The signature is written in a cursive style with a large, stylized "G" and "O".

Greg Ogden
Certified Public Accountant
Springville, Utah
September 16, 2023