

**TOWN OF ALTA
ALTA, UTAH**

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
WITH
STATE OF UTAH LEGAL COMPLIANCE
FOR LOCAL GOVERNMENTS
AND
GOVERNMENT AUDITING STANDARDS REPORT**

June 30, 2009

HANSEN, BARNETT & MAXWELL, P.C.
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF ALTA
Alta, Utah

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Alta, Utah (the "Town") as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Alta's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Alta, Utah as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2009 on our consideration of the Town of Alta's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and page 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Alta's basic financial statements. The Supplemental Schedule to Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund and Supplemental Schedule of Impact Fees are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
October 29, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Town of Alta's
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2009**

As management of the Town of Alta, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009.

History and Background of Government

The Town of Alta was incorporated in August of 1970 as a political subdivision of the State of Utah. It is a small mountain community where summer and winter recreation offer alpine beauty and some of the best powder skiing in the United States. The Town operates under a Mayor/Council form of government. The Town's legislative body consists of the Mayor and four Council members holding staggered terms of four years each.

The Town of Alta operated during this fiscal year with a general fund budget of \$1,554,959. A majority of its operating revenue is generated from sales tax and property tax. Other types of revenue include Class C Road funds, State Liquor Funds, State Grants, business, liquor and animal licenses and building permit fees to name a few. The Town provides the following services within the community: administrative, planning and zoning, police services and fire protection under contract, recycling, parks and summer booth, building inspection, judicial court, contract Post Office, library and community center, street improvements and community and economic development. The Town also operates a fully approved sewer department and culinary water system.

Financial Highlights

During the course of the fiscal year ending June 30, 2009, the Town of Alta saw a decrease in its operating income mostly in revenues generated by sales tax, investment earnings, and capital grants (Homeland Security Grants). The Town attributes a portion of the decrease in revenue to the downturn in the economy. The Town of Alta was again able to secure an Office of Tourism Grant which was used for programs to promote our community.

The Town continues to be involved in numerous records requests. The one remaining lawsuit has not been resolved and continues to require Town staff time and the expense of outside legal counsel.

Fees for outside legal counsel were considerable this year due to numerous planning and zoning issues.

In January of 2008, the Town of Alta commenced with the planning phase of the Proposed Antimony Treatment project by hiring Bowen Collins & Associates. In early 2009, after completion of a competitive bidding process, the Town awarded the bid to Pureflow Filtration to provide the equipment and the filter media for the Town's Antimony Treatment Plant. From February through the end of June 2009, the backwash retention system and the electrical and plumbing upgrades for the treatment plant were completed. The antimony filtration system was delivered to the Town on July 1, 2009. The majority of the funding for this project was secured through a Utah Legislative appropriation that was administered by the Department of Environmental Quality, Division of Drinking Water.

Overview of the Financial Statements

The Management's Discussion and Analysis is intended to serve as an introduction to the Town's basic financial statements.

In addition to the Management's Discussion and Analysis, the report consists of government-wide financial statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances.

Government-wide financial statements The government-wide financial statements were a new component of the Town's report beginning at the 2004 fiscal year end. These statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private-sector business reporting.

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

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

The government-wide financial statements distinguish functions of the Town that are principally supported by intergovernmental revenues and taxes (governmental activities) from other functions that are designed to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include the following: legislative, municipal building, economic development, judicial court, administration, non-departmental, planning and zoning, police department, post office, fire department, building inspection, streets, recycling, geographic information systems, parks, library and community center, community development, and homeland security. Business-type activities include the water department and the sewer department.

The government-wide financial statements can be found on pages 13 and 14 of this report.

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

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, for accounting and reporting purposes, governmental fund numbers are determined with a different approach. At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types is necessary to understand how the numbers differ. Such reconciliations are provided on pages 16 and 18 of this report.

The General Fund is the primary operating governmental fund of the Town. To demonstrate legal compliance, a statement comparing budgeted numbers to actual numbers for the General Fund is included with the financial statements.

Proprietary Funds The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for the operation of the water and sewer operations.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 23 of this report.

Other information Supplemental information can be found starting on page 35 of this report.

Government-wide Financial Analysis

The tables provided hereafter show net assets, changes in net assets, and capital assets for the year ended June 30, 2009 (the 2009 fiscal year). Data for the year ended June 30, 2008 (the 2008 fiscal year) is also provided for comparative purposes. The Town's net assets, may serve over time, as a useful indicator of a local government's financial position. In the case of the Town, assets exceeded liabilities by \$3,214,273 at June 30, 2009. Assets exceeded liabilities by \$2,831,632 at June 30, 2008.

By far the largest portion of the Town's net assets (49% in the 2009 fiscal year and 51% in the 2008 fiscal year) reflects its investment in capital assets (e.g. buildings, machinery, equipment, and related improvements), less any related debt and accumulated depreciation. The Town uses these capital assets to house the operations of the Town such as administration, public safety, community center/library and culinary water system departments. Other assets include water and sewer transmission lines and vehicles necessary for the daily operation of various departments; consequently, these assets are not available for future spending.

The following table describes the Town's net assets as of June 30, 2009:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Current and other assets	\$ 1,444,057	\$ 671,202	\$ 2,115,259
Capital assets	<u>562,691</u>	<u>1,139,103</u>	<u>1,701,794</u>
Total assets	2,006,748	1,810,305	3,817,053
Long-term liabilities outstanding	40,817	91,000	131,817
Other liabilities	<u>410,137</u>	<u>60,826</u>	<u>470,963</u>
Total liabilities	450,954	151,826	602,780
Net Assets:			
Invested in property and equipment, net of related debt and accumulated depreciation	535,633	1,034,103	1,569,736
Restricted for:			
Roads	34,184	-	34,184
Parks	10,596	-	10,596
Revenue bond payments	-	17,000	17,000
Unrestricted	<u>975,381</u>	<u>607,376</u>	<u>1,582,757</u>
Total net assets	<u>\$ 1,555,794</u>	<u>\$ 1,658,479</u>	<u>\$ 3,214,273</u>

The following table describes the Town's net assets as of June 30, 2008:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Current and other assets	\$ 1,464,731	\$ 332,094	\$ 1,796,825
Capital assets	<u>621,722</u>	<u>953,234</u>	<u>1,574,956</u>
Total assets	2,086,453	1,285,328	3,371,781
Long-term liabilities outstanding	21,452	105,000	126,452
Other liabilities	<u>389,811</u>	<u>23,886</u>	<u>413,697</u>
Total liabilities	411,263	128,886	540,149
Net Assets:			
Invested in property and equipment, net of related debt and accumulated depreciation	621,722	835,234	1,456,956
Restricted for:			
Roads	47,322	-	47,322
Parks	19,440	-	19,440
Revenue bond payments	-	17,000	17,000
Unrestricted	<u>986,706</u>	<u>304,208</u>	<u>1,307,914</u>
Total net assets	<u>\$ 1,675,190</u>	<u>\$ 1,156,442</u>	<u>\$ 2,831,632</u>

At the end of the current year, the Town is able to report positive balances in all categories of net assets.

The Town's net assets increased by \$382,641 during the 2009 fiscal year and decreased by \$181,046 in the 2008 fiscal year. This current increase from the prior year is mostly due to the Antimony Treatment Plant grant.

Key elements of the increase in net assets for the 2009 fiscal year are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 59,194	\$ 178,363	\$ 237,557
Operating grants and contributions	138,724	-	138,724
Capital Grants and contributions	3,417	500,000	503,417
General Revenues:			
Property Taxes	266,297	-	266,297
General sales and use tax	992,524	-	992,524
Energy sales and use tax	43,102	-	43,102
Telephone use tax	8,538	-	8,538
Investment earnings	10,816	15,668	26,484
Total revenues	<u>1,522,612</u>	<u>694,031</u>	<u>2,216,643</u>
Expenses:			
Legislative	\$ 19,875	-	19,875
Municipal building	23,292	-	23,292
Economic development	201,058	-	201,058
Judicial court	12,864	-	12,864
Administration	372,344	-	372,344
Non-departmental	30,563	-	30,563
Planning and zoning	95,586	-	95,586
Police department	602,819	-	602,819
Post Office	24,666	-	24,666
Fire department	104,301	-	104,301
Building inspection	26,471	-	26,471
Streets	48,230	-	48,230
Recycling	10,943	-	10,943
Geographic information systems	5,712	-	5,712
Parks	16,049	-	16,049
Library and community center	6,288	-	6,288
Homeland security	37,182	-	37,182
Community Development	3,765	-	3,765
Water	-	102,283	102,283
Sewer	-	89,711	89,711
Total expenses	<u>1,642,008</u>	<u>191,994</u>	<u>1,834,002</u>
Change in net assets	(119,396)	502,037	382,641
Net assets - beginning	1,675,190	1,156,442	2,831,632
Fund equity - ending	<u>\$ 1,555,794</u>	<u>\$ 1,658,479</u>	<u>\$ 3,214,273</u>

Key elements of the decrease in net assets for the 2008 fiscal year are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 88,339	\$ 165,226	\$ 253,565
Operating grants and contributions	215,438	-	215,438
Capital Grants and contributions	35,170	-	35,170
General Revenues:			
Property Taxes	252,972	-	252,972
General sales and use tax	1,001,006	-	1,001,006
Energy sales and use tax	38,725	-	38,725
Telephone use tax	9,357	-	9,357
Investment earnings	26,484	23,931	50,415
Gain (loss) on sale of capital assets	5,420	-	5,420
Total revenues	<u>1,672,911</u>	<u>189,157</u>	<u>1,862,068</u>
Expenses:			
Legislative	\$ 20,168	-	20,168
Municipal building	23,278	-	23,278
Economic development	205,905	-	205,905
Judicial court	13,611	-	13,611
Administration	444,917	-	444,917
Non-departmental	76,205	-	76,205
Planning and zoning	123,206	-	123,206
Police department	626,341	-	626,341
Post Office	26,672	-	26,672
Fire department	99,901	-	99,901
Building inspection	29,677	-	29,677
Streets	29,324	-	29,324
Recycling	9,731	-	9,731
Geographic information systems	49,626	-	49,626
Parks	23,036	-	23,036
Library and community center	9,029	-	9,029
Homeland security	34,044	-	34,044
Water	-	116,511	116,511
Sewer	-	81,932	81,932
Total expenses	<u>1,844,671</u>	<u>198,443</u>	<u>2,043,114</u>
Change in net assets	(171,760)	(9,286)	(181,046)
Net assets - beginning	1,846,950	1,165,728	3,012,678
Fund equity - ending	<u>\$ 1,675,190</u>	<u>\$ 1,156,442</u>	<u>\$ 2,831,632</u>

Budgetary Highlights

In June of 2009, as part of its regular budgetary hearing, the Town Council amended the revenue and expenditure side of the budget. The following departments were amended: economic development, administrative, non-departmental, planning and zoning, building inspection, streets, and homeland security. The majority of the increased expenditures was due to a grant from the Office of Tourism and legal fees associated with ongoing planning and zoning issues. The Office of Tourism grant was used to assist the Town with promotions.

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation, amounted to \$1,569,736 as of June 30, 2009 and \$1,574,956 as of June 30, 2008. This investment includes buildings and related improvements, machinery and equipment, autos and trucks, and municipal utility distribution systems. Major property and equipment events during the 2009 fiscal year included continuing construction of a water treatment facility. Major property and equipment events during the 2008 fiscal year included purchases of homeland security equipment and a new police vehicle.

Town's Capital Assets (net of depreciation)

For the 2009 fiscal year:

	Balance June 30, 2008	Additions	Transfers or Deletions	Balance June 30, 2009
Governmental activities				
Capital assets being depreciated				
Buildings and other improvements	\$ 910,383	\$ -	\$ -	\$ 910,383
Machinery and equipment	309,162	-	-	309,162
Autos and trucks	133,400	32,637	-	166,037
Total capital assets being depreciated	<u>1,352,945</u>	<u>32,637</u>	<u>-</u>	<u>1,385,582</u>
Less accumulated depreciation for:				
Buildings and other improvements	(465,198)	(26,641)	-	(491,839)
Machinery and equipment	(190,794)	(40,803)	-	(231,597)
Autos and trucks	(75,231)	(24,224)	-	(99,455)
Total accumulated depreciation	<u>(731,223)</u>	<u>(91,668)</u>	<u>-</u>	<u>(822,891)</u>
Governmental activities capital assets, net	<u>\$ 621,722</u>	<u>\$ (59,031)</u>	<u>\$ -</u>	<u>\$ 562,691</u>

	Balance June 30, 2008	Additions	Transfers or Deletions	Balance June 30, 2009
Business-type activities				
Capital assets not being depreciated				
Construction in progress - water system	\$ 20,418	\$ 235,143	\$ -	\$ 255,561
Capital assets being depreciated				
Autos and trucks	23,010	-	-	23,010
Other machinery and equipment	31,617	-	-	31,617
Water system	1,079,743	-	-	1,079,743
Sewer system	708,560	-	-	708,560
Total capital assets being depreciated	1,842,930	-	-	1,842,930
Less accumulated depreciation for:				
Autos and trucks	(3,356)	(2,876)	-	(6,232)
Other machinery and equipment	(7,646)	(5,712)	-	(13,358)
Water system	(493,198)	(24,236)	-	(517,434)
Sewer system	(405,914)	(16,450)	-	(422,364)
Total accumulated depreciation	(910,114)	(49,274)	-	(959,388)
Total capital assets being depreciated, net	932,816	(49,274)	-	883,542
Business-type activity capital assets	\$ 953,234	\$ 185,869	\$ -	\$ 1,139,103

For the 2008 fiscal year:

	Balance June 30, 2007	Additions	Transfers or Deletions	Balance June 30, 2008
Governmental activities				
Capital assets being depreciated				
Buildings and other improvements	\$ 910,383	\$ -	\$ -	\$ 910,383
Machinery and equipment	329,437	18,009	(38,284)	309,162
Autos and trucks	130,810	25,070	(22,480)	133,400
Total capital assets being depreciated	<u>1,370,630</u>	<u>43,079</u>	<u>(60,764)</u>	<u>1,352,945</u>
Less accumulated depreciation for:				
Buildings and other improvements	(438,557)	(26,641)	-	(465,198)
Machinery and equipment	(184,292)	(43,306)	36,804	(190,794)
Autos and trucks	(75,858)	(21,853)	22,480	(75,231)
Total accumulated depreciation	<u>(698,707)</u>	<u>(91,800)</u>	<u>59,284</u>	<u>(731,223)</u>
Governmental activities capital assets, net	<u>\$ 671,923</u>	<u>\$ (48,721)</u>	<u>\$ (1,480)</u>	<u>\$ 621,722</u>
	Balance June 30, 2007	Additions	Transfers or Deletions	Balance June 30, 2008
Business-type activities				
Capital assets not being depreciated				
Construction in progress - water system	\$ -	\$ 20,418	\$ -	\$ 20,418
Capital assets being depreciated				
Autos and trucks	23,010	-	-	23,010
Other machinery and equipment	31,617	-	-	31,617
Water system	1,079,743	-	-	1,079,743
Sewer system	708,560	-	-	708,560
Total capital assets being depreciated	<u>1,842,930</u>	<u>-</u>	<u>-</u>	<u>1,842,930</u>
Less accumulated depreciation for:				
Autos and trucks	(480)	(2,876)	-	(3,356)
Other machinery and equipment	(4,484)	(3,162)	-	(7,646)
Water system	(463,104)	(30,094)	-	(493,198)
Sewer system	(389,464)	(16,450)	-	(405,914)
Total accumulated depreciation	<u>(857,532)</u>	<u>(52,582)</u>	<u>-</u>	<u>(910,114)</u>
Total capital assets being depreciated, net	<u>985,398</u>	<u>(52,582)</u>	<u>-</u>	<u>932,816</u>
Business-type activity capital assets	<u>\$ 985,398</u>	<u>\$ (32,164)</u>	<u>\$ -</u>	<u>\$ 953,234</u>

Long-term debt

At June 30, 2009, the Town had \$49,470 in long-term debt for governmental activities and \$105,000 for business-type activities. At June 30, 2008, the Town had \$21,452 in long-term debt for governmental activities and \$118,000 for business-typed activities. Debt consists of post employment benefits, vehicle lease and water revenue bonds. The following tables illustrate debt activity over the past two years.

	Balance June 30, 2008	New Debt	Retirements	Balance June 30, 2009	Due Within One Year
Governmental activities					
Post employment benefits	\$ 21,452	\$ 960	\$ -	\$ 22,412	\$ -
Vehicle Lease	-	27,058	-	27,058	8,653
Total governmental activities	21,452	28,018	-	49,470	8,653
Business-type activities					
Water Revenue Bonds, Series 1995	118,000	-	(13,000)	105,000	14,000
Total obligations	<u>\$ 139,452</u>	<u>\$ 28,018</u>	<u>\$ (13,000)</u>	<u>\$ 154,470</u>	<u>\$ 22,653</u>
	Balance June 30, 2007	New Debt	Retirements	Balance June 30, 2008	Due Within One Year
Governmental activities					
Post employment benefits	\$ 29,213	\$ 625	\$ (8,386)	\$ 21,452	\$ -
Vehicle Lease	8,686	-	(8,686)	-	-
Total governmental activities	37,899	625	(17,072)	21,452	-
Business-type activities					
Water Revenue Bonds, Series 1995	131,000	-	(13,000)	118,000	13,000
Total obligations	<u>\$ 168,899</u>	<u>\$ 625</u>	<u>\$ (30,072)</u>	<u>\$ 139,452</u>	<u>\$ 13,000</u>

Requests for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF ALTA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and investments (cash equivalents)	\$ 978,050	\$ 773,160	\$ 1,751,210
Accounts receivable			
Service fees	-	47,721	47,721
Property tax	272,960	-	272,960
Other	1,740	-	1,740
Prepaid expenses	24,628	-	24,628
Internal balances	166,679	(166,679)	-
Total Current Assets	<u>1,444,057</u>	<u>654,202</u>	<u>2,098,259</u>
Long-Term Assets			
Cash and cash equivalents restricted for revenue bond payments	-	17,000	17,000
Capital assets, net of accumulated depreciation	562,691	1,139,103	1,701,794
Total Long-Term Assets	<u>562,691</u>	<u>1,156,103</u>	<u>1,718,794</u>
Total Assets	<u>2,006,748</u>	<u>1,810,305</u>	<u>3,817,053</u>
LIABILITIES			
Current Liabilities			
Accounts payable	22,390	46,826	69,216
Wages and payroll taxes payable	30,315	-	30,315
Deposits	12,000	-	12,000
Deferred revenue - property tax	272,960	-	272,960
Compensated absences	63,819	-	63,819
Capital lease	8,653	-	8,653
Revenue bonds	-	14,000	14,000
Total Current Liabilities	<u>410,137</u>	<u>60,826</u>	<u>470,963</u>
Long-Term Liabilities			
Post employment benefits	22,412	-	22,412
Capital lease, net of current portion	18,405	-	18,405
Revenue bonds, net of current portion	-	91,000	91,000
Total Long-Term Liabilities	<u>40,817</u>	<u>91,000</u>	<u>131,817</u>
Total Liabilities	<u>450,954</u>	<u>151,826</u>	<u>602,780</u>
NET ASSETS			
Invested in capital assets, net of related debt	535,633	1,034,103	1,569,736
Restricted for:			
Roads	34,184	-	34,184
Parks	10,596	-	10,596
Revenue bond payments	-	17,000	17,000
Unrestricted	975,381	607,376	1,582,757
Total Net Assets	<u>\$ 1,555,794</u>	<u>\$ 1,658,479</u>	<u>\$ 3,214,273</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ALTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Function/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Legislative	\$ 19,875	\$ -	\$ -	\$ -	\$ (19,875)	\$ -	\$ (19,875)
Municipal building	23,292	-	-	-	(23,292)	-	(23,292)
Economic development	201,058	-	67,500	-	(133,558)	-	(133,558)
Judicial court	12,864	14,623	-	-	1,759	-	1,759
Administration	372,344	15,130	-	-	(357,214)	-	(357,214)
Non-departmental	30,563	-	18,000	-	(12,563)	-	(12,563)
Planning and zoning	95,586	100	-	-	(95,486)	-	(95,486)
Police department	602,819	12,922	23,381	-	(566,516)	-	(566,516)
Post Office	24,666	-	14,000	-	(10,666)	-	(10,666)
Fire department	104,301	-	-	-	(104,301)	-	(104,301)
Building inspection	26,471	16,139	-	-	(10,332)	-	(10,332)
Streets	48,230	-	15,843	-	(32,387)	-	(32,387)
Recycling	10,943	-	-	-	(10,943)	-	(10,943)
Geographic information systems	5,712	-	-	-	(5,712)	-	(5,712)
Parks	16,049	-	-	-	(16,049)	-	(16,049)
Library and community center	6,288	280	-	-	(6,008)	-	(6,008)
Community development	3,765	-	-	-	(3,765)	-	(3,765)
Homeland security	37,182	-	-	3,417	(33,765)	-	(33,765)
Total governmental activities	<u>1,642,008</u>	<u>59,194</u>	<u>138,724</u>	<u>3,417</u>	<u>(1,440,673)</u>	<u>-</u>	<u>(1,440,673)</u>
Business-type activities:							
Water	102,283	113,681	-	500,000	-	511,398	511,398
Sewer	89,711	64,682	-	-	-	(25,029)	(25,029)
Total business-type activities	<u>191,994</u>	<u>178,363</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>486,369</u>	<u>486,369</u>
Total primary government	<u>\$ 1,834,002</u>	<u>\$ 237,557</u>	<u>\$ 138,724</u>	<u>\$ 503,417</u>	<u>(1,440,673)</u>	<u>486,369</u>	<u>(954,304)</u>
General revenues:							
Property taxes					266,297	-	266,297
General sales and use tax					992,524	-	992,524
Energy sales and use					43,102	-	43,102
Telephone use tax					8,538	-	8,538
Interest earnings					10,816	15,668	26,484
Total general revenues					<u>1,321,277</u>	<u>15,668</u>	<u>1,336,945</u>
Change in net assets					(119,396)	502,037	382,641
Net assets - beginning					1,675,190	1,156,442	2,831,632
Net assets - ending					<u>\$ 1,555,794</u>	<u>\$ 1,658,479</u>	<u>\$ 3,214,273</u>

The accompanying notes are an integral part of these financial statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**TOWN OF ALTA
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2009**

	General Fund
ASSETS	
Cash and investments (cash equivalents)	\$ 978,050
Accounts receivable	
Due from other funds	166,679
Accounts receivable - property tax	272,960
Account receivable - other	1,740
Prepaid expenses	24,628
Total Assets	\$ 1,444,057
LIABILITIES	
Accounts payable	\$ 22,390
Wages and payroll taxes payable	30,315
Deposits	12,000
Deferred revenue - property tax	272,960
Compensated absences	63,819
Total Liabilities	401,484
FUND BALANCES	
Reserved funds	407,413
Unreserved, undesignated funds	635,160
Total Fund Balances	1,042,573
Total Liabilities and Fund Balances	\$ 1,444,057

The accompanying notes are an integral part of these financial statements.

**TOWN OF ALTA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

Total Fund Balances - Governmental Fund	\$	1,042,573
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental fund.		562,691
Long-term liabilities, including notes payable and capital leases are not payable in the current period and therefore, are not reported in the governmental fund.		(49,470)
Total Net Assets - Governmental Activities	\$	1,555,794

The accompanying notes are an integral part of these financial statements.

TOWN OF ALTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund
Revenues	
Taxes	\$ 1,310,461
Licenses and permits	30,125
Intergovernmental	91,537
Charges for services	4,954
Fines and forfeitures	14,623
Grants	30,500
Miscellaneous	53,819
	1,536,019
Expenditures	
Legislative	19,875
Municipal building	9,824
Economic development	200,360
Judicial court	12,864
Administration	370,816
Non-departmental	30,563
Planning and zoning	95,056
Police department	575,103
Post office	23,340
Fire department	99,848
Building inspection	26,471
Streets	48,230
Recycling	10,943
Geographic information systems	5,712
Parks	16,049
Community development	3,765
Library and community center	3,587
Homeland security	2,553
	1,554,959
Revenues Under Expenditures/ Net Change in Fund Balance	(18,940)
Fund Balance - Beginning of Year	1,061,513
Fund Balance - End of Year	\$ 1,042,573

The accompanying notes are an integral part of these financial statements.

**TOWN OF ALTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Governmental Fund	\$	(18,940)
Amounts reported for governmental activities in the statement of activities are different because:		
The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital purchases during the current period.		(86,089)
The long-term portion of the liability for capital leases and post-employment benefits is not recorded at the fund level but is reported in the statement of net assets. This is the current year change in the liabilities, reported as an expense in the statement of activities.		(960)
The governmental fund reports revenue that was reported in last year's activity statement and, therefore, cannot be reported in this year's activity statement.		(13,407)
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>(119,396)</u>

The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

**TOWN OF ALTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009**

	Sewer Enterprise Fund	Water Enterprise Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 299,141	\$ 474,019	\$ 773,160
Accounts receivable	16,297	31,424	47,721
Total Current Assets	315,438	505,443	820,881
Long-term Assets			
Cash and cash equivalents restricted for revenue bond payments	-	17,000	17,000
Capital Assets			
Sewer system	708,560	-	708,560
Water system	-	1,079,743	1,079,743
Other machinery and equipment	-	31,617	31,617
Automobiles and trucks	11,505	11,505	23,010
Construction in progress	-	255,561	255,561
Accumulated depreciation	(425,480)	(533,908)	(959,388)
Net Capital Assets	294,585	844,518	1,139,103
Total Long-term Assets	294,585	861,518	1,156,103
Total Assets	610,023	1,366,961	1,976,984
LIABILITIES			
Current Liabilities			
Accounts payable	199	46,627	46,826
Due to other funds	11,125	155,554	166,679
Current portion of revenue bonds payable	-	14,000	14,000
Total Current Liabilities	11,324	216,181	227,505
Long-Term Liabilities			
Revenue bonds-net of current portion	-	91,000	91,000
Total Liabilities	11,324	307,181	318,505
NET ASSETS			
Restricted for revenue bond payments	-	17,000	17,000
Invested in capital assets - net of related debt	294,585	739,518	1,034,103
Unrestricted	304,114	303,262	607,376
Total Net Assets	\$ 598,699	\$ 1,059,780	\$ 1,658,479

The accompanying notes are an integral part of these financial statements.

TOWN OF ALTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Operating Revenues			
Service fees	\$ 64,682	\$ 113,681	\$ 178,363
Operating Expenses			
Sewage disposal	56,509	-	56,509
Water costs	-	4,659	4,659
Depreciation	17,888	31,386	49,274
Personnel services	-	14,981	14,981
Materials, supplies and services	15,314	47,717	63,031
Total Operating Expenses	89,711	98,743	188,454
Operating Income (Loss)	(25,029)	14,938	(10,091)
Non-Operating Revenue (Expense)			
Grant revenue	-	500,000	500,000
Interest revenue	6,612	9,056	15,668
Interest expense	-	(3,540)	(3,540)
Net Non-Operating Revenue	6,612	505,516	512,128
Change in Net Assets	(18,417)	520,454	502,037
Total Net Assets - Beginning of Year	617,116	539,326	1,156,442
Total Net Assets - End of Year	\$ 598,699	\$ 1,059,780	\$ 1,658,479

The accompanying notes are an integral part of these financial statements.

**TOWN OF ALTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009**

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 64,682	\$ 118,675	\$ 183,357
Payments to suppliers	(72,729)	(54,071)	(126,800)
Payments to employees	-	(14,981)	(14,981)
Net cash from operating activities	<u>(8,047)</u>	<u>49,623</u>	<u>41,576</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	(195,536)	(195,536)
Principal paid on revenue bond maturities	-	(13,000)	(13,000)
Grant revenue	-	500,000	500,000
Interest paid	-	(3,540)	(3,540)
Net cash from capital and related financing activities	<u>-</u>	<u>287,924</u>	<u>287,924</u>
Cash Flow From Investing Activities			
Interest on investments	<u>6,612</u>	<u>9,056</u>	<u>15,668</u>
Net Increase (Decrease) in Cash	(1,435)	346,603	345,168
Cash and Cash Equivalents at Beginning of Year	<u>300,576</u>	<u>144,416</u>	<u>444,992</u>
Cash and Cash Equivalents at End of Year	<u>\$ 299,141</u>	<u>\$ 491,019</u>	<u>\$ 790,160</u>
Reconciliation of Cash and Cash Equivalents at End of Year to Statement of Net Assets			
Cash and cash equivalents (unrestricted)	\$ 299,141	\$ 474,019	\$ 773,160
Cash and cash equivalents restricted for revenue bond payments (long-term)	-	17,000	17,000
Cash and Cash Equivalents at End of Year	<u>\$ 299,141</u>	<u>\$ 491,019</u>	<u>\$ 790,160</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ALTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009**

	Sewer Enterprise Fund	Water Enterprise Fund	Total
Reconciliation of Operating Income to Net			
Cash from Operating Activities:			
Operating income (loss)	\$ (25,029)	\$ 14,938	\$ (10,091)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	17,888	31,386	49,274
Change in assets and liabilities:			
Service fees receivable	-	4,994	4,994
Accounts payable	(1,379)	(2,288)	(3,667)
Due to other funds	473	593	1,066
Net cash from operating activities	\$ (8,047)	\$ 49,623	\$ 41,576

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF ALTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Alta, Utah (the “Town”) was incorporated in August 1970 under the provisions of the State of Utah. The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, water, sewer, culture-recreation, public improvements, planning and zoning, and general administrative services.

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

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board’s (GASB) Statement No. 14 which include the following:

- the organization is legally separate (can sue or be sued in its own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization’s board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency on the Town by the organization

Based on these criteria, there are no entities that are considered to be component units of the Town that should be included in these financial statements.

B. Financial Statement Presentation

Basis of Presentation

Government-wide Financial Statements

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

The government-wide statement of net assets presents information on all of the Town’s assets and liabilities, and the difference between the two is reported as net assets. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that can be clearly identifiable with a specific function or segment. Program revenues

include: (1) charges to customers or others who purchase, use, or directly benefit from the services or goods provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Fund Financial Statements

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

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

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

As per the above criteria, the Town's General, Water, and Sewer funds are major funds. The Town has no non-major funds.

The Town's financial operations are accounted for in the following funds:

Governmental Fund Types

General Fund – The general fund is the primary fund of the Town. This fund is established to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Proprietary Fund Types

Enterprise Funds – These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Town's enterprise funds consist of the Water and Sewer Funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to the types of assets that appear on the statement of net assets and changes to those assets that appear on the statement of activities. The current financial resources measurement focus reports only current assets and current liabilities on the statement of net assets. The statement of changes in net assets

presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in these assets. The economic resources measurement focus shows total assets and liabilities on the statement of net assets and changes in net assets on the statement of activities. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

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

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

These funds account for Town activities that are similar to business operations in the private sector or where the reporting focus is on determining net income, financial position, and changes in financial position (Economic resources measurement focus). Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which GASB prevails. The funds included in this category are Enterprise Funds.

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

D. Reconciliation of Government-wide and Fund Financial Statements

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the assets, liabilities, revenues and expenses/expenditures reported on the fund financial statements and government-wide financial statements. For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the entity-wide financial statements. As a result there must be a reconciliation between the two statements to explain the differences. A reconciliation is included as part of the fund financial statements (see pages 16 and 18).

E. Cash and Investments

The Town investments in the State Treasurer's Investment Pool (an external investment pool) are valued at fair value (based on the corresponding liability to pool participants). See Note 2 for further discussion regarding the Town's policies regarding cash deposits and investments.

F. Property Taxes - Revenue

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

G. Sales and Related Taxes - Revenue

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

H. Interfund Receivables and Payable

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

I. Budgetary Basis

Budgets are prepared by the Town on the modified accrual basis of accounting, the same basis which is used for financial reporting. The budget presented was first adopted by the Town in June 2008. The Council held a public meeting to officially amend the budget on June 18, 2009. Appropriations may not legally be made in excess of budgeted amounts by department.

J. Risk Management

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

K. Recent Accounting Pronouncements

In February 2009, Governmental Accounting Standards Board (GASB) issued GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB No. 54). GASB No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB No. 54 is effective for financial statements for periods beginning after June 15, 2010. Early implementation is encouraged. The Town has not yet determined the effect on its financial statements, if any, that will occur upon adoption of GASB No. 54.

In June 2009, GASB issued GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASBS No. 53). GASBS No. 53 requires that derivatives, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, be reported at fair value. The changes in fair value of derivative instruments that are used for investment purposes or that are reported as investment derivative instruments because of ineffectiveness are reported within the investment revenue classification. The changes in fair value of derivative instruments that are classified as hedging derivative instruments are reported in the statement of net assets as deferrals. GASBS No. 53 is effective for financial statements for periods beginning after June 15, 2009. Earlier application is permitted. The Town does not expect the adoption of GASBS No. 53 to have a material effect on its financial statements.

NOTE 2—CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consists of cash and short-term investments with an original maturity of three months or less. Cash, depending on source of receipts, is pooled, except when legal requirement dictate the use of separate accounts.

Cash Deposits – At year end, the carrying amount of the Town’s book cash balance was \$139,797 and the bank balance was \$197,062. The book balance as of June 30, 2009 did not exceed the federal depository insurance limit. No deposits are collateralized.

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

Investments – The Town’s deposits and investment policy follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Chapter 7) in handling its depository and temporary investing transactions. This law requires the depositing of Town funds in a “qualified depository.” The Act defines a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the Town and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers. Allowable investments under the Act include:

1. Negotiable or nonnegotiable deposits of qualified depositories,
2. Repurchase agreements with qualified depositories or primary reporting dealers,
3. Commercial paper which is rated P-1 by Moody’s Investor Services or A-1 by Standard and Poors if the remaining term to maturity is 180 days or less,
4. Bankers’ acceptances that are eligible for discount at a federal reserve bank and which have a remaining term of 180 days or less,
5. Obligations of the United States Treasury, including bills, notes and bonds,
6. Obligations issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit banks, Federal Home Loan banks, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporations, or Student Loan Marketing Association.
7. Shares or certificates in any open-end management investment company registered with the Securities and Exchange under the Investment Company Act of 1940, the portfolio of which is restricted by law or agreement to investments in which public funds may be invested directly.

A State Money Management Council was created under the State Money Management Act consisting of five individuals appointed by the Governor and qualified by training and experience in the fields of investing and finance. In performing its functions and responsibilities, the council provides a measure of depository protection. The council issues a list of qualified depositories to public treasurer’s quarterly, and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the council. State law and council rules govern the finance reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a

depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, the public treasurers are notified immediately.

The Town has invested the majority of its temporarily idle funds (totaling \$1,628,413 as of June 30, 2009) with the Utah Public Treasurer's Investment Fund (PTIF). The Utah State Treasurer's Office operates the PTIF which is invested in accordance with the State Money Management Act. The State Money Management Council provides regulatory oversight for the PTIF. The PTIF has not been rated.

The investments with the State bore interest at 1.0% at June 30, 2009. The carrying amount is materially equal to fair value. All securities comprising the PTIF comply with strict investment criteria required by the Utah Money Management Act. All practices of the PITF are under the monthly scrutiny of the Utah Money Management Act. The Utah State Auditor audits the PTIF each year. The degree of risk of the fund depends upon the underlying portfolio. Parties interested in learning what specific investments comprise the State Treasurer's Fund may contact the Utah State Treasurer's Office.

Investment Interest Rate Risk – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Cash and Cash Equivalents	
Cash	\$ 139,797
Utah Public Treasurer's Investment Fund	1,628,413
Total (fair value)	\$ 1,768,210

NOTE 3—RESTRICTED CASH AND CASH EQUIVALENTS

At June 30, 2009, \$17,000 in cash and cash equivalents was restricted by the water revenue bond provisions to be used for the final payment on the bond scheduled for March 1, 2016.

NOTE 4—CAPITAL ASSETS

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

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

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

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

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

The following two tables summarize the changes in capital assets for governmental and business-type activities during the year ended June 30, 2009:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Transfers or Deletions</u>	<u>Balance June 30, 2009</u>
Governmental activities				
Capital assets being depreciated				
Buildings and other improvements	\$ 910,383	\$ -	\$ -	\$ 910,383
Machinery and equipment	309,162	-	-	309,162
Autos and trucks	133,400	32,637	-	166,037
Total capital assets being depreciated	<u>1,352,945</u>	<u>32,637</u>	<u>-</u>	<u>1,385,582</u>
Less accumulated depreciation for:				
Buildings and other improvements	(465,198)	(26,641)	-	(491,839)
Machinery and equipment	(190,794)	(40,803)	-	(231,597)
Autos and trucks	(75,231)	(24,224)	-	(99,455)
Total accumulated depreciation	<u>(731,223)</u>	<u>(91,668)</u>	<u>-</u>	<u>(822,891)</u>
Governmental activities capital assets, net	<u>\$ 621,722</u>	<u>\$ (59,031)</u>	<u>\$ -</u>	<u>\$ 562,691</u>
Business-type activities				
Capital assets not being depreciated				
Construction in progress - water system	\$ 20,418	\$ 235,143	\$ -	\$ 255,561
Capital assets being depreciated				
Autos and trucks	23,010	-	-	23,010
Other machinery and equipment	31,617	-	-	31,617
Water system	1,079,743	-	-	1,079,743
Sewer system	708,560	-	-	708,560
Total capital assets being depreciated	<u>1,842,930</u>	<u>-</u>	<u>-</u>	<u>1,842,930</u>
Less accumulated depreciation for:				
Autos and trucks	(3,356)	(2,876)	-	(6,232)
Other machinery and equipment	(7,646)	(5,712)	-	(13,358)
Water system	(493,198)	(24,236)	-	(517,434)
Sewer system	(405,914)	(16,450)	-	(422,364)
Total accumulated depreciation	<u>(910,114)</u>	<u>(49,274)</u>	<u>-</u>	<u>(959,388)</u>
Total capital assets being depreciated, net	<u>932,816</u>	<u>(49,274)</u>	<u>-</u>	<u>883,542</u>
Business-type activity capital assets, net	<u>\$ 953,234</u>	<u>\$ 185,869</u>	<u>\$ -</u>	<u>\$ 1,139,103</u>

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

	Depreciation Expense
Governmental activities:	
Municipal building	\$ 13,467
Administration	568
Economic development	698
Planning and zoning	530
Police department	33,296
Post office	1,326
Fire department	4,453
Library and community center	2,701
Homeland security	34,629
Total depreciation expense - governmental activities	<u>\$ 91,668</u>
Business-type activities:	
Sewer	\$ 17,888
Water	31,386
Total depreciation expense - business-type activities	<u>\$ 49,274</u>

NOTE 5—OBLIGATIONS PAYABLE

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

	Balance June 30, 2008	New Debt	Retirements	Balance June 30, 2009	Due Within One Year
Governmental activities					
Post employment benefits	\$ 21,452	\$ 960	\$ -	\$ 22,412	\$ -
Vehicle lease	-	27,058	-	27,058	8,653
Total governmental activities	21,452	28,018	-	49,470	8,653
Business-type activities					
Water Revenue Bonds, Series 1995	118,000	-	(13,000)	105,000	14,000
Total obligations	<u>\$ 139,452</u>	<u>\$ 28,018</u>	<u>\$ (13,000)</u>	<u>\$ 154,470</u>	<u>\$ 22,653</u>

Post Employment Benefits — Post employment benefits are available for certain appointed officials who leave employment voluntarily and are in good standing at the time of departure. The employee will receive a sum equivalent to wages and the cash value of benefits as follows: for each year of employment, one week of current salary and cash value of benefits, up to a maximum of ten weeks for ten years of employment. For involuntary termination the benefits may accumulate up to a maximum of twenty-six weeks. These involuntary termination amounts have not been accrued in these financial statements.

Compensated Absences—The Town accrues a liability for unused vacation time that is paid out to employees. Employees earn paid vacation time of 80-288 hours per year, depending on length of employment.

Revenue Bonds — During August 1995, the Town sold water revenue bonds for the construction of drinking water improvements. Water revenue bonds are recorded in the Water Enterprise Fund and require principal payments of \$11,000 to \$16,000 to be made annually each March until March 1, 2016, from revenues generated from the Water operations. Interest is charged at a rate of 3%.

The combined aggregate amount of maturities for long-term borrowings for each of the next five years is as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 14,000	\$ 3,150	\$ 17,150
2011	14,000	2,730	16,730
2012	15,000	2,310	17,310
2013	15,000	1,860	16,860
2014	15,000	1,410	16,410
2015-2016	32,000	1,440	33,440
	<u>\$ 105,000</u>	<u>\$ 12,900</u>	<u>\$ 117,900</u>

Capital Lease — During the year ended June 30, 2009, the Town entered into a capital lease for a vehicle. The lease requires annual payments of \$9,782, through July 2011. As of June 30, 2009, the equipment under capital lease had a cost basis of \$32,637 and accumulated depreciation of \$6,528. The following is a summary of the future minimum lease payments under capital lease obligation:

Year Ending June 30,	
2010	\$ 9,782
2011	9,782
2012	9,782
Total minimum lease payments	29,346
Less amount representing interest	(2,288)
Present value of net minimum payments	27,058
Less current portion	(8,653)
Long-term portion	<u>\$ 18,405</u>

NOTE 6—RESERVED FUNDS

Town revenues fluctuate based on sales tax collection. The Town received special funds for park improvements and has established a reserve for these funds. Because the Town is located in a ski resort area, weather conditions can significantly affect the number of tourists visiting the area and thus have a significant effect on sales tax collections. The Town Council has decided to reserve a portion of its general fund balance in this and future years until a maximum of \$200,000 has been placed in a reserve for weather and other emergencies. Other items in the General Fund that are reserved by the Town are for sewer and water improvements which are estimated to be needed in future years and also amounts received and not yet expended for C-Road work and certain grants.

The changes in reserved funds of the General Fund balance are as follows:

	Balance June 30, 2008	Additions	Expenditures	Balance June 30, 2009
C-Road funds	\$ 47,322	\$ 20,054	\$ (33,192)	\$ 34,184
Sewer improvements	148,576	229	-	148,805
Water improvements	10,530	219	-	10,749
Weather and emergency	136,052	1,547	-	137,599
Park fund	19,440	156	(9,000)	10,596
Post employment benefits	30,000	-	-	30,000
Solar power grant	15,000	323	(1,500)	13,823
Impact fees	-	21,657	-	21,657
	<u>\$ 406,920</u>	<u>\$ 44,185</u>	<u>\$ (43,692)</u>	<u>\$ 407,413</u>

NOTE 7—CONTINGENCIES

The Town is involved in lawsuits and legal matters arising in the ordinary course of business. The matters are being handled by insurance and legal counsel. Liability, if any, on the part of the Town is not expected to have a material effect on the financial statements.

NOTE 8—PENSION PLAN

Plan Description—Beginning in January 2008, the Town contributes to the Local Government Noncontributory Retirement System (the Noncontributory System), a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (the Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy—The Town is required to contribute a percent of covered salaries to the Noncontributory System. The contribution rate is actuarially determined and was 11.66% for the year ended June 30, 2009 and 11.62% for the years ended June 30, 2008 and 2007. The contribution requirements of the Systems are authorized by statute and specified by the Board.

When the Town joined the Noncontributory System in January 2008, the Town made payments of \$50,294 to fund covered salaries for the prior fiscal year ended June 30, 2007. During the year ended June 30, 2008, the Town also made additional contributions of \$53,046 to fund covered salaries for the year ended June 30, 2008. During the year ended June 30, 2009, the Town made contributions of \$51,459. The contributions were equal to the required contributions for each year.

The Town also sponsors a defined contribution retirement plan under Internal Revenue Code 401(k) (the Plan) that is administered by the Systems. The Plan covers Town employees who have opted out of the Noncontributory Systems and certain other employees. When the Town began the plan in January 2008, the

Town made payments of \$9,949 to fund covered salaries for the prior fiscal year ended June 30, 2007. During the year ended June 30, 2008, the Town also made additional contributions of \$12,061 to fund covered salaries for the year ended June 30, 2008. During the year ended June 30, 2009, the Town made contributions of \$12,223. The Town's contribution rate was 11.66% for the fiscal year ended June 30, 2009 and 11.62% for the fiscal years ended June 30, 2008 and 2007.

REQUIRED SUPPLEMENTARY DATA

**TOWN OF ALTA
BUDGETARY COMPARISON
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,214,050	\$ 1,247,450	\$ 1,310,461	\$ 63,011
Licenses and permits	32,400	22,222	30,125	7,903
Intergovernmental	77,300	101,798	91,537	(10,261)
Charges for services	11,100	2,300	4,954	2,654
Fines and forfeitures	16,000	12,000	14,623	2,623
Contributions	71,000	95,146	30,500	(64,646)
Miscellaneous	49,000	32,257	53,819	21,562
Total Revenues	1,470,850	1,513,173	1,536,019	22,846
Expenditures				
Legislative	21,096	21,096	19,875	1,221
Municipal building	11,200	9,874	9,824	50
Economic development	158,550	204,695	200,360	4,335
Judicial court	17,594	15,319	12,864	2,455
Administration	374,008	384,090	370,816	13,274
Non-departmental	30,500	34,078	30,563	3,515
Planning and zoning	56,500	103,638	95,056	8,582
Police department	591,530	581,013	575,103	5,910
Post Office	26,250	23,605	23,340	265
Fire department	100,800	100,800	99,848	952
Building Inspection	29,450	33,500	26,471	7,029
Streets	31,000	42,874	48,230	(5,356)
Recycling	22,900	10,970	10,943	27
Geographic information systems	34,900	5,767	5,712	55
Parks	21,650	17,357	16,049	1,308
Community development	24,000	3,860	3,765	95
Library and community center	8,310	3,599	3,587	12
Homeland security	-	2,553	2,553	-
Total Expenditures	1,560,238	1,598,688	1,554,959	43,729
Revenues Under Expenditures	(89,388)	(85,515)	(18,940)	66,575
Net Change in Fund Balances	(89,388)	(85,515)	(18,940)	66,575
Fund Balance - Beginning of Year	1,061,513	1,061,513	1,061,513	-
Fund Balance - End of Year	\$ 972,125	\$ 975,998	\$ 1,042,573	\$ 66,575

SUPPLEMENTARY INFORMATION

**TOWN OF ALTA
SUPPLEMENTAL SCHEDULE TO
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Revenues

Taxes

Property	\$ 266,297
General and sales	992,524
Energy sales and use tax	43,102
Telephone use tax	8,538
	<u>\$ 1,310,461</u>

Licenses and Permits

Business licenses and permits	\$ 8,097
Liquor licenses	3,750
Building permits	13,358
Animal licenses	4,920
	<u>\$ 30,125</u>

Intergovernmental

Alta Central - SL County	\$ 13,407
Class "C" road funds	13,739
State liquor funds	6,316
Wasatch National Forest	3,658
Post office contract	14,000
State grants	40,417
	<u>\$ 91,537</u>

Charges for Services

Plan check fees	\$ 4,574
Planning commission review fees	100
Community center use fees	280
	<u>\$ 4,954</u>

Fines and Forfeitures

Court fines	<u>\$ 14,623</u>
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Grants

Grant Revenue	<u>\$ 30,500</u>
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Miscellaneous

Interest earnings	\$ 10,816
Sundry revenues	9,492
Alta Central - Snowbird	13,407
Donations	20,104
	<u>\$ 53,819</u>

**TOWN OF ALTA
SUPPLEMENTAL SCHEDULE TO
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Expenditures

Legislative

Personnel services	\$ 19,510
Materials, supplies, services	365
	\$ 19,875

Municipal Building

Personnel services	\$ 560
Materials, supplies, services	9,264
	\$ 9,824

Economic Development

Personnel services	\$ 47,696
Materials, supplies, services	152,664
	\$ 200,360

Judicial Court

Personnel services	\$ 4,415
Materials, supplies, services	8,449
	\$ 12,864

Administration

Personnel services	\$ 285,301
Materials, supplies, services	85,515
	\$ 370,816

Non-Departmental

Materials, supplies, services	\$ 30,563
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Planning and Zoning

Personnel services	\$ 2,775
Materials, supplies, services	92,281
	\$ 95,056

Police Department

Personnel services	\$ 468,609
Materials, supplies, services	90,844
Lease payments	9,782
Capital outlay	5,868
	\$ 575,103

**TOWN OF ALTA
SUPPLEMENTAL SCHEDULE TO
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

Post Office	
Personnel services	\$ 16,327
Materials, supplies, services	7,013
	<u>\$ 23,340</u>
Fire Department	
Materials, supplies, services	<u>\$ 99,848</u>
Building Inspection	
Materials, supplies, services	<u>\$ 26,471</u>
Streets	
Materials, supplies, services	<u>\$ 48,230</u>
Recycling	
Materials, supplies, services	<u>\$ 10,943</u>
Geographic information systems	
Personnel services	\$ 667
Materials, supplies, services	5,045
	<u>\$ 5,712</u>
Parks	
Personnel services	\$ 12,308
Materials, supplies, services	3,741
	<u>\$ 16,049</u>
Community Development	
Materials, supplies, services	<u>\$ 3,765</u>
Library and Community Center	
Materials, supplies, services	<u>\$ 3,587</u>
Homeland Security	
Materials, supplies, services	<u>\$ 2,553</u>

**TOWN OF ALTA
GENERAL FUND
SUPPLEMENTAL SCHEDULE OF IMPACT FEES
JUNE 30, 2009**

Actual Revenues and Expenditures

Year	Beginning Balance	Revenues Received	Expenditures	Ending Balance	Description of Project Expenditures
1998-1999	\$ -	\$ 6,180	\$ -	\$ 6,180	-
1999-2000	6,180	15,640	(2,082)	19,738	Telemetry Replacement
2000-2001	19,738	10,550	-	30,288	-
2001-2002	30,288	4,000	(1,050)	33,238	Alta Central Emergency Generator Upgrade
2002-2003	33,238	1,780	(1,712)	33,306	Alta Central Antenna Replacement
2003-2004	33,306	2,000	-	35,306	-
2004-2005	35,306	2,000	(12,287)	25,019	Alta Central Emergency Recorder
2005-2006	25,019	2,000	(2,247)	24,772	Police Department Building Improvements
2006-2007	24,772	4,000	(7,448)	21,324	Water System Pump
2007-2008	21,324	2,000	(2,234)	21,090	Roof and Electric Work on Public Safety Buildings
2008-2009	21,090	-	-	21,090	-

Budgeted Expenditure of Balance Remaining

Year	Beginning Balance	Expenditures	Ending Balance	Description of Project Expenditures
2009-2010	\$ 21,090	\$ (20,000)	\$ 1,090	\$15,000 for water treatment facility and \$5,000 for Solar Array Project

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH STATE OF UTAH LEGAL REQUIREMENTS APPLICABLE TO AUDITS OF LOCAL GOVERNMENTS IN UTAH

The Honorable Mayor
and Town Council
Town of Alta, Utah

We have audited the basic financial statements of the Town of Alta, Utah, for the year ended June 30, 2009, and have issued our report thereon dated October 29, 2009. As part of our audit, we have audited the Town of Alta's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2009. The Town received the following major State assistance programs from the State of Utah:

Class "C" Road Funds (Utah Department of Transportation)
State Liquor Fund Allotment (State Tax Commission)

Our audit also included test work on the Town's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Liquor Law Enforcement
Justice Courts
B & C Road Funds
Other General Compliance Issues
Uniform Building Code Standards
Impact Fees and Other Development Fees

The management of the Town of Alta is responsible for the Town's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Town of Alta, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2009.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
October 29, 2009

**TOWN OF ALTA
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Cash Management

Compliance Requirement—All public funds are required to be deposited daily, whenever practicable, but not later than three business days after receipt.

Finding—During our testing we noted five cash receipts that had not been date stamped and therefore, we were unable to determine whether or not those deposits had been made within three business days. In addition, there was one day's deposit that was deposited on the fourth day, which is not within the three-day requirement.

Management Response—The Town will date stamp every receipt and will deposit those receipts within three business days.

Budgetary Compliance

Compliance Requirement—Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund.

Finding—The streets department of the Town incurred expenditures in excess of the total appropriation.

Management Response— The Town of Alta performed yearly maintenance work on the summer road in late June of 2009, which was earlier than expected. The Town Council had made its final amendments to the budget before the road work was performed therefore this expenditure was not incorporated into those amendments. The Town of Alta will attempt, in the future, to amend our fiscal budget to take into consideration any possible expenditure that could take place in late June.

HANSEN, BARNETT & MAXWELL, P.C.

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

The Honorable Mayor
and Town Council
Town of Alta, Utah

We have audited the financial statements of the Town of Alta as of and for the year ended June 30, 2009, and have issued our report thereon, dated October 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Alta's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Alta's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Alta's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control over financial reporting that we consider to be a significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described as items 09-1 and 09-2 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first

paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiencies described above are not material weaknesses.

Compliance and Other Matters

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

We noted certain matters that have been reported in the schedule of findings on page 44.

The Town of Alta's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town of Alta's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, the Town Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
October 29, 2009

**TOWN OF ALTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

09-1 *Statement of Condition:* Management is responsible for the fair presentation of the financial statements in accordance with generally accepted accounting principles. As part of the financial audit, several audit entries were made, which indicate that management did not prepare the accounting records for the financial statements in accordance with generally accepted accounting principles. Although we noted that management had taken steps to improve the year-end account closing process, appropriate adjustments for capital asset transactions, long-term debt payments, and accounts payable should be made each year prior to the audit.

Cause: Management and staff directly involved in financial reporting do not possess expertise in preparing financial statements in accordance with generally accepted accounting principles.

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

Corrective Action Plan: Management and staff charged with preparing accounting records for the financial statement will improve the year-end account closing process by making the appropriate adjustments for capital asset transactions, long term debt payments, and accounts payable.

Contact: Kate Black (801) 363-5105

09-2 *Statement of Condition:* Although the Town of Alta operates with a limited number of administrative and accounting staff, adequate segregation of duties is necessary as an internal control to prevent and detect fraud. Currently, the Town's accounting duties are not adequately segregated in that the person who authorizes expenditures and signs checks also records the expenditure transactions in the accounting system. In addition, the same person who receives payments and prepares the bank deposits has access to post transactions to the accounts receivable ledgers for the sewer and water funds.

Cause: The Town of Alta has limited financial resources and, therefore, has a very small number of administrative and accounting staff.

Recommendation: Mitigating controls should be implemented to ensure oversight of transaction classes for which adequate segregation of duties is not feasible given the limited number of staff. For example, the Town treasurer should review the cash receipts and cash disbursements journal along with the bank reconciliations on a monthly basis.

Corrective Action Plan: The Mayor of the Town of Alta will review the cash receipts and cash disbursements journals along with the bank reconciliations on a monthly basis.

Contact: Kate Black (801) 363-5105