

# Payson City



## Annual Comprehensive Financial Report

For Period Ending June 30, 2022



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Payson City, Utah  
Annual Comprehensive Financial Report  
For Fiscal Period Ended June 30, 2022



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# Introductory Section



December 22, 2022

To the Honorable Mayor and City Council,

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Payson City for the fiscal year ended June 30, 2022.

This report consists of the management's representations concerning the finances of Payson City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Payson has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Payson financial statements in conformity with GAAP (Generally accepted accounting principles.) Because the cost of internal controls should not outweigh their benefits, Payson's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Payson's financial statements have been audited by Gilbert & Stewart, Certified Public Accountants, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Payson for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Payson's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Payson MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

Payson City, incorporated in 1853, is located in the Southern region of Utah County, Utah. The City is situated approximately 59 miles from Salt Lake City, the capital of Utah. The City covers an area of approximately 19.36 square miles.





The United States census indicates that as of July 1, 2022, Payson City has a population of approximately 21,101 residents (<https://data.census.gov/all?q=payson,+utah>). Payson City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

Payson City has operated under the six-member Council form of government, comprised of a Mayor and five Council persons; since incorporation. Policy-making and legislative authority are vested in a governing council consisting of a mayor and five councilmembers. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and providing “advice and consent” for the Mayor appointments.

The government’s City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government. The Council is elected on a non-partisan basis. Each Council member serves four-year terms. The Mayor is also elected to a four-year term.

Payson strives to create a “destination city” emphasizing the wonderful outdoor adventures available in this area. Payson’s as an adventure area is also illuminated in the City’s new logo “Home to Adventure.” Payson’s local amenities include biking, hiking, trail riding and golf. Payson is also committed to keeping its hometown feel. Payson City provides a full range of services, including police and fire protection; the construction and maintenance of city streets, water, sewer, storm drain, solid waste, secondary irrigation, power, and other services.

Payson City has two Redevelopment Agencies which acts as legally separate agencies but function, in essence, as departments of Payson City and therefore have been included as an integral part of Payson City’s financial statements. The Payson Redevelopment Agencies (RDA), have now essentially fulfilled many of their intended purposes, but remain on the books to eventually play a pivotal role in revitalizing many areas throughout the City.

The annual budget serves as the foundation for Payson City’s financial planning and control. All agencies of Payson City are required to submit requests for appropriation to the government’s budget officer annually. The Finance Director reviews these requests; the requests serve as the starting point for developing a proposed budget. The proposed budget is presented to the council for review prior to the first regularly scheduled meeting in May. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 22<sup>nd</sup> of the fiscal year. The appropriated budget is prepared by fund, function (i.e. public works), and department (i.e. engineering.)

Department heads may request transfers of appropriations *within* a department during the year. Transfers of appropriations *between* departments and increases in departmental budgets requires the approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds.



## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Payson City operates.

**Local economy.** Payson City currently has a mix of retail and light manufacturing. Payson, as a city, has weathered the COVID-19 epidemic remarkably well. Even though concerns about local retailers' ability to do business and the concern of the local workforce has weighed heavily on the City's representatives; revenues in the City are up.

The City is attracting commercial retailers to the City and the residential sectors of the City continue to grow. As with news from other parts of the County, one of the new concerns for the City is the price of housing and the ability for citizens to afford housing in the community.

According to Zillow, the average home value in Payson City was \$437,822 in 2021 and is now reported as being \$480,914. Home prices have increased 11.2% on average over the past year and about 46.2% over the past two years. (<https://www.zillow.com/payson-ut/home-values/>, October, 2022).

Utah County, which is the County seat for Payson City, has an employed labor force of approximately 1,625,600, average wages were \$1,106 per week, up from \$1,065 per week reported last year; according to the United States Bureau of Labor Statistics ([https://www.bls.gov/regions/mountain-plains/news-release/countyemploymentandwages\\_utah.htm#table1](https://www.bls.gov/regions/mountain-plains/news-release/countyemploymentandwages_utah.htm#table1)).

Sales tax of the City is collected through the State. Utah collects direct point of sale sales tax; the tax goes through an equation whereby the City receives directly one half of 1% of the direct point of sale. The other half goes into a pool of sales tax revenues and is re-distributed to all entities of the State based on population.

Payson City has previously, successfully put on the ballot an option to assess an additional one-tenth percentage of sales tax that will be collected and used exclusively for parks, arts, recreation and cultural purposes. This sales tax is entitled the PARC tax. The details of the revenues and expenditures of the PARC tax are maintained in the PARC tax fund.

Major industries with headquarters or divisions located within the government's boundaries or in close proximity include software manufacturers, food manufacturers, and many retail entities.

The City also has a large health-based component with the Payson Mountain View Hospital located within the City's boundaries.

**Long-term financial planning.** One challenge Payson is now facing is providing infrastructure in areas that have previously been undeveloped property or farmland. This has necessitated expanding water and sewer systems for the City. Payson is in the process of bonding for an upgrade to the sewer plant that will help meet current EPA (environmental protection agency) requirements and the needs of an expanding citizen base.



The City is excited about potential commercial and household expansion in Payson, but is still very loyal to the current commercial base here.

The City views the revitalization of the downtown as one of its core projects. The City has utilized the PARC tax to help with the enhancement and beautification of the area. A Utah Legislative Grant will allow the City to improve the infrastructure and landscaping of historic downtown and plans to draw new businesses. These plans include a coordination with culinary schools from MTEC (Mountainland Technical College), UVU (Utah Valley University) and Park City to bring culinary specialties to the downtown.

Of major concern to the City is the maintenance and upkeep of the City road system. The City currently has approximately 96 paved road-miles in the City. The current funding options for the upkeep and expansion of the road system are: B&C road funds, derived from a State-collected and distributed gas tax; and the new SB136 additional sales tax.

Associated with the road system, is the City's storm drain system. Major portions of the City's storm drain system is comprised of new growth areas, where development was required to put in storm drain and sidewalk. The undeveloped area of the City without developed storm drain and sidewalk is largely in the older inner-city portion of the City.

Impact fee rate studies have been updated for water, sewer, fire and police impact fees. The new rates were implemented beginning with fiscal year 2021.

Impact fees are assessed against new development to cover that portion of increased use on an existing systems (water, sewer, police and fire services, parks, etc.) that should be borne by new growth. The theory being that the current capacity that is adequate for existing residents has already been paid for by existing residents through property taxes.

The City's General Plan was recently updated and adopted by the City Council. The plan, entitled "Imagine Payson," included land use, infrastructure, transportation, parks and recreation, economic development, housing and financial planning; this plan is continuing to evolve.

### **Other financial highlights, not otherwise discussed.**

The City continues to monitor opportunities for debt re-structuring and retirement.

The effects of a steady sales tax base in the City continues to be a contributing factor to the City's ability to maintain its financial equilibrium. Although past recessionary changes in the economy have had a distinct effect on the City, the City has been able to maintain a somewhat stable budget, without drastic fluctuations; the exception being adjustments for new projects that arise during the budget year.

The City is empowered to levy a property tax on real or personal properties located within its boundaries, through the decision of the City Council to do so.



As noted above, the Finance Director may make transfers between operating functions if needed, as long as they are in the same department/fund and don't increase the budget. Transfers of appropriations for capital purchases and increases in over-all budget requires the approval of the governing council.

**Cash management policies and practices.** Cash not used in current operations is invested in the Public Treasurer's Investment pool (PTIF); the City also has some investments in Moreton Asset Management. Short-term deposits are held at local banking institutions. The City's short-term bank account combines: the general operating account, the payroll account, and the ambulance revenue account.

As mentioned above, the City receives funding for road improvements through the State's class C road fund program. The funds are allotted funds from gasoline fee collections. The allocation is based on road-miles and population of the City. It is the City's policy to use class C road funds for road improvements prior to the use of City allocations.

**Risk Management.** Payson City has initiated a risk management program in conjunction with the workers compensation program and insurance carrier. Training opportunities have been offered to City employees in areas of health maintenance and safe work environment training. Department-specific training is provided to employees to prevent risks associated as per industry standards.

The City has invested significant funds into cleaning machines (Vac Trucks) which have improved employee safety and efficiency when working with sewer, water and street improvements.

The City has recently begun a proactive approach to tree trimming in City parks and City-owned properties to decrease the potential risk associated with tree related accidents. The City has also put specific focus on safety inspections of playground equipment.

Payson City's unemployment insurance participation is through a third party. The City pays into this system on behalf of the employees.

**Pension and other postemployment benefits.** Payson City participates in the Utah State Retirement Program for the City's employees. The Retirement System is an agent plan for the benefit of Payson City employees, being managed by the Utah State Retirement program. Payson City has no obligation in connection with employee benefits offered through this plan beyond regular contractual payments to the Utah State Retirement System.

The City has implemented GASB 68 related to reporting the City's allocable portion of the unfunded liability balance of the Utah Retirement System.

**Long-term financial planning.** The City Council views the continued operation and the continued financial solvency as a primary issue. Future analysis includes capital project needs and allocation of resources amongst all City needs.

**Internal Control.** The City's financial reporting systems have been designed to emphasize the importance of strong internal controls, including the proper recording of revenues and expenditures and the oversight of budgetary control. The City has established internal controls that are designed to



offer reasonable assurance that assets are safeguarded against waste, fraud and misuse and that the City's financial statements can be relied upon to produce financial statements in accordance with generally accepted accounting principles.

### **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the administration department. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report, as well as the help and support of our auditors, Gilbert and Stewart, Certified Public Accountants.

Credit must, as always be given to the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Payson finances.

Respectfully submitted,

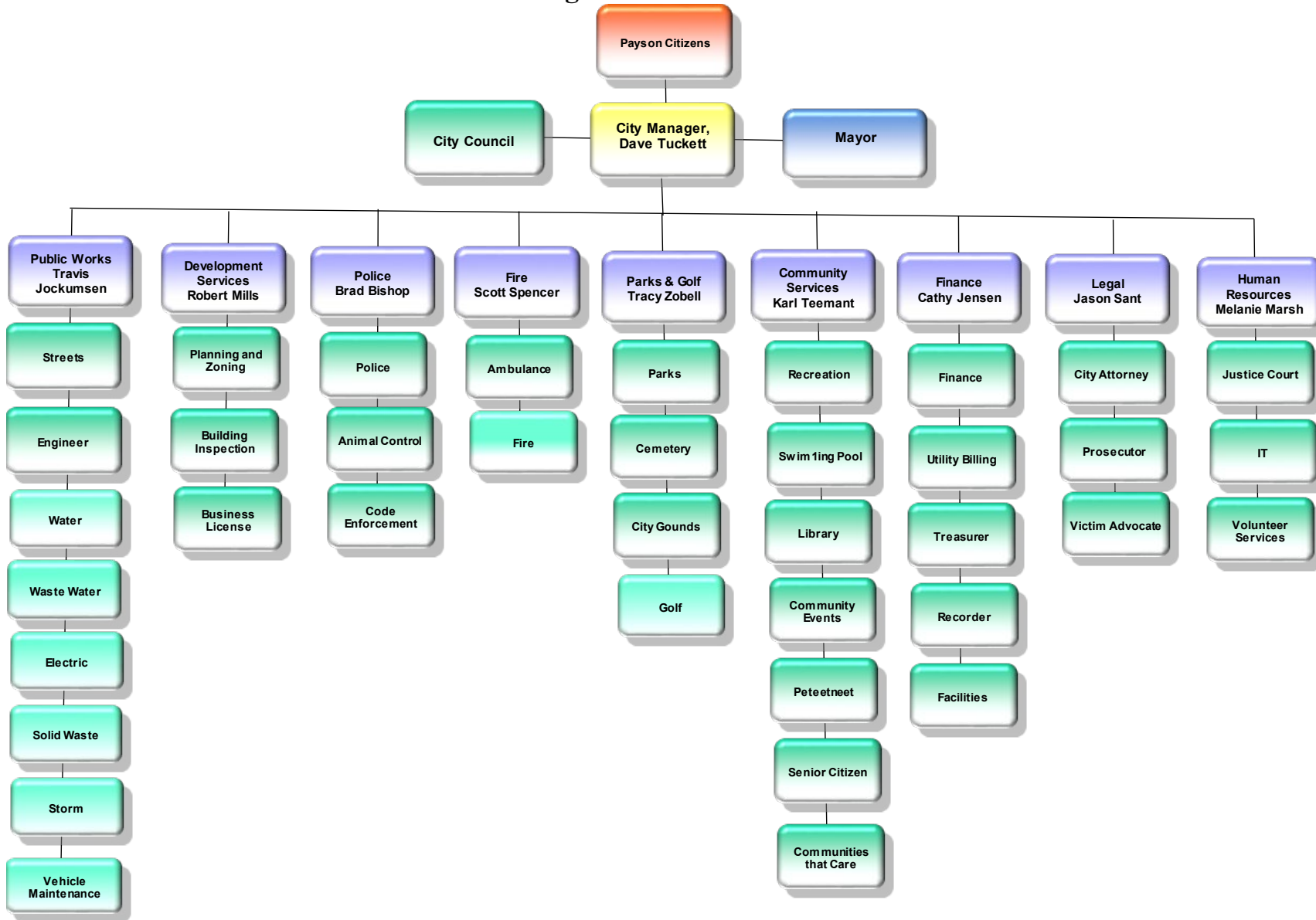
Cathy Jensen  
Finance Director

David C. Tuckett  
City Manager



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# Payson City Organizational Chart





# Payson City

## List of Appointed Officials and Council

June 30, 2021

### Elected Officials

Mayor	Bill Wright
Council Member	Kirk Beecher
Council Member	Taresa Hiatt
Council Member	Linda Carter
Council Member	Bob Provstgaard
Council Member	Brett Christensen
Justice Court Judge	Eric Jewell

### Appointed Officials

City Manager	David Tuckett
City Attorney	Jason Sant
City Engineer/Public Works Director	Travis Jockumsen
City Recorder	Kim Holindrake
City Treasurer	Audrey Camp
Fire Chief	Scott Spencer
Police Chief	Brad Bishop

### Key Staff

Community Development Director	Robert Mills
Finance Director	Cathy Jensen
Golf Pro/Parks and Cemetery Director	Tracy Zobell
Human Resource Director	Melanie Marsh
Recreation Director	Karl Teemant





# Financial Section



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of City Council  
Payson City, Utah

### Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Payson City, Utah (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Payson City, as of June 30, 2022 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Payson City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Payson 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 Responsibilities for the Audit of the Financial Statements

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our objectives to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, rating of City's roads, and the required supplementary information regarding pensions, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements, budgetary comparisons, as listed as supplemental information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the combining statements, and budgetary comparisons are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

## **Gilbert & Stewart**

GILBERT & STEWART, CPA, PC  
Provo, Utah  
December 30, 2022



## MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of Payson City, we offer readers of Payson City’s financial statements this narrative, discussion, overview and analysis of the financial activities of Payson City for the fiscal year ended June 30, 2022.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Payson City activities exceeded the liabilities and deferred inflows of resources as of the close of the most recent year by \$173,103,441 (net position). Of this amount \$52,210,686 (unassigned net position) may be used to meet the government’s ongoing obligations to citizens and creditors in various City functions.
- The City collected sales tax, one of its primary revenues, of \$5,137,237. This is up from the previous year by \$612,928 or 14%.
- The City collected \$1,391,093 in B&C road funds and transportation tax. This is one of the primary sources of financing for the City’s roads and sidewalk systems.
- As of June 2022, the City performed the following number of annual building inspections:

<u>Year</u>	<u>Number</u>	
2022	1866	***Through June 2022
2021	3101	
2020	4285	
2019	3367	
2018	1116	
2017	694	
2016	202	

As of June 2022, the City had the following number of building permits, compared to previous

Building Permits		
<u>Year</u>	<u>Number</u>	
2022	289	***Through June 2022
2021	641	
2020	554	
2019	660	
2018	363	
2017	271	
2016	259	

Additional financial highlights can be found throughout this financial document.



## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The City's financial statements included in this annual report are those of a special purpose government engaged only in municipal services.

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

The *statement of net position* presents information on all of the assets and liabilities of the City, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the City changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*.) The governmental activities of the City include general government and administration for general functions.

Please refer to the table of contents for the location of the government-wide financial statements.

**FUND FINANCIAL STATEMENTS.** 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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: *governmental funds*, and *fiduciary 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, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources



available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between government funds and government activities.

The City's governmental funds are:

- General Fund
- Redevelopment-Town
- Redevelopment-Business Park
- Impact Fee-Park
- Impact Fee-Public Safety
- PARC Tax
- Perpetual Care
- Capital

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, and capital projects fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation, for the government-wide financial statements, "Statement of Net Position". Individual fund data for each of these non-major governmental funds is also provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with the budgets.

Please refer to the table of contents for the location of the basic governmental fund financial statements.

**PROPRIETARY FUNDS.** The City maintains 7 *proprietary fund* type funds.

The proprietary funds are:

- Water
- Solid Waste
- Electric
- Sewer
- Ambulance
- Golf Course
- Storm Drain



Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail.

**FIDUCIARY FUNDS.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the governmental entity. 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 used for fiduciary funds is much like that used for *proprietary funds*. The City does not hold any fiduciary funds.

**NOTES TO THE FINANCIAL STATEMENTS.** The *notes* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are part of the basic financial statements.

**OTHER INFORMATION.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City.

The City's basic financial statements are presented using the accrual basis of accounting, which provides for revenue recognition in the period in which services are provided and expense recognition when goods and services are received.

Additionally, the City's basic financial statements utilize the flow of economic resources measurement focus, in which all assets and liabilities are reflected on the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes Net Position* includes all transactions, such as revenues and expenses that increase or decrease the net position.

The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The following basic *financial statements* are included in this report:

The *Statement of Net Position* presents information on all the assets, deferred outflow of resources, liabilities and deferred inflow of resources of the City, with the difference reported as *net position*.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the City's net position changed during the most recent fiscal year.

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, revenues and expenses are reported in this





statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave.) The statement reports the City’s operating and nonoperating revenue by source along with operating and nonoperating expenses and capital contributions.

The *statement of cash flows* reports are presented to show the City’s cash flows from operating activities, investing, capital and noncapital activities.

## 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 Payson, assets exceed liabilities by \$173,103,441 (net position) at the close of fiscal year 2022 This includes both governmental and enterprise funds. For the governmental funds, the total net position for fiscal year 2022 was \$74,036,064.

In the governmental funds, an additional portion of the City’s net position (approximately 73%) represents resources that consist of capital assets. The remaining balance of unrestricted net position \$21,181,406 may be used to meet the government’s ongoing obligations to citizens and creditors.

As of June 30, 2022, the City is able to report positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental activities.

The Statement of Net Position government-wide is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
	Current and other assets	\$35,415,960	\$20,343,037	\$43,982,933	\$28,950,406	\$79,398,893
Capital Assets (net)	56,130,032	51,119,177	93,287,545	75,516,140	149,417,577	126,635,317
Total assets	\$91,545,992	71,462,214	137,270,478	104,466,546	228,816,470	175,928,760
Deferred outflow of resources	1,148,664	914,560	860,163	775,687	2,008,827	1,690,247
Current liabilities	8,415,792	6,313,220	3,404,267	4,006,256	11,820,059	10,319,476
Long term liabilities	4,438,721	3,072,546	33,870,050	21,243,665	38,308,771	24,316,211
Total liabilities	12,854,513	9,385,766	37,274,317	25,249,921	50,128,830	34,635,687
Deferred inflow of resources	5,804,079	3,368,797	1,788,947	824,809	7,593,026	4,193,606
Net assets:						
Net investment in capital assets	51,691,311	48,046,631	60,334,155	62,933,579	112,025,466	110,980,210
Restricted	2,696,939	2,796,451	5,562,951	4,659,559	8,259,890	7,456,010
Unrestricted	19,647,814	8,779,129	33,170,271	11,574,365	52,818,085	20,353,494
Total net position	<u>\$74,036,064</u>	<u>\$59,622,211</u>	<u>\$99,067,377</u>	<u>\$79,167,503</u>	<u>\$173,103,441</u>	<u>\$138,789,714</u>



The changes in net position representation is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,815,666	\$ 7,199,657	\$ 29,991,191	\$ 29,546,019	\$ 35,806,857	\$ 36,745,676
Grants and contributions	-	-	-	-	-	-
Cap Grants and Contributions	11,645,733	4,890,572	16,999,445	6,582,479	28,645,178	11,473,051
Operational Grants	826,362	930,017	27,437	-	853,799	930,017
General Revenues:						
Property taxes	1,859,123	1,708,493	-	-	1,859,123	1,708,493
Sales Tax	5,137,237	4,524,309	-	-	5,137,237	4,524,309
Other	2,031,855	2,000,606	222,634	62,849	2,254,489	2,063,455
Total Revenues	<u>27,315,976</u>	<u>21,253,654</u>	<u>47,240,707</u>	<u>36,191,347</u>	<u>74,556,683</u>	<u>57,445,001</u>
Expenses:						
General government	14,679,358	13,157,707	-	-	14,679,358	13,157,707
Water	-	-	3,743,074	3,729,972	3,743,074	3,729,972
Electric	-	-	13,759,748	12,035,732	13,759,748	12,035,732
Sewer	-	-	2,876,447	2,779,090	2,876,447	2,779,090
Ambulance	-	-	780,861	771,141	780,861	771,141
Solid Waste	-	-	2,672,908	2,295,465	2,672,908	2,295,465
Golf Course	-	-	1,335,695	1,024,043	1,335,695	1,024,043
Storm Drain	-	-	912,726	396,397	912,726	396,397
Total expenses	<u>14,679,358</u>	<u>13,157,707</u>	<u>26,081,459</u>	<u>23,031,840</u>	<u>40,760,817</u>	<u>36,189,547</u>
Increase in net position before transfers	<u>12,636,618</u>	<u>8,095,947</u>	<u>21,159,248</u>	<u>13,159,507</u>	<u>33,795,866</u>	<u>54,955,114</u>
Transfers	1,777,235	1,779,770	(1,777,235)	(1,779,770)	-	-
Increase in net position	<u>\$ 14,413,853</u>	<u>\$ 9,875,717</u>	<u>\$ 19,382,013</u>	<u>\$ 11,379,737</u>	<u>\$ 33,795,866</u>	<u>\$ 54,955,114</u>
Net Position-beginning	<u>\$ 59,622,211</u>	<u>\$ 49,746,494</u>	<u>\$ 79,167,503</u>	<u>\$ 67,705,063</u>	<u>\$ 138,789,714</u>	<u>\$ 117,451,557</u>
Restated net assets	-	-	517,861	-	517,861	-
Net Position-ending	<u>\$ 74,036,064</u>	<u>\$ 59,622,211</u>	<u>\$ 99,067,377</u>	<u>\$ 79,084,800</u>	<u>\$ 173,103,441</u>	<u>\$ 138,707,011</u>

**GOVERNMENTAL ACTIVITIES.** Governmental activities increased the City’s net position by \$14,413,853 over the previous year in the government-wide statements.

The major contributor to this increase was capital assets, conservative budgeting in the governmental fund, and also, the COVID pandemic that restricted the City’s opportunity to complete projects.

The City exercised prudent management in the capital outlay expenses. Funding for capital assets was geared primarily to asset improvement and creation, road and sidewalk projects.

Current sources of funds for road improvements include B&C road funds, general fund revenues and some grants.

## FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.



**GOVERNMENTAL 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. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the year, the Payson City’s governmental funds reported combined ending net position of \$22,791,535, as reported in the governmental financial statements.

The governmental funds are comprised of the following funds:



The individual fund balances that comprise the governmental funds include:

	Ending Fund Balance
General Fund	\$ 5,878,004
Redevelopment-Town	159,649
Redevelopment-Business Park	1,368,492
Impact Fee-Park	1,575,635
Impact Fee-Public Safety	1,121,304
PARC Tax	285,795
Perpetual Care	602,125
Capital	9,626,630
Revolving Loan	2,173,902
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	\$ 22,791,536

Approximately 23 percent of the governmental fund balance amount (\$5,224,639) constitutes unassigned fund balance, as seen in the governmental financial statements, which is available for spending at the government’s discretion.

The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for encumbrances 2) to return building and performance bond deposits 3) to pay for capital projects 4) has been assigned to other obligations or projects 5) has already been expended for capital assets or the funds have been assigned for other purposes.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$4,938,845.

Generally, the increases in fund balances in the City are due to conservative spending and budgeting practices by the individual governmental entities.

**PROPRIETARY FUNDS.** The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.



The City’s proprietary funds are as follows:



Unrestricted net position, formerly called “net assets,” of the respective proprietary funds are:

Unrestricted net position	
Water	\$ 3,083,914
Solid Waste	2,384,016
Power	2,266,270
Sewer	19,148,442
Ambulance	1,387,247
Golf Course	1,983,982
Storm Drain	<u>1,672,310</u>
	\$ 31,926,181

**Water.** The City has had a general policy of adjusting utility rates by the CPI (consumer price index) to keep pace with expenditures, and to avoid future large jumps in utility rates that would be necessary to keep up with expenditures. Because of significant capital needs in the water department, the City increased water rates by 17%.

The City issued a 2019 water bond, in order to fund the metering of the secondary irrigation system.

**Solid Waste.** The Solid Waste fund performs two primary functions. First, the function of the fund is to oversee and operate the City landfill. Second, the solid waste fund collects garbage on a weekly basis for all residential and many commercial operations in the City.

The Solid Waste division also generates excess revenue in selling gravel. An agreement with Kenny Seng, for future gravel sales, in the amount of \$2,286,000 was implemented. Kenny Seng put in construction services for the Hillman Field Ball field in exchange for future sales of gravel associated with the contract. A restatement of landfill revenue was made this year to reflect the exchange of gravel royalties, to pay down the contract.

A similar agreement for landfill scales was made in the amount of \$1,395,928.53.

**Electric.** The electric power fund provides power to residents of Payson. Power is generally purchased through UAMPs (Utah Associated Municipal Power System).

**Sewer.** The sewer department maintains and builds sewer infrastructure throughout the City. They also maintain the City sewer processing plant.

The City issued a 2019 sewer revenue bond to extend the sewer lines in the City. Future issues the City is facing concerning the Sewer include a new Sewer processing plant to meet growth and maintain federal and state guidelines on sewer processing. The anticipated cost of the new plant is between \$55 million and \$70 million dollars.



The City is weighing all possibilities in regards to construction and financing for the new plant. A Utah State Water Board grant has been issued to the City for \$1 million dollars and an additional DWQ bond was issued for \$13.5 million to begin the initial purchases that need to be made, to hedge against inflation.

**Ambulance.** The City ambulance fund supports the first responder program for the City. First responders in all public safety areas of the City including police, fire, ambulance, have garnered great respect, not only in their day-to-day operations, but with the added responsibility of the COVID-19 pandemic. The City outsources ambulance billing and collections.

**Golf Course.** In addition to running the golf course, the Golf course division has just completed the Payson City Golf Course RV Park. The RV park is intended to help support the operations of the golf course and attract patrons to the golf course for extended stay and play options.

**FINANCIAL ANALYSIS.** Net position may serve over time as a useful indicator of a government's financial position. In the case of Payson City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$173,103,441 (net position) at the close of fiscal year 2022 city-wide.

**BUDGETARY HIGHLIGHTS.** The difference between the original budget and the final amended budget was a net increase of \$17,587,329 City-wide.

The majority of this budget adjustment was for capital projects acquisition of new equipment.

Generally, the City's philosophy is that in making budgetary adjustments, individual departmental budgets will be examined to look for excess budget. The City continues to re-evaluate revenue streams and adjust expenditures throughout the fiscal year. Departments are encouraged to continue to be innovative in looking at ways to adjust their budgetary expenditures, to save money.

The City strives to conduct the budget in a fiscally conservative manner, both for Revenues and Expenditures. All increases in the budget must be approved by the City Council.

**CAPITAL ASSETS.** Capital Assets are generally recognized in the enterprise fund in which they belong or are recognized in the capital asset fund if it is a major governmental asset. Another source for capital asset financing is through the City's revolving loan. Capital assets include the funds for the costs incurred in acquiring and improving assets, constructing and remodeling facilities and procuring equipment necessary for providing programs for the citizens of the City.

Major capital asset expenditures include expenditures on City infrastructure (roads, storm drain).

The City has elected to use the modified approach to account for its infrastructure assets such as roads and bridges. As allowed by GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments, the City has adopted



the “modified approach” for reporting costs associated with certain infrastructure assets. The City capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

The City has adopted an allowable alternative to reporting depreciation for its road network. Under this alternative method, referred to as the “modified approach,” the City’s must maintain an asset management system and demonstrate that its highways and roads are approximately being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The City manages the road network using a pavement management system. This system uses a measurement scale that considers the condition of the roads as denoted by a Remaining Service Life (RSL). Under the RSL system, a condition index ranging from 0 to 20 is used. A road is considered to be in “very good” condition when its RSL rating is between 19 and 20, in “good” condition when its RSL rating is between 13 and 18, in “fair” condition when its RSL rating is between 9 and 12, in “poor” condition when its RSL rating is between 7 and 8, and in “very poor” condition when its RSL rating is 6 or below.

It is the City’s’ goal to maintain approximately 50% of its road network at a category level of “fair” or “good” (RSL rating of 9 or above) and allow no more than 20% at a category level of “very poor” (RSL rating of 6 or below). In order to achieve a complete condition assessment of all City roads within a period of three years, condition assessments are performed on approximately one-third of the roads annually. The most recent condition assessment, completed in 2022, shows that 47.2% of the City’s’ roads were in “fair” or better condition, which exceeds the percentage reported in 2021 by 12.2%. Additionally, 35% of the roads assessed in 2022 were in “very poor” condition.

In 2022, the City’s spent approximately \$698,072 to maintain and preserve its roads, which was 98% of what the City’s estimated would be needed.

The City’s primary sources for future funding include grants and B&C road funds and general fund revenues to increase the RSL for the rest of the road system.

A primary concern of the City will continue to be the maintenance and upkeep of the City road system. Utah has dramatic seasonal changes with significant freezing/thawing and high temperatures. These climate conditions shorten the lives of roads.

Further information about the City’s modified approach can be found in the Required Supplementary Information section of the financial statements.



An analysis of the City’s capital assets is as follows:

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Land	\$3,231,751	\$3,231,751	\$8,349,002	\$8,349,002	\$11,580,753	\$11,580,753
Infrastructure	30,408,182	33,576,282	-	-	30,408,182	33,576,282
Buildings & Improvements	18,964,013	27,289,122	96,936,472	111,856,988	115,900,485	139,146,110
Equipment	5,613,703	5,926,863	11,986,310	12,811,848	17,600,013	18,738,711
Construction in progress	6,264,269	169,478	8,266,599	7,764,875	14,530,868	7,934,353
Accumulated Depreciation	(13,910,000)	(14,615,021)	(50,889,101)	(53,754,105)	(64,799,101)	(68,369,126)
Leased Equipment	596,439	551,557	579,763	456,970	-	1,008,527
Water Stock	-	-	198,400	5,653,188	198,400	5,653,188
Total	<u>\$51,168,357</u>	<u>\$56,130,032</u>	<u>\$75,427,445</u>	<u>\$93,138,766</u>	<u>\$125,419,600</u>	<u>\$149,268,798</u>

Readers desiring more detailed information on capital asset activity can refer to note 6 of the financial statements.

## LONG-TERM DEBT

At June 30, 2022, the City had total bonded debt outstanding of \$33,209,000. Below is a list of bonded debt:

<u>Purpose of Bond</u>	<u>Funding Source</u>	<u>Original Amount</u>	<u>Remaining Amount</u>	<u>Payoff Date</u>	<u>Origination Date</u>
Pool	Sales Tax	\$ 4,940,832	\$ 2,580,864	2026	2007
Eastside Sewr Line	Sales Tax	2,500,000	2,200,000	2024	2019
Fore Bay and PI	Water Revenue	7,385,000	4,155,000	2029	2013
Water Tank	Water Revenue	2,861,000	2,060,000	2032	2016
Water PI Lines	Water Revenue	8,985,000	7,158,000	2036	2019
Sewer Upgrade	Sewer Revenue	2,977,000	1,555,136	2022	2016
Sewer Plant	Sewer Revenue	13,500,000	13,500,000	2038	2022
			<u>\$ 33,209,000</u>		



A list of changes in other debt is as follows:

Payson City Changes in Other Debt						
	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
G.O. Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unamortized Bond Premium	- #	-	8,590	-	8,590	-
Capital Lease	1,161,470	1,467,857	1,959,171	1,666,651	3,120,641	3,134,508
Accrued Compensated Absences	95,224	1,025,365	655,840	846,189	751,064	1,871,554
Water Share Liability	-	-	566,272	534,788	566,272	534,788
Closure and Post closure liability	-	-	952,107	952,107	952,107	952,107
Note Payable-Building	-	390,000	-	-	-	390,000
Bonds Payable	3,072,576	2,580,864	23,182,424	30,628,136	26,255,000	33,209,000
Total Long Term Debt	<u>\$ 4,329,270</u>	<u>\$ 5,464,086</u>	<u>\$ 27,324,404</u>	<u>\$ 34,627,871</u>	<u>\$ 31,653,674</u>	<u>\$ 40,091,957</u>

State statutes (Utah State Constitution, Article XIV, Section 4,) limit the amount of *general obligation bond* indebtedness towns and “other municipal corporations” may issue. The statutes indicate that the City may issue up to 4 percent of its total fair market value of taxable property in the City for *general obligation debt*.

The current fair market value of the taxable property in the City is \$2,307,996,000 (2021). The current general obligation debt limitation for the City is \$276,960,000. Payson City has *no* general obligation debt, and no current intention of issuing general obligation bonds. However, measures of legal debt margin are helpful in looking at the City’s general bond obligation parameters.

Payson City Legal Debt Margin Calculation Fiscal Year Ending June 2022 (dollars in thousands)	
Assessed value	\$ 2,307,996
Debt limit (12% of assessed value)	<u>276,960</u>
Total net debt applicable to limit	<u>\$ -</u>
Legal debt margin	<u>\$ 276,960</u>

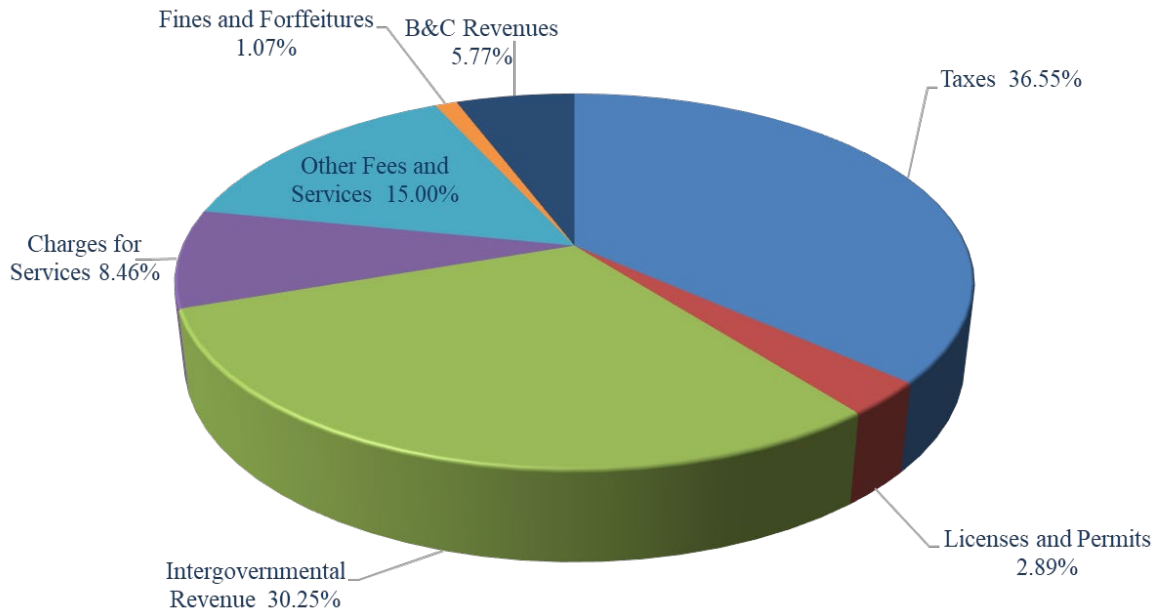
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A visual representation of the revenues by source:

Payson City  
Revenues by Source  
For Period Ending June 30, 2022



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## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Payson City is located in Utah County. The unemployment rate for Utah County as of June 2022 was 2.3%. This rate is less than the reported US unemployment rate at that time was 3.6%, as provided by the Bureau of Labor Statistics ([https://www.bls.gov/eag/eag.ut\\_provo\\_msa.htm](https://www.bls.gov/eag/eag.ut_provo_msa.htm)).

The City continues to exercise conservatism with regards to expenses, and capital assets. City administration also continues to exercise prudence regarding operating expenses.

- The City is particularly mindful of the impact of property taxes on its citizenry, the City Council studies the impacts of increasing certified tax rates on the citizens incrementally, as well as the impact that would come from not keeping pace with certified tax rates, and assessing large amounts of tax increment on the citizens in a lump sum, at a later date. The City has striven to keep property tax rates steady to avoid the ups and downs as the property tax rates vary by year.
- One of the major budget issues on the horizon for the City is the construction of a new sewer plant to meet Federal and State affluent regulations. In 2022 Payson raised sewer rates to begin preparing for the larger debt service payments coming as the plant is in construction.
- Some of the problems Payson is facing economically will also have an impact on net revenues. Some of these items involve continuing growth and construction, shortage of manpower to fill jobs, fuel prices and rising cost of living. This and other economic factors have the potential of increasing costs, or depressing revenues. The City will continue to seek prudent measures to meet increasing financial obligations.

**REQUESTS FOR INFORMATION.** The financial report is designed to provide a general overview of Payson City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Payson City, Records Officer, 439 West Utah Avenue, Payson, Utah 84651.

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# Basic Financial Statements

**Payson CITY**  
**Statement of Net Position**  
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and Cash Equivalents			
Unrestricted	25,659,669	20,200,194	45,859,863
Restricted	2,696,939	6,219,404	8,916,343
Accounts Receivable			
Taxes Receivable	3,184,224	-	3,184,224
Other Receivables	1,601,730	2,978,219	4,579,949
Net Pension Asset	2,273,398	1,160,116	3,433,514
Due From	-	13,425,000	13,425,000
Capital assets			
Land	3,231,751	8,349,002	11,580,753
Buildings and Improvements	27,289,122	111,856,988	139,146,110
CIP	169,478	7,764,875	7,934,353
Equipment	6,478,420	13,417,596	19,896,016
Infrastructure	33,576,282	-	33,576,282
Depreciation	(14,615,021)	(53,754,104)	(68,369,125)
Water Rights	-	5,653,188	5,653,188
Total assets	<u>91,545,992</u>	<u>137,270,478</u>	<u>228,816,470</u>
<b>Deferred outflows of resources</b>			
Deferred Charge on Refunding	-	269,368	269,368
Deferred outflows related to pensions	1,148,664	590,795	1,739,459
Total deferred outflow of resources	<u>1,148,664</u>	<u>860,163</u>	<u>2,008,827</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	6,171,650	2,017,917	8,189,567
Deposits	-	427,417	427,417
Unearned Revenue	1,201,437	-	1,201,437
Compensated absences	1,025,365	846,189	1,871,554
Bond interest payable	17,340	112,744	130,084
Long Term Liabilities			
Due Within One Year	1,375,812	1,854,577	3,230,389
Due in More Than One Year	3,062,909	32,015,473	35,078,382
Total liabilities	<u>12,854,513</u>	<u>37,274,317</u>	<u>50,128,830</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue Property Tax	2,214,367	-	2,214,367
Deferred Inflows Pensions	3,589,712	1,788,947	5,378,659
	5,804,079	1,788,947	7,593,026
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	51,691,311	60,334,155	112,025,466
Restricted			
Impact Fees	2,696,939	5,562,951	8,259,890
Assigned	-	607,397	607,397
Unrestricted	19,647,814	32,562,874	52,210,688
Total net position	<u>74,036,064</u>	<u>99,067,377</u>	<u>173,103,441</u>
Total net position	<u>74,036,064</u>	<u>99,067,377</u>	<u>173,103,441</u>

*See accompanying notes to the financial statements.*

**Payson CITY**  
**Statement of Activities**  
For Period Ended June 30, 2022

Function/Programs	Program Revenues				Net (Expense) Rev & Chgs in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	5,189,954	3,922,234	574,743	6,201,437	5,508,460	-	5,508,460
Public safety	4,121,287	690,818	3,335	331,047	(3,096,087)	-	(3,096,087)
Highways and public works	1,100,893	142,192	-	4,280,949	3,322,248	-	3,322,248
Parks and Recreation	4,230,667	1,060,422	248,284	832,300	(2,089,661)	-	(2,089,661)
Interest on Long-term debt	36,557	-	-	-	(36,557)	-	(36,557)
Total governmental activities	<u>14,679,358</u>	<u>5,815,666</u>	<u>826,362</u>	<u>11,645,733</u>	<u>3,608,403</u>	<u>-</u>	<u>3,608,403</u>
Business-type activities:							
Water	3,743,074	4,718,618	-	8,450,708	-	9,426,252	9,426,252
Power	13,759,748	14,188,104	-	1,831,391	-	2,259,747	2,259,747
Sewer	2,876,447	4,394,709	-	3,781,304	-	5,299,566	5,299,566
Solid Waste	2,672,908	3,231,087	-	1,852,366	-	2,410,545	2,410,545
Ambulance	780,861	1,028,259	7,111	-	-	254,509	254,509
Golf Course	1,335,695	1,549,584	20,326	-	-	234,215	234,215
Storm Drain	912,726	880,830	-	1,083,676	-	1,051,780	1,051,780
Total business-type activities	<u>26,081,459</u>	<u>29,991,191</u>	<u>27,437</u>	<u>16,999,445</u>	<u>-</u>	<u>20,936,614</u>	<u>20,936,614</u>
Total primary government	<u>40,760,817</u>	<u>35,806,857</u>	<u>853,799</u>	<u>28,645,178</u>	<u>3,608,403</u>	<u>20,936,614</u>	<u>24,545,017</u>
General revenues:							
Property taxes					1,859,123	-	1,859,123
General sales and use tax					5,137,237	-	5,137,237
Franchise Tax					454,825	-	-
Other Taxes					1,352,994	-	1,352,994
Investment Earnings					224,036	222,634	446,670
Transfers					1,777,235	(1,777,235)	-
Total general revenues					<u>10,805,450</u>	<u>(1,554,601)</u>	<u>8,796,024</u>
Change in net position					<u>14,413,853</u>	<u>19,382,013</u>	<u>33,795,866</u>
Net position - beginning					<u>59,622,211</u>	<u>79,167,503</u>	<u>138,789,714</u>
Restatement of Capital Assets					<u>-</u>	<u>517,861</u>	<u>60,140,072</u>
Net position - ending					<u>74,036,064</u>	<u>99,067,377</u>	<u>173,103,441</u>

*See accompanying notes to the financial statements.*

**Payson CITY**  
**Governmental Funds Balance Sheet**  
June 30, 2022

	Total General Fund	Capital Projects Capital	Nonmajor Governmental	Total Governmental Funds
<b>ASSETS</b>				
Combined Cash and cash equivalents	\$ 10,190,631	\$ 11,777,632	\$ 6,008,275	\$ 27,976,538
Receivables:				-
Taxes	3,184,224		-	3,184,224
Grants and contributions	715	-	-	715
Accounts	311,574	-	1,289,441	1,601,015
Total assets	<u>\$ 13,687,144</u>	<u>\$ 11,777,632</u>	<u>\$ 7,297,716</u>	<u>\$ 32,762,492</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				-
Accounts payable and accrued liabilities	\$ 421,130	559,565	10,815	991,510
Accrued salaries, wages and benefits	428,712	-	-	428,712
Due to other entities	24,910	-	-	24,910
Performance Bond	4,690,268	-	-	4,690,268
Deferred Revenues	-	1,201,437	-	1,201,437
Note Payable	-	390,000	-	390,000
Total liabilities	<u>\$ 5,565,020</u>	<u>\$ 2,151,002</u>	<u>\$ 10,815</u>	<u>\$ 7,726,837</u>
<b>Deferred inflow of resources</b>				
Property taxes levied for future years	2,244,120	-	-	2,244,120
Total deferred inflow of resources	<u>2,244,120</u>	<u>-</u>	<u>-</u>	<u>2,244,120</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Impact Fees	-	-	2,696,939	2,696,939
Assigned	939,159	9,626,630	3,702,043	14,267,832
Committed	-	-	602,125	602,125
Unassigned	4,938,845	-	285,794	5,224,639
Total fund balances	<u>5,878,004</u>	<u>9,626,630</u>	<u>7,286,901</u>	<u>22,791,535</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 13,687,144</u>	<u>\$ 11,777,632</u>	<u>\$ 7,297,716</u>	<u>\$ 32,762,492</u>

**Payson CITY**  
**Balance Sheet Reconciliation to Statement of Net Assets**  
June 30, 2022

Total fund balances - governmental fund types:		\$ 22,791,536
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities (excluding internal service funds) are not financial resources and, therefore, are not reported in the funds.		56,130,032
Allocation of internal service fund		-
Miscellaneous adjustment		29,335
Long term assets are not available to pay for current period expenditures and, therefore are deferred in the governmental fund statements.		29,753
An internal service fund is used by management to charge the costs of vehicle repairs and maintenance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		314,484
Pension assets, liabilities, deferred inflows, and deferred outflows are not due and payable in the current period and, therefore, are not recorded in the Governmental Funds		
Net pension asset		2,273,398
Deferred outflows of resources relating to pensions		1,148,664
Deferred inflows of resources		(3,589,712)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	(2,580,864)	
Accrued interest payable	(17,340)	
Compensated Absences	(1,025,365)	
Lease Payable	(1,467,857)	(5,091,426)
Net Position of Governmental Activities		<u>74,036,064</u>

**Payson City**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**June 30, 2022**

	General Fund	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b>REVENUES</b>				
<b>Taxes</b>				
Property Tax	\$ 1,859,123	\$ -	\$ -	1,859,123
Sales Tax	5,137,237	-	-	5,137,237
Motor Vehicle Tax	113,531	-	-	113,531
Franchise Fee	454,825	-	-	454,825
Telephone Tax	69,166	-	-	69,166
Energy Tax	803,500	-	-	803,500
PARC Tax	-	-	347,836	347,836
Room Tax	22,015	-	-	22,015
Other taxes	1,463,037	-	347,836	1,242,517
Licenses, Permits and Fees	697,313	-	-	697,313
Grants and Contributions	1,087,936	5,000,000	-	6,087,936
Charges for Services	1,985,547	-	52,350	2,037,897
B&C Road Funds	1,391,093	-	-	1,391,093
Fines and Forfeitures	258,441	-	-	258,441
Interest Income	206,622	8,798	8,616	224,036
Other	2,725,650	-	48,245	2,773,895
Donations	74,952	-	-	74,952
	<u>16,886,951</u>	<u>5,008,798</u>	<u>457,047</u>	<u>22,352,796</u>
<b>EXPENDITURES</b>				
Current:				
General Government	4,913,260	-	152,312	5,065,572
Public Safety	4,506,631	-	1,630	4,508,261
Highways and Streets	1,389,342	-	-	1,389,342
Parks and Recreation	3,449,202	-	1,146,195	4,595,397
Economic Development	-	-	14,216	14,216
Community Events	361,980	-	-	361,980
Cemetery	370,719	-	-	370,719
Debt Service:				
Principal Retirement	224,950	-	134,000	358,950
Interest and Fiscal	29,538	-	10,500	40,038
Capital Outlay				
Parks, recreation and culture	-	240,699	-	240,699
Economic Development	-	390,000	-	390,000
General Government	500,390	197,327	-	697,717
Total expenditures	<u>15,746,012</u>	<u>828,026</u>	<u>1,458,853</u>	<u>18,032,891</u>
Excess revenues over (under) expenditures	<u>1,140,939</u>	<u>4,180,772</u>	<u>(1,001,806)</u>	<u>4,319,905</u>
<b>Other Financing Sources (Uses)</b>				
Impact Fees	-	-	1,163,347	1,163,347
Proceeds from the sale of assets	81,148	-	1,077,070	1,158,218
Transfers in	2,650,881	3,400,000	-	6,050,881
Transfers out	(4,264,233)	-	(9,413)	(4,273,646)
Total other financing sources and use	<u>(1,532,204)</u>	<u>3,400,000</u>	<u>2,231,004</u>	<u>4,098,800</u>
Net change in fund balance	<u>(391,265)</u>	<u>7,580,772</u>	<u>1,229,198</u>	<u>8,418,705</u>
Fund balances - beginning of year	6,269,269	\$ 2,045,859	6,057,703	14,372,831
Fund balances - end of year	<u>\$ 5,878,004</u>	<u>\$ 9,626,631</u>	<u>\$ 7,286,901</u>	<u>\$ 22,791,536</u>

*See accompanying notes to the financial statements.*



**Payson City**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
Reconciliation to Statement of Activities  
June 30, 2022

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

Net changes in fund balances - total governmental funds	8,418,705
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	5,206,861
Sale of capital assets	(245,187)
Capital Lease Net Changes	(248,171)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on the net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	491,712
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Change in accrued interest expense	3,481
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Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(152,869)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension Expenses	1,000,212
Dererred Taxes	(3,054)
Internal Services	(57,837)

Change in Net position of governmental activities	14,413,853
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**Payson City**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Enterprise funds				Total	Governmental
	Water	Power	Sewer	Total Nonmajor Funds		Internal Service Funds
<b>ASSETS</b>						
<b>Current Assets</b>						
Combined Cash and cash equivalents						
Unrestricted	\$ 3,198,753	\$ 3,081,375	\$ 5,981,058	\$ 7,939,008	\$ 20,200,194	\$ 380,070
Cash in State Treasurer's Pool	-	-	-	-	-	-
Receivables (net of allowance)	-	-	-	-	-	-
Accounts Receivable	522,046	1,024,986	385,428	1,045,759	2,978,219	-
Total Current Assets	3,720,799	4,106,361	6,366,486	8,984,767	23,178,413	380,070
<b>Non Current Assets</b>						
Combined Cash and cash equivalents						
Restricted	2,266,713	1,860,654	1,482,208	609,829	6,219,404	-
Net Pension Asset	166,727	495,638	153,234	344,517	1,160,116	90,885
Due From Other Government Agencies	-	-	13,425,000	-	13,425,000	-
Capital assets						
Intangible Assets	59,319	-	-	546,429	605,748	-
Land	6,711,439	116,337	207,482	1,313,744	8,349,002	-
Water stock	5,653,188	-	-	-	5,653,188	-
Buildings and improvements	35,307,925	22,799,831	36,144,634	17,604,598	111,856,988	-
Machinery and equipment	1,139,874	3,237,156	1,673,849	6,760,969	12,811,848	1,227,241
Leased Assets	-	-	-	-	-	72,770
Construction in progress	5,837,689	908,106	110,772	908,308	7,764,875	-
Less: accumulated depreciation	(13,411,354)	(16,148,736)	(13,817,333)	(10,376,680)	(53,754,103)	(1,233,331)
	-	-	-	-	-	-
Total Capital Assets Net	41,238,761	10,912,694	24,319,404	16,210,939	92,681,798	66,680
Total noncurrent assets	43,731,520	13,268,986	39,379,846	17,711,714	114,092,066	157,565
Total assets	47,452,319	17,375,347	45,746,332	26,696,481	137,270,479	537,635
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Deferred Charge on Refunding	269,368	-	-	-	269,368	-
Pension Related	61,272	254,639	72,826	202,058	590,795	64,435
Total deferred outflow of resources	330,640	254,639	72,826	202,058	860,163	64,435
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable and accrued liabilities	151,520	1,034,692	456,154	127,743	1,770,109	20,903
Accrued salaries, wages and benefits	25,752	56,937	22,820	76,977	182,486	15,347
Customer Deposits	-	425,473	-	1,944	427,417	-
Due to other entities	-	41,618	-	23,705	65,323	-
Accrued Interest Payable	37,140	-	32,684	42,920	112,744	-
Long term liabilities						
Debt Service due within one year	995,000	24,343	298,920	-	1,318,263	15,439
Other long-term liabilities due within one	115,586	22,835	-	397,893	536,314	-
Total Current Liabilities	1,324,998	1,605,898	810,578	671,182	4,412,656	51,689
<b>Noncurrent Liabilities</b>						
Water Shares	598,813	-	-	-	598,813	-
Compensated Absences	83,448	322,406	120,646	319,689	846,189	33,586
Long term liabilities						
Closure and Postclosure liability	-	-	-	952,107	952,107	-
Debt service due in more than one year	12,378,000	-	16,956,216	-	29,334,216	-
Lease payments due in more than one y	341,641	23,576	-	765,120	1,130,337	42,777
Total noncurrent liabilities	13,401,902	345,982	17,076,862	2,036,916	32,861,662	76,363
Total liabilities	14,726,900	1,951,880	17,887,440	2,708,098	37,274,318	128,052
<b>DEFERRD INFLOW OF RESOURCES</b>						
Deferred property tax revenue						
Deferred inflows relating to pensions	241,733	747,972	240,540	558,702	1,788,947	159,533
Total deferred inflow of resources	241,733	747,972	240,540	558,702	1,788,947	159,533
<b>NET POSITION</b>						
Net investment in capital assets	27,467,853	10,841,940	7,064,268	15,594,355	60,968,416	142,126
Impact fees	2,262,559	1,821,924	1,478,468	-	5,562,951	-
Permanent fund - cemetery care	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	609,829	609,829	-
Unassigned	3,083,914	2,266,270	19,148,442	7,427,555	31,926,181	172,359
Total net position	\$ 32,814,326	\$ 14,930,134	\$ 27,691,178	\$ 23,631,739	\$ 99,067,377	\$ 314,485
Total Net Position						

*See accompanying notes to the financial statements.*

**Payson City**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For Period Ended June 30, 2022**

	Business-type Activities				Total Enterprise Funds	Governmental Activities Internal Service Funds
	Water	Power	Sewer	Total Nonmajor Enterprise Funds		
<b>Revenues</b>						
Operating Revenues						
Charges for Services	\$ 4,711,218	\$ 14,188,104	\$ 4,393,729	\$ 6,675,101	\$ 29,968,152	\$ 969,060
Other Fees	-	-	980	45,059	46,039	522
Total operating revenues	4,711,218	14,188,104	4,394,709	6,720,160	30,014,191	969,582
<b>Operating Expenses</b>						
Costs of Sales and Service	720,123	1,847,298	636,508	1,889,784	5,093,713	370,009
Maintenance Operations and Professional	1,912,594	11,270,760	1,479,857	2,277,021	16,940,231	447,132
Depreciation	765,736	488,137	675,774	1,489,652	3,419,299	14,554
Total Operating Expenses	3,398,453	13,606,195	2,792,139	5,656,457	25,453,243	831,695
Operating Income (Loss)	1,312,765	581,909	1,602,570	1,063,703	4,560,948	137,887
<b>Non-Operating Revenues (Expenses)</b>						
Impact Fees	431,728	916,763	239,892	-	1,588,383	-
Interest Income	30,153	162,060	22,845	7,576	222,634	-
Interest Charges	-	(1,769)	-	(45,733)	(47,502)	-
Sale of Surplus Property	54,348	125,873	(112,226)	8,348	76,343	-
Grants and Contributions	-	-	-	7,111	7,111	-
Donations	-	-	-	20,326	20,326	-
Capital Financing	(217,011)	(151,786)	(84,308)	-	(453,105)	-
Other Non operating	7,401	788,755	-	1,813,618	2,609,774	-
Total Non-Operating Revenues (Expenses)	306,619	1,839,896	66,203	1,811,246	4,023,964	-
Income before capital contributions and Transfers	1,619,384	2,421,805	1,668,773	2,874,949	8,584,912	137,887
Net operating transfers in (out)	23,265	(1,196,640)	(376,020)	(227,840)	(1,777,235)	-
Capital Contributions	7,837,019	-	3,653,638	1,083,676	12,574,333	-
Total Revenues (Expenditures)	7,860,284	(1,196,640)	3,277,618	855,836	10,797,098	-
Changes in Net Position	9,479,668	1,225,166	4,946,391	3,730,785	19,382,010	137,887
Beginning Net Position	23,334,658	13,704,968	22,744,787	19,383,093	79,167,506	176,598
Restatement of Net Assets				517,861	517,861	
Ending Net Position	32,814,326	14,930,134	27,691,178	23,631,739	99,067,377	314,485

*See accompanying notes to the financial statements.*

**Payson City**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-Type Activities - Enterprise Funds				Governmental	
	Water	Power	Sewer	Total		Total Internal Service funds
				Nonmajor Enterprise Funds	Enterprise Funds	
<b>Cash Flows From Operating Activities</b>						
Receipts from customers	\$ 4,721,476	\$ 14,336,989	\$ 4,443,708	\$ 6,786,592	\$ 30,288,765	\$ 969,582
Payments to suppliers	(1,855,442)	(11,482,732)	(1,293,059)	(2,288,472)	(16,972,699)	(412,738)
Payments to employees	(732,089)	(2,040,819)	(646,046)	(2,036,991)	(5,455,945)	(397,590)
Net cash provided (used) by operating activities	2,133,945	813,438	2,504,603	2,461,129	7,913,115	159,254
<b>Cash Flows From non-capital financing activities</b>						
Contributions	-	-	-	-	-	-
Transfers (to) from other Funds	23,265	(1,196,640)	(376,020)	(227,840)	(1,777,235)	-
Net cash provided (used)	23,265	(1,196,640)	(376,020)	(227,840)	(1,777,235)	-
<b>Cash Flows From Capital and Related Financing Activities</b>						
Impact fees Received	431,728	916,763	239,892	-	1,588,383	-
Proceeds from issuance of debt	274,792	-	-	-	274,792	-
Acquisition of capital assets	(1,224,160)	(1,633,607)	(1,135,175)	(108,146)	(4,101,088)	(63,638)
Sale of Capital assets	54,348	225,398	1,018,758	8,348	1,306,852	-
Other Sources (Uses)	(251,484)	382,137	(377,995)	(180,339)	(427,681)	(19,878)
Capital Lease Related	(19,721)	-	22,845	(76,630)	(73,506)	-
Interest	-	-	-	(42,390)	(42,390)	-
Principal paid on capital debt	(995,000)	-	(1,597,133)	(1,925)	(2,594,058)	-
Interest on asset financing	(256,622)	(151,786)	(84,308)	(45,733)	(538,449)	-
Net cash provided (used) by capital and related financing activities	(1,986,119)	(261,095)	(1,913,116)	(446,815)	(4,607,145)	(83,516)
<b>Cash Flows From Investing Activities</b>						
Interest and dividends received	29,867	154,430	22,845	7,576	214,718	-
Cash collected on note receivable	-	-	-	-	-	-
Net cash provided (used) by investing activities	29,867	154,430	22,845	7,576	214,718	-
Net increase (decrease) in cash and cash equivalents	200,958	(489,867)	238,312	1,794,050	1,743,453	75,738
Cash and cash equivalents - beginning	5,264,508	5,431,896	7,224,954	6,754,789	24,676,147	304,332
Cash and cash equivalents - ending	5,465,466	4,942,029	7,463,266	8,548,839	26,419,600	380,070

*See accompanying notes to the financial statements.*

**Payson City**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

(Continued)

**Reconciliation of operating income to  
Net cash provided (used) by operating  
activities:**

6/30/2022	Water	Power	Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Total Internal Service funds
Operating income (loss)	\$ 1,312,765	\$ 581,910	\$ 1,602,570	\$ 1,063,703	\$ 4,560,948	\$ 137,887
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	765,736	488,137	675,774	1,324,157	3,253,804	14,554
(Increase) decrease in accounts receivable	(127,273)	148,885	49,979	66,432	138,023	-
(Increase) decrease deferred outflows of resources	(17,225)	(51,173)	(15,795)	(35,418)	(119,611)	(9,318)
Increase (decrease) in net pension liability	1,643	(460,391)	(24,735)	(129,588)	(613,071)	(49,360)
Increase (decrease) in accounts payable	10,359	81,725	112,597	(14)	204,667	14,690
Increase (decrease) in customer deposits	-	(44,354)	(44,354)	-	(88,708)	-
Increase (decrease) in deferred inflows of resources	138,846	412,473	127,320	6,215	684,854	75,108
Increase (decrease) in accrued salaries and benefits	10,259	8,066	2,964	8,422	29,711	1,308
Increase (decrease) in water share payable	27,567	-	-	-	27,567	-
Increase (decrease) deferred charge on refunding	(35,135)	-	-	-	(35,135)	-
Increase (decrease) lease payable	15,212	(117,927)	-	903	(101,812)	(19,309)
Increase (decrease) other liabilities	14,647	(161,726)	(24,579)	36,341	(135,317)	-
Increase (decrease) interest payable	(178)	-	(6,592)	-	(6,770)	-
Increase (decrease) in due to other entities	-	(157,875)	-	(1,949)	(159,824)	-
Increase (decrease) in compensated absences	16,722	85,688	49,454	121,187	273,051	(6,306)
Increase (decrease) in deposits	-	-	-	738	738	-
Total adjustments	821,180	231,528	902,033	1,397,426	3,352,167	21,367
Net Cash provided (used) by Operating Activities	\$ 2,133,945	\$ 813,438	\$ 2,504,603	2,461,129	7,913,115	\$ 159,254
Non Cash Investing Capital and Financial Activities						
Contributed Assets	\$ 7,837,019	\$ -	\$ 3,653,638	\$ 1,083,676	\$ 12,574,333	



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# Notes to the Financial Statements

The notes to the financial statements are included to provide information that is essential to the user's understanding of the basic financial statements.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Payson City, Utah was incorporated under the laws of the Territory of Utah on January 1, 1853.

The City is a municipal corporation governed by an elected five-member Council and Mayor. The City operates under a council-mayor form of government and provides the following broad range of services to its citizens: general and administrative services, public safety (police and fire), highways and streets, sanitation, recreation and parks, public improvements, planning and zoning. It also operates the water, sewer, storm and power utilities for the City. The City is also home to a beautiful golf course.

### **Accounting and Reporting Policies**

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Council (GASB). 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 case, GASB prevails.

### **Component Units**

The City, for financial purposes, includes all of the funds and accounts relevant to the operations of Payson City. The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City. Control or dependence is determined on the basis that the board is essentially the same as the City Council and the services are provided to the City. The City also facilitates the budget adoption, taxing authority, funding and appointment of the respective governing board. Based on the foregoing criteria, the financial statements of the Redevelopment Agencies and the Building Authority are included in the accompanying financial statements and reported Redevelopment Agency special revenue funds. These funds are considered to be blended component units.

### **Basis of Presentation**

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental columns, has been removed from those statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, will be reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Statement of Activities demonstrates the degree to which the direct expenses of the given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.





The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. For Payson, this also illustrates government entity independence. Separate statements will be presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most of the governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

**General Fund**

The general fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

**Capital Projects Fund**

The capital projects fund is used to account for funds received and expended for the acquisition or construction of capital facilities, improvements, and equipment (other than those financed by proprietary funds.)

***Proprietary Funds***

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets.

The City has seven proprietary funds: Water, Sewer, Storm, Landfill, Power, Ambulance and Golf Course. The major proprietary funds are: Water, Power and Sewer.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operating. Operating expenses for the proprietary funds include the cost of personal and contractual services, materials and supplies, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

*Statement of Net Position*; and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The economic resources measurement focus means that all assets and liabilities (whether current or non-current) are included on the *Statement of Net Position*; and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. 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. The City considers amounts collected within 60 days after year-end to be available. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

### **Assets, Liabilities, and Fund Balance or Equity**

#### **Deposits and investments**

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents for reporting purposes in the *Statement of Cash Flows for the Proprietary Funds*.

The City maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the City funds. Deposits are not collateralized, nor are they required to be by Utah State statute.

The City follows the requirements of the Utah Money management Act (Utah Code annotated 1953, Section 51, chapter 7) in handling its depository and temporary investment transactions. This law 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 commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

For more information on deposits and custodial credit risk, please see the section on “custodial credit risk.” Under Note 3, Deposits and Investments.”

### **Receivables and payables and transfers**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/due from other funds.”

Legally authorized transfers are treated as interfund transfers and are included in the results of operations in both governmental and proprietary funds.

Accounts receivable other than property taxes and intergovernmental receivables are from customers (primarily for utility services). Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

### **Inventory**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenses when consumed rather than when purchased.

### **Restricted and Unassigned Net position**

Fund balance should also be reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation, as the term is used in GASB 54 authorizes the government to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for a specific purpose stipulated in the legislation.

Examples of restricted fund balance include restricted assets that are comprised of cash restricted for future payments of principal and interest on debt services or for pension-related transactions.

It is the policy of the City to use assets in the following order: Restricted committed, assigned and then unassigned assets.

When both restricted and unassigned resources are available for use for the same purposes, restricted resources are expended first, in order to meet statutory, budgetary, grant or revenue requirements. For instance, if the City receives grants, the City has maintained the policy that those funds for grant expenses will be expended prior to expending City allocated funds, in order to report to the State that all funds distributed for the grant have been properly expended.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary funds. All current capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets having an original cost of \$5,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	10-50 years
Improvements other than buildings	20-50 years
Machinery and Equipment	5-20 years
Infrastructure	40-60 years

The City has adopted an allowable alternative to reporting depreciation for its road and if the City obtains bridges, they will use it on their bridge networks. Under this alternative method, referred to as the “modified approach,” the City must maintain an asset management system and demonstrate that its roads and bridges are being preserved at or above condition

levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expenses.

**Compensated Absences**

Compensated absences consist of vacation pay and sick pay. The City accrues vacation pay when earned. Accrued vacation pay over two-times the annual vacation allowed is forfeited on an annual basis.

The City has a policy which allows employees to accumulate a total of 960 sick leave hours. Payout of sick leave upon termination of 25% of accrued sick leave is available. At June 30, 2022, the total liability for compensated absences was \$1,871,554.

**Deferred Outflows/Inflows of Resources**

Beginning in 2017, Payson implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These Statements provide financial reporting guidance to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. They also establish accounting standards and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

In addition to assets, the financial statements will sometimes report 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for 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(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has two primary Deferred Outflows, refunding bond costs and pension related costs.

In addition to liabilities, the financial statements will sometimes report a separate section for 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and pension related costs. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *revenue for future year*, is reported in both the statement of net position and the governmental funds balance sheet. These amounts account for property taxes levied on January 1, 2022 for the 2021-2022 Fiscal year.

### **Taxes**

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied and tax notices are sent on November 1. All unpaid taxes are due and become delinquent on November 30. Property tax revenues are recognized by the City when they are collected. Property taxes and fees on licensed motor vehicles are collected on a monthly basis in the month in which the individual motor vehicle license is renewed. Property taxes are billed and collected by Utah County on behalf of the City and remitted to the City monthly. At June 30, 2022, only delinquent taxes are uncollected.

In accordance with government accounting standards, a receivable and deferred revenue has been recorded for property taxes assessed at January 1, 2022 that will not be collected in the current fiscal year.

### **Long-term obligations**

In the government-wide financial statements and in the proprietary fund types, in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as *other financing uses*. Issuance costs, whether or not withheld from the accrual debt proceeds received, are reported as *debt service expenditures*.



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### **Fund Balance**

Beginning with fiscal year 2011, the City implemented GASB Statement 54, *Fund Balance Reporting in Governmental Fund Types Definitions*. The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the City is bound to honor them. The City first determines and reports nonspendable balances, then restricted, then committed, and so forth. The City's governmental funds beginning balances have been restated to reflect the below classifications. Fund balance classifications are summarized as follows:

**Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.

**Restricted.** This category 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. Restricted fund balance amounts include the following:

- a) Debt service
- b) Perpetual care
- c) Redevelopment
- d) Impact fees.
- e) B&C Road funds

As a general rule, the City applies restricted resources to projects before applying unrestricted resources. A good example is in the application of B&C road funds which are restricted to specific projects related to B&C road maintenance; another example is the use of impact fees which are restricted to identified growth-related projects. These are used prior to using unrestricted funds.

**Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the City Council. 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 Council has not committed any fund balance amounts.

**Assigned.** This category includes General Fund balance amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. The policy to assign fund balance generally comes from the City Council as a formal action, during a noticed Council meeting or budget approval. This category also includes the remaining positive fund balance for other governmental funds. The City has assigned debt service requirement, Municipal building, special revenues, and capital projects.



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

**Unassigned.** Residual balances in the General Fund are classified as unassigned.

When committed, assigned, and unassigned resources are available for use for the same purpose, the expenditure will be examined to determine which category of fund balance will be applied to the expenditure. Committed funds will always be used as identified by the formal action of the Council.

Assigned funds will be the next strategic use of fund balance; and if no specific guidance or determination of fund balance is given, unassigned fund balance will be applied.

### **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 Plan (URS) including additions to and 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.

*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 Plan (URS) including additions to and 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.

*Deferred outflows/inflows of resources:* In addition to assets, financial statements will sometimes report 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(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for 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(s) and will not be recognized as an inflow of resources (revenue) until that time.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at June 30, 2022 and revenues and expenses during the year then ended. The actual results could differ from those estimates.



**NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING**

Budgets are adopted on a basis consistent with generally accepted accounting principles. The City maintains legally adopted budgets.

The City Council approves by resolution the total budget appropriation and the individual fund appropriations. The City Finance Officer is authorized to transfer budget amounts within departments of a fund. Any revisions that alter the total appropriations of any fund must be approved by the City Council. For Payson’s budget, budgetary control is maintained primarily at the department and fund level.

Unused appropriations for most of the annually budgeted funds lapse at the end of the year. The exceptions of course are, those budgets for long-term capital projects.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The City follows the requirements of the Utah Money Management Act (*Utah Code* Annotated 1953, Section 51, Chapter 7) and the rules of the Utah Money Management Council (the Council). Following are discussions of the City’s exposure to various risks related to its cash management activities.

The City’s carrying value in the City’s bank accounts was \$2,450,882. All amounts not covered by federal depository insurance at June 30, 2022 totaled \$2,200,882. No deposits are collateralized, nor is that required by State statute.

**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 recovered. The City’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured up to a mandatory limit 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. As of June 30, 2022, the deposits were as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2022</u>
Checking Account	Insured	\$ 2,450,882
Xpress bill Pay	Insured	131,635
PTIF	Uninsured	48,178,644
Moreton Investment Account	Uninsured	4,395,405
Total Deposits		\$ 55,156,566

*Investments.* Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As with Deposits, the City’s policy for managing custodial credit risk of investments is to adhere to the Money Management Act.





**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

**Credit Risk**

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City’s policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poor’s; bankers’ acceptances; obligations of the U.S. treasury and U.S government-sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated “A” or higher by two nationally recognized statistical rating organizations defined in the Act.

The City is authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC (Securities and Exchange Commission) as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants’ average daily balances.

As of June 30, 2022, Payson, City’s investments had the following quality ratings:

Investment	Quality Ratings					
	Fair Value	AAA	AA	A	<A	Unrated
Utah Public Treasurers' Investment Fund (PTIF)	\$ 48,178,644	\$ -	\$ -	\$ -	\$ -	\$ 48,178,644
Morten Asset Management Account						
Agency CD	1,098,011	-	692,581	165,172	240,258	-
Corporate	1,004,743	-	374,358	630,385	-	-
Current	1,160,987	23,982	-	1,137,005	-	-
MMM Fund	1,131,664	-	-	-	-	1,131,664
Total	4,395,405	23,982	1,066,939	1,932,562	240,258	1,131,664
	<u>\$ 52,574,049</u>	<u>\$ 23,982</u>	<u>\$ 1,066,939</u>	<u>\$ 1,932,562</u>	<u>\$ 240,258</u>	<u>\$ 49,310,308</u>

**Fair Value of Investments**

The fair value of the PTIF balance approximates the cost; the difference is considered immaterial. The fair value of the City’s position in the PTIF is the same as the value of the pool shares.

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: Valuations based on quoted prices in active markets for identical assets or liabilities that the City has the ability access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these does not entail any significant degree of judgement. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.



**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

- Level 2: valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include: corporate and municipal bonds, and “brokered” or securitized certificates of deposit.
- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

On June 30, 2022, Payson City had the following recurring fair value measurements.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Investments by fair value level	<u>6/30/2022</u>	<u>Fair Value Measurements</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Moreton Investments				
Agency CD	\$ 2,604,974	\$ -	\$ 2,604,974	\$ -
Corporate Bonds LT	1,679,793	-	1,679,793	-
Currency	18	18	-	-
MM Fund	23,965	23,965	-	-
Total Accrual-based investments	<u>4,308,750</u>	<u>23,983</u>	<u>4,284,767</u>	<u>-</u>
Total FMV of Investments	<u>4,308,750</u>	<u>23,983</u>	<u>4,284,767</u>	<u>-</u>
Utah Public Treasurer's Investment Fund (PTIF)	<u>48,178,644</u>	<u>-</u>	<u>48,178,644</u>	<u>-</u>
Total investments by fair value	<u>\$ 52,487,394</u>	<u>\$ 1</u>	<u>\$ 48,202,627</u>	<u>-</u>

For securities that generally have market prices from multiple sources, it can be challenging to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a weighted average price for each security. Payson City receives market prices for these securities from a variety of industry-standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, Payson City uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

- U.S. Treasuries, Money Markets, U.S. Agencies: quoted prices for identical securities in markets that are active;

Debt securities classified in Level 2 are valued using the following approaches

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities’ relationship to benchmark quoted prices;
- Bond Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers’ Investment Fund: application of the June 30, 2022, fair value factor, as calculated by the Utah State Treasurer, to Payson City’s average daily balance in the fund; and,
- Donated Real Estate: recent appraisals of the real estate’s value.



**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

Debt and equity securities classified in Level 1 are valued using the following approaches. Some securities have a structure that implies a standard expected market price. Examples include a floating rate note with frequent resets that make it reasonable to expect the price to stay at par or an open-ended money market fund expected to maintain a Net Asset Value of \$1 per share. These securities are priced at the expected market price.

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets.
- Repurchase Agreements, Negotiable Certificates of Deposit and Collateralized Debt Obligations; matrix pricing based on the securities’ relationship to benchmark quoted prices.
- Money Market, Bond and Equity Mutual Funds: published fair value per share (unit) for each fund.

**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 manages its exposure to declines in fair value by investing in the PTIF and by adhering to the Money Management Act. The 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 of commercial paper to 270 days or less and fixed-rate negotiable deposits and corporate obligations to 365 days 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 corporate note securities may not have a remaining term to final maturity exceeding three years.

*As of June 30, 2022, Payson City’s investments had the following maturities:*

Investment	Investment Maturities				Total
	<1 Year	1-3 Years	3-5 Years	> 5 Years	
Utah Public Treasurers' Investment Fund (PTIF)	\$ 48,178,644	\$ -	\$ -	\$ -	48,178,644
Morten Asset Management Account					
CD Agency	1,018,515	1,505,190	140,130	-	2,663,835
Corporate	575,461	1,132,127	-	-	1,707,588
Cash	18	-	-	-	18
MMM Fund	23,965	-	-	-	23,965
	<u>1,617,959</u>	<u>2,637,317</u>	<u>140,130</u>	<u>-</u>	<u>4,395,406</u>
Total	<u>\$ 49,796,603</u>	<u>\$ 2,637,317</u>	<u>\$ 140,130</u>	<u>\$ -</u>	<u>\$ 52,574,050</u>



**NOTE 4 –RECEIVABLES**

Receivables as of year-end for the government’s individual funds, are as follows:

Receivables:	General Fund	Non-Major		Non-Major			Total
	Funds	Governmental	Water	Electric	Sewer	Proprietary	
Accounts	\$ 311,574	\$ 1,398,837	\$ 522,046	\$ 1,024,986	\$ 385,428	\$ 1,045,759	\$ 4,688,630
Taxes	3,184,224	-	-	-	-	-	3,184,224
Other	715	-	-	-	-	-	715
	<u>\$ 3,496,513</u>	<u>\$ 1,398,837</u>	<u>\$ 522,046</u>	<u>\$ 1,024,986</u>	<u>\$ 385,428</u>	<u>\$ 1,045,759</u>	<u>\$ 7,873,569</u>

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES TRANSFERS AND DEFERRED INFLOWS**

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund or the fund remitting the debt service payments as they become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

*As of June 30, 2022, Payson City had the following transfers:*

Source:	Transfers In		Transfers (Out)				
		Solid Waste	Electric Power	Water	Sewer	Ambulance	Storm Drain
Transfer In:							
General	\$ 2,359,468	\$ (233,825)	\$ (1,196,640)	(395,235)	\$ (376,020)	\$ (83,048)	\$ (74,700)
Golf Course	163,733	-	-	-	-	-	-
Capital	3,400,000	-	-	-	-	-	-
Payson Community Thea	16,413	-	-	-	-	-	-
Water	418,500	-	-	-	-	-	-
Peteetneet	275,000	-	-	-	-	-	-
Total Transfers:	<u>\$ 6,633,114</u>	<u>\$ (233,825)</u>	<u>\$ (1,196,640)</u>	<u>\$ (395,235)</u>	<u>\$ (376,020)</u>	<u>\$ (83,048)</u>	<u>\$ (74,700)</u>

*Deferred inflows (formerly referred to as deferred revenue)* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows* and *unearned revenue* reported in the governmental funds were as follows:

Property taxes receivable (general fund)	Unavailable	Unearned
	\$ -	\$ 2,214,367
Delinquent Property Taxes (general fund)	29,753	
Total deferred/unearned revenue for govnm'tl funds	<u>\$ 29,753</u>	<u>\$ 2,214,367</u>

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## NOTE 6 – CAPITAL ASSETS

*Capital asset activity for the year ended June 30, 2022 was as follows:*

<b>Primary Government</b>	Beginning				Ending
<b>Governmental activities:</b>	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Land (Including ROW)	\$ 3,231,751	\$ -	\$ -	\$ -	3,231,751
Infrastructure	30,408,182	3,168,100	-	-	33,576,282
Construction in Progress	6,264,269	169,478	(6,264,269)	-	169,478
Total capital assets not being depreciated	<u>39,904,202</u>	<u>3,337,578</u>	<u>(6,264,269)</u>	<u>-</u>	<u>36,977,511</u>
Capital assets being depreciated:					
Buildings	8,728,456	890,390	-	-	9,618,846
Improvements other than buildings	10,235,557	1,269,657	6,264,269	(99,207)	17,670,276
Leased Equipment	596,439	124,584	-	(169,466)	551,557
Machinery and Equipment	3,738,177	104,467	-	(135,529)	3,707,115
Vehicles	1,875,526	541,210	(63,697)	(133,291)	2,219,748
Total capital assets being depreciated	<u>25,174,155</u>	<u>2,930,308</u>	<u>6,200,572</u>	<u>(537,493)</u>	<u>33,767,542</u>
Less accumulated depreciation for:					
Buildings	(3,869,197)	(183,837)	-	-	(4,053,034)
Improvements other than buildings	(6,231,555)	(389,076)	-	99,207	(6,521,424)
Machinery and Equipment	(2,336,351)	(271,781)	-	135,529	(2,472,603)
Leased Equipment	(157,581)	(157,581)	-	-	(315,162)
Vehicles	(1,315,316)	(58,749)	-	121,267	(1,252,798)
Total accumulated depreciation	<u>(13,910,000)</u>	<u>(1,061,024)</u>	<u>-</u>	<u>356,003</u>	<u>(14,615,021)</u>
Total capital assets, being depreciated, net	<u>11,264,155</u>	<u>1,869,284</u>	<u>6,200,572</u>	<u>(181,490)</u>	<u>19,152,521</u>
Governmental activities capital assets, net	<u>\$ 51,168,357</u>	<u>\$ 5,206,862</u>	<u>\$ (63,697)</u>	<u>\$ (181,490)</u>	<u>\$ 56,130,032</u>
<b>Business-type activities:</b>	Beginning				Ending
<b>Capital assets not being depreciated:</b>	Balance	Increases	Transfers	Decreases	Balance
Water Shares	\$ 198,400	\$ 5,454,788	\$ -	\$ -	\$ 5,653,188
Land	8,349,002	-	-	-	8,349,002
Construction in Progress	8,266,599	908,308	(1,410,032)	-	7,764,875
Total capital assets not being depreciated	<u>16,814,001</u>	<u>6,363,096</u>	<u>(1,410,032)</u>	<u>-</u>	<u>21,767,065</u>
Capital assets being depreciated:					
Buildings	970,775	-	-	-	970,775
Improvements	95,965,696	14,881,746	188,873	(150,102)	110,886,213
Leased Equipment	546,429	33,558	-	(123,017)	456,970
Machinery, equipment and Vehicles	11,985,731	1,184,986	-	(358,869)	12,811,848
Total capital assets being depreciated	<u>109,468,631</u>	<u>16,100,290</u>	<u>188,873</u>	<u>(631,988)</u>	<u>125,125,806</u>
Less accumulated depreciation for:					
Buildings	(318,758)	(8,348)	(104,941)	-	(432,047)
Improvements	(42,835,512)	(2,118,686)	-	19,190	(44,935,008)
Leases	-	(119,396)	-	-	(119,396)
Machinery and Equipment	(7,612,221)	(766,374)	104,941	6,000	(8,267,654)
Total accumulated depreciation	<u>(50,766,491)</u>	<u>(3,012,804)</u>	<u>-</u>	<u>25,190</u>	<u>(53,754,105)</u>
Total capital assets, being depreciated, net	<u>58,702,140</u>	<u>13,087,486</u>	<u>188,873</u>	<u>(606,798)</u>	<u>71,371,701</u>
Business-type activities capital assets, net	<u>\$ 75,516,141</u>	<u>\$ 19,450,582</u>	<u>\$ (1,221,159)</u>	<u>\$ (606,798)</u>	<u>\$ 93,138,766</u>



**NOTE 6 – CAPITAL ASSETS (continued)**

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

Governmental activities:

General government	\$	322,887
Public Safety		153,335
Highways and Public Improvements		142,231
Parks and Recreation		442,571
Total depreciation expense - Governmental Activities	\$	1,061,024

Business-type activities:

Water	\$	765,736
Electric		488,137
Sewer		675,774
Solid Waste		532,667
Golf Course		348,876
Storm Drain		488,043
Ambulance		120,066
Total depreciation expense - Business-Type Activities	\$	3,419,299

Operating Lease liability for the primary government is as follows:

Governmental			
Year Ending	Principal	Interest	Total
June 30	Payments	Payments	
2023	170,785	19,908.49	190,693
2024	149,687	18,386.66	168,074
2025	142,880	17,868.52	160,749
2026	28,529	2,167	30,696

Enterprise			
Year Ending	Principal	Interest	Total
June 30	Payments	Payments	
2023	129,646	8,119	137,765
2024	130,893	8,233	139,126
2025	136,919	7,451	144,370
2026	65,633	3,739	69,372

Leased Equipment depreciation \$ 119,396

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**NOTE 7 – LEASE COMMITMENTS**

**Capital Leases:**

**Payson City has executed various capital leases.**

Assets acquired through capital leases are as follows:

***Capital Leases, Governmental Funds***

***From Revolving Loan Fund***

	Remaining 2023
2019 B&C 10-Wheeler 3.25% Revolving Loan Fund (orig amt \$203,000)	41,642
2019 Maintenance ½ Ton 3.25% Revolving Loan Fund (orig.amt \$32,900)	7,062
2019 Cemetery ½ Ton 3.25% Revolving Loan Fund (orig.amt \$32,900)	7,062
2019 Grounds Mower 3.25% Revolving Loan Fund (orig amt \$32,930)	7,047
2020 Admin Vehicle 3.25% Revolving Loan Fund (orig amt \$25,000)	9,612
2020 Admin Vehicle 3.25% Revolving Loan Fund (orig amt \$25,000)	9,612
2020 Cemetery Mower 3.25% Revolving Loan Fund (orig amt \$26,250)	10,944
2020 Parks Seeder 3.25% Revolving Loan Fund (orig amt \$18,500)	7,329
2020 Recreation Groomer 3.25% Revolving Loan Fund (orig amt \$14,000)	5,630
2020 Mow Trailer 3.25% Revolving Loan Fund (orig amt \$7,000)	2,816
2020 Streets Flatbed 3.25% Revolving Loan Fund (orig amt \$55,000)	21,455
2020 Facilities F250 3.25% Revolving Loan Fund (orig amt \$34,000)	13,939
2021 Cemetery F150 3% Revolving Loan Fund (orig amt \$35,500)	22,029
2021 Facilities F150 3% Revolving Loan (orig amt \$35,500)	22,029
2021 Parks Chev Silverado 2500 3% Revolving Loan (orig amt \$42,965)	26,537
2021 Development Services F150 3% Revolving Loan (orig amt \$35,500)	21,926
2021 Inspector F150 3% Revolving Loan (orig amt \$35,500)	21,926
2021 Recreation F150 3% Revolving Loan (orig amt \$35,500)	21,999
2021 Fire SCBBA 3% Revolving Loan (orig amt \$200,000)	123,528
2022 Parks Chevy 3/4 Ton (replacing 2007 Chevy 2500)	28,408
2022 Facilities 3/4 Ton (replacing 2007 Chevy 2500)	32,466
2022 Streets F350 (replacing L48 F350)	40,582
2022 Cemetery F550 (replacing F350 Plow Truck)1 ton dump	60,874
2022 Recreation F150 replacing Ford Ranger)	29,220
MOW CREW 3/4 TON	32,615

**From Outside Sources**

2020 B&C Motor Grader 3.55% (original amount (\$697,000)	146,155
2022 Camera Ssystem Spillman-Motorolla	186,528
	\$ 960,972



**NOTE 7 – LEASE COMMITMENTS (Continued)**

*Capital Leases, Enterprise Funds  
From Revolving Loan Fund*

	Remaining 2023
2019 Golf RV Park 3.25% Revolving Loan Fund (orig. amt \$150,000)	123,125
2019 Electric Bucket Truck 3.25% Revolving Loan Fund (orig. amt \$115,533)	-
2018 Golf Carts 3.25% (orig amt \$126,870)	26,273
2020 Electric F150 3.25% Revolving Loan (orig. amt \$47,900)	20,083
2020 Golf Mower 3.25% Revolving Loan (orig. amt. \$62,850)	25,176
2020 Electric Fork Lift 3.25% Revolving Loan Fund (orig amt \$62,793)	26,328
2020 Golf Mules 3.25% Revolving Loan Fund (orig amt \$15,000)	6,077
2020 Water Ford F-150 3.25% Revolving Loan Fund (orig amt \$35,743)	15,039
2020 Golf Ford F-150 3.25% Revolving Loan Fund (orig amt \$35,743)	15,039
2021 Water SCBBA 3% Revolving Loan Fund (orig amt \$64,849)	40,053
2022 Electric Golf Carts 3% (Original amount \$267,035)	216,737
2022 Landfill F150 (replacing F150) 3% (Original Amount (\$40,000))	32,466
 From Outside Sources	
2019 Shredder for Landfill 3.2% (original amount \$725,500)	203,948
2020 Dozer 3.35% (original amount (\$313,100))	195,296
2021 Water Vac Truck	342,816
	\$ 1,288,456

Capital lease future debt service requirements are as follows:

Lease Arrangements		Governmental	Business
Year			
2023		348,040	553,124
2024		252,715	446,632
2025		193,658	275,977
2026+		98,165	358,642
Total minimum lease payments	\$	1,214,506	\$ 2,150,048
Amount representing interest		113,089	106,285
Present value of minimum payments		1,327,595	1,428,215
Amount due within one year		318,977	506,070
Long term capital lease payable	\$	1,008,618	\$ 922,145

Other lease future debt service requirements are as follows:

Lease Arrangements		Governmental	Business
Year			
2023		190,694	137,765
2024		168,073	139,126
2025		160,748	144,370
2026+		30,697	69,371
Total minimum lease payments	\$	550,212	\$ 490,632
Amount representing interest		58,331	27,541
Present value of minimum payments		608,543	463,091
Amount due within one year		170,785	129,646
Long term capital lease payable	\$	437,758	\$ 333,445





**NOTE 8-LONG-TERM DEBT**

Bonds and notes payable at June 30, 2022 are comprised of the following:

<b>Revenue Bonds</b>	<u>Governmental</u>	<u>Business-Type</u>
\$4,940,832 Sales Tax Revenue Bond, due in bi-annual payments from 2017 to 2026. Interest at 1.66 %. 2022 Payment of \$538,636.	\$ 2,580,864	
\$2,861,000 2016 Water Revenue Refunding Bond, due in bi-annual payments from 2017 to 2032. Interest at .95%-3.80%. 2022 payment of \$221,647.		\$ 2,060,000
\$7,385,000 2013 Water Revenue Refunding Bond, due in bi-annual payments from 2013 to 2029. Interest at 2%-3%. 2022 Payment of \$579,145.		\$ 4,155,000
\$2,977,168 2016 Sewer sales Refunding Bond due in bi-annual payments from 2017 to 2026. Interest at 1.66%. 2022 payment of \$324,562.		\$ 1,555,136
\$2,500,000 2019 Sewer Revenue Bond due in annual payments from 2020 to 2024. Interest at 2.17%. 2022 payment of \$54,250 and a pre-payment of \$300,000.		\$ 2,200,000
Not to exceed \$8,985,000 2019 Water Revenue bond due in annual payments from 2019 to 2040. Interest at 1%. 2022 payment of \$414,450.		\$ 7,158,000
Up to \$13,500,000 Utah Department of Water Quality Sewer bond due in annual payments from 2026 to 2055. Interest at .5%. 2022 payment of \$0.		\$ 13,500,000
Total	\$ 2,580,864	\$ 30,628,136



**NOTE 8-LONG-TERM DEBT (Continued)**

Future annual requirements for all outstanding bond obligations as of June 30, 2022 are as follows:

<u>Fiscal Year</u>	All Bonds		
	Principal	Interest	Total
2023	2,049,000	422,489	2,471,489
2024	4,279,920	356,190	4,636,110
2025	2,119,920	297,673	2,417,593
2026	2,571,920	264,945	2,836,865
2027	2,608,920	227,312	2,836,232
2028-2032	7,109,000	714,241	7,823,241
2033-2037	4,655,000	348,286	5,003,286
2038-2042	2,816,000	192,625	3,008,625
2043-2055	4,999,320	215,525	5,214,845
	\$ 33,209,000	\$ 3,039,286	\$ 36,248,286

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**NOTE 8-LONG-TERM DEBT (Continued)**

Changes in long-term debt are as follows:

Government Type Activities	2021	Additions	Reductions	2022	Due within One Year
Bonds Payable					
2016 Sales Tax Refunding-Pool	3,072,576	-	491,712	2,580,864	496,080
Total Bonds Payable	3,072,576	-	491,712	2,580,864	496,080
Capital Lease	1,161,470	784,481	478,094	1,467,857	489,732
Accrued Compensated Absences	878,802	146,563	-	1,025,365	-
Govt Activities Long-Term Debt	\$ 5,112,848	\$ 931,044	\$ 969,806	\$ 5,074,086	\$ 985,812
					Due within
Business Type Activities	2021	Additions	Reductions	2022	One Year
Bonds Payable					
2016 Sewer Sales Tax Refunding	\$ 1,851,424	\$ -	\$ 296,288	\$ 1,555,136	\$ 298,920
2016 Sewer Revenue Refunding	516,000	-	516,000	-	-
2013 Water Refunding Bond	4,620,000	-	465,000	4,155,000	475,000
2016 Water Tank Revenue Refunding	2,226,000	-	166,000	2,060,000	168,000
2019 Water Revenue Bond	6,545,000	962,000	349,000	7,158,000	352,000
2019 Sewer Refunding	2,500,000	-	300,000	2,200,000	-
2022 Sewer Bond	-	13,500,000	-	13,500,000	-
Total Bonds Payable	18,258,424	14,462,000	2,092,288	30,628,136	1,293,920
Capital Lease	1,428,215	307,034	68,598	1,666,651	418,405
Accrued Compensated Absence	498,614	347,575	-	846,189	-
Water Share Liability	534,788	-	-	534,788	-
Closure and Postclosure Liability	952,107	-	-	952,107	-
Business activities long- term debt	\$ 22,277,628	\$ 15,116,609	\$ 2,160,886	\$ 34,627,871	\$ 1,712,325

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## NOTE 9-PENSION PLANS

### Utah State Retirement

#### General Information about the Pension Plan

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

#### Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employees, retirement system.
- Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, retirement systems.
- Public Safety Retirement System (Public Safety System) is a cost-sharing, multiple-employer public employee retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employees, retirement systems.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System (is a multiple employer, cost sharing, public employee retirement system.

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah Retirement System (URS) Council, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

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**NOTE 9-PENSION PLANS (Continued)**

**Summary of Benefits by System**

Benefits provided: URS provides retirement, disability and death benefits.

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Service	COLA**
Noncontributory System	Highest 3 Years	30 years any age 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 Years	20 years, any age; 10 years, age 60; 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years.	Up to 2.5% or 4% depending on employer
Firefighters System	Highest 3 Years	20 years, any age; 10 years, age 60; 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years.	Up to 4%
Tier 2 Public Employees	Highest 5 Years	35 years, any age; 20 years, age 60; 10 years, age 62; 4 years age 65	1.5% per year, all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age; 20 years, age 60; 10 years, age 62; 4 years, age 65	1.5% per year to June 2020. 2.99% per year July 2020 to present	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.

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### Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2022 are as follows:

Asset Class		Employee	Employer	Employer 401(k)
<b>Contributory System</b>	111 Local Government Div.-Tier 2	N/A	16.07	0.62
<b>Noncontributory System</b>	15 Local Government Div-Tier 1	N/A	18.47	N/A
<b>Public Safety System</b>				
Contributory	122 Tier 2 DB Hybrid Public Safety	2.27	25.83	N/A
Noncontributory	43 other Div A with 2.5% Cola	N/A	34.04	N/A
<b>Firefighters Retirement System</b>	31 Other Division A	15.05	4.61	N/A
	132 Tier 2 DB Hybrid Firefighters	2.27	14.08	N/A
<b>Tier 2 DC Only</b>	211 Local Government	N/A	6.69	10.00
	222 Public Safety	N/A	11.83	14.00
	232 Firefighters	N/A	0.08	14.00

\*\*\*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, 2022, the employer and the employee contributions to the systems were as follows:

System	Employee Contributions	Employee Contributions
Noncontributory System	\$ 712,624	N/A
Public Safety System	336,787	-
Firefighters System	5,068	-
Tier 2 Public Employees System	352,783	-
Tier 2 Public Safety and Firefighter	136,898	-
Tier 2 DC Only System	36,542	N/A
<b>Total Contributions</b>	<b>\$ 1,580,702</b>	<b>\$ -</b>

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 System

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### Contribution Rate Summary (Continued)

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

At June 30, 2022, we reported a net pension asset of \$3,433,514 and a net pension liability of \$0.

	(Measurement Date): December 31, 2021			Proportionate	
	Net Pension Asset	Net Pension Liability	Proportion Share	Proportionate Share December 31, 2020	Change (Decrease)
Noncontributory System	\$ 2,618,749	\$ -	0.4572552 %	0.4316012 %	0.0256540 %
Contributory System	-	-	- %	- %	- %
Public Safety System	577,001	-	0.7104677 %	0.6859107 %	0.0245570 %
Firefighters System	185,130	-	0.3174292 %	0.2968693 %	0.0205599 %
Judges Retirement System	-	-	- %	- %	- %
Governors and Legislators	-	-	- %	- %	- %
Tier 2 Public employees	41,861	-	0.0989075 %	0.0979215 %	0.0009860 %
Tier 2 Public Safety Firefighter	10,773	-	0.0213134 %	0.2425054 %	(0.0293617) %
	<u>\$ 3,433,514</u>	<u>\$ -</u>			

The net pension asset and liability were 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, 2021, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2022 we recognized pension expense of (\$104,587.).

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ 365,969	\$ 8,820
Changes in assumptions	\$ 416,261	\$ 25,217
Net difference between projected and actual earnings on pension plan and investments	\$ -	\$ 5,336,059
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 155,616	\$ 8,564
Contributions subsequent to the measurement date.	\$ 801,614	\$ -
	<u>\$ 1,739,460</u>	<u>\$ 5,378,660</u>

\$801,614 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.



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

<u>Year ended December 31</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>	
2022	\$	(805,412)
2023	\$	(1,538,082)
2024	\$	(1,283,620)
2025	\$	(874,789)
2026	\$	10,044
Thereafter	\$	51,043

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

For the year ended June 30, 2022, we recognized pension expense of (\$373,720).

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ 274,286	\$ -
Changes in assumptions	\$ 245,779	\$ 16,904
Net difference between projected and actual earnings on pension plan and investments	\$ -	\$ 3,525,795
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 62,944	\$ 3,078
Contributions subsequent to the measurement date.	\$ 353,646	\$ -
	\$ 936,655	\$ 3,545,777

\$353,646 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

<u>Year ended December 31</u>		<u>Net Deferred Outflows (Inflows) of Resources</u>
2022	\$	(551,834)
2023	\$	(974,551)
2024	\$	(850,558)
2025	\$	(585,825)
2026	\$	-
Thereafter	\$	-



**Contribution Rate Summary (Continued)**

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2022, we recognized pension expense of \$105,328.

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,109	\$ -
Changes in assumptions	\$ 101,161	\$ 6,002
Net difference between projected and actual earnings on pension plan and investments	\$ -	\$ 1,559,612
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 63,810	\$ -
Contributions subsequent to the measurement date.	\$ 169,624	\$ -
	\$ 383,704	\$ 1,565,614

\$169,624 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

<u>Year ended December 31</u>		<u>Net Deferred Outflows (Inflows) of Resources</u>
2022	\$	(209,076)
2023	\$	(498,973)
2024	\$	(384,915)
2025	\$	(258,570)
2026	\$	-
Thereafter	\$	-

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**Contribution Rate Summary (Continued)**

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

For the year ended June 30, 2022, we recognized pension expense of (\$38,504).

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ 13,006	\$ 1,656
Changes in assumptions	\$ 18,199	\$ -
Net difference between projected and actual earnings on pension plan and investments	\$ -	\$ 114,290
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 259	\$ 3,085
Contributions subsequent to the measurement date.	\$ 2,556	\$ -
	\$ 34,020	\$ 119,031

\$2,556 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

<u>Year ended December 31</u>		<u>Net Deferred Outflows (Inflows) of Resources</u>
2022	\$	(17,976)
2023	\$	(31,073)
2024	\$	(23,444)
2025	\$	(15,508)
2026		433
Thereafter	\$	-

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**Contribution Rate Summary (Continued)**

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

For the year ended June 30, 2022, we recognized pension expense of \$145,479.

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ 20,337	\$ 5,394
Changes in assumptions	\$ 39,033	\$ 396
Net difference between projected and actual earnings on pension plan and investments	\$ -	\$ 103,434
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 23,841	\$ -
Contributions subsequent to the measurement date.	\$ 209,042	\$ -
	\$ 292,253	\$ 109,224

\$209,042 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

<u>Year ended December 31</u>	Net Deferred Outflows (Inflows) of Resources
2022	\$ (19,315)
2023	\$ (24,795)
2024	\$ (17,954)
2025	\$ (10,286)
2026	8,192
Thereafter	\$ 38,147

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**Contribution Rate Summary (Continued)**

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2022, we recognized pension expense of \$56,830.

At June 30, 2022, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ 9,231	\$ 1,770
Changes in assumptions	\$ 12,089	\$ 1,915
Net difference between projected and actual earnings on pension plan and investments	\$ -	\$ 32,928
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 4,762	\$ 2,401
Contributions subsequent to the measurement date.	\$ 66,746	\$ -
	\$ 92,828	\$ 39,014

\$66,746 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

<u>Year ended December 31</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2022	\$ (7,210)
2023	\$ (8,689)
2024	\$ (6,748)
2025	\$ (4,600)
2026	1,420
Thereafter	\$ 12,897

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**Actuarial Assumptions**

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 - 9.25 percent, average, including inflation
Investment Rate of Return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from 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, 2021, valuation was based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

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

	Expected Return Arithmetic Basis		Long Term expected portfolio real rate of return
	Target asset allocation	Real Return Arithmetic Basis	
	Equity securities	37.00%	
Debt securities	20.00%	-0.28%	-0.06%
Real assets	15.00%	5.77%	0.87%
Private equity	12.00%	9.85%	1.18%
Absolute Return	16.00%	2.91%	0.47%
Cash and Equivalents	0.00%	-1.01%	0.00%
Totals	100.00%		4.89%
Inflation			2.50%
Expected Arithmetic nominal return			7.39%

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



**Actuarial Assumptions (continued)**

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

*Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:* The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability (asset) 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 or 5.85%	Discount Rate of 6.85%	1% Increase or 7.85%
Noncontributory System	\$ 1,408,181	\$	(2,618,749) \$(5,978,438)
Public Safety System	\$ 1,423,074	\$	(577,001) \$(2,201,201)
Firefighters System	\$ (45,334)	\$	(185,130) \$ (298,439)
Tier 2 Public Employees System	\$ 249,419	\$	(41,861) \$ (265,504)
Tier 2 Public Safety and Firefighter	\$ 86,425	\$	(10,773) \$ (87,934)
<b>Total</b>	<b>\$ 3,121,765</b>	<b>\$</b>	<b>(3,433,514) \$(8,831,516)</b>

\*\*\*Pension plan fiduciary net position: Detailed information about the fiduciary net position of the pension plans is available in the separately issued URRS financial report.



**Defined Contribution Savings Plans**

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

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

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

	2022	2021	2020
<b>401(k) Plan</b>			
Employer Contributions	\$ 76,795	\$ 67,194	\$ 58,261
Employee Contributions	\$ 39,916	\$ 25,286	\$ 16,609
<b>457 Plan</b>			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 13,407	\$ 8,650	\$ 2,120
<b>Roth IRA plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 28,465	\$ 20,295	\$ 20,300

**NOTE 10- ACCRUED CLOSURE AND POSTCLOSURE CARE COSTS**

The City is closing landfill parcels on an on-going basis as each land parcel is completely filled. State and Federal laws and regulations require the City to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the cost to close the final cell through the end of the year. The estimated liability for landfill closure and post-closure care costs is \$1,200,273 as of June 30, 2022, which represents the cumulative amount reported to date based on the use of 40% of the estimated capacity of the landfill. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill are performed by the City.





The actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The City estimated that the remaining life of the landfill is 25 to 55 years. As of June 30, 2022, no cost was charged to closure and post-closure expenses.

The City has committed to the Utah State Division of Environmental Quality to bond, if necessary, for their appropriate proportion of landfill closure and post-closure costs for which the City landfill does not have financial assurance. The City's approximate share of closure and post-closure estimated costs not assured with restricted cash is about \$600,000. The City will bond only if inadequate cash flow from the City's landfill requires bonding to cover closure and post-closure costs.

#### **NOTE 11 – RISK MANAGEMENT**

The City 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. It is the policy of the City to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damage, and other losses. A minimal deductible applies to these policies which the City pays in the event of any loss. There have been no significant reductions in the coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The City also has purchased a workers' compensation policy.

#### **NOTE 12– EQUITY IN JOINT VENTURE**

**Utah Associated Municipal Power Systems (UAMPS).** The City is a member of Utah Associated Municipal Power systems (UAMPS), a separate legal entity and political subdivision of the State of Utah, which was formed pursuant to the provision of the Interlocal cooperation act. UAMPS' membership consists of 31 municipalities, including one joint action agency and one electric service district. In addition, one contract purchaser of power is also supplied by UAMPS. UAMPS was formed to plan, finance, develop, acquire, construct, improve, operate, or maintain projects for the generation, transmission, and distribution of electric energy for the benefit of its members.

The City is a 19.99% participant in the operation of a joint agency project (Craig-Mona Transmission Project). Under the terms of the agreement, the operational costs and debt service requirements are reflected in the cost of power purchased. No separate payments are made to UAMPS under this agreement.

Separate compiled financial statements for UAMPS may be obtained from the Manager of Finance at 2825 East Cottonwood Parkway, Suite 200, Salt Lake City, Utah 84121-0877.

**South Utah Valley Municipal Water Association (SUVMWA).** The City is a member of SUVMWA, a separate legal entity and political subdivision of the State of Utah, which was formed pursuant to the provision of the Interlocal cooperation act. SUVMWA membership consists of 10 municipalities. SUVMWA was formed to plan, finance, develop, and acquire, construct, improve, operate, or maintain projects for the water and wastewater treatment facility.

Payson is a 19.29% participant in SUVMWA.

Separate financial statements for SUVMWA may be obtained from the Manager of Finance at 40 south Main, Spanish Fork, Utah 84660.



### **NOTE 13– Redevelopment Agency**

The Payson City Redevelopment Agency (RDA) was established to further public purposes in the redevelopment of certain City areas.

Additional information about the RDA can be found in the financial statements, particularly, in the “Other Supplementary Information Schedule” section of the financial report.

### **NOTE 14– TAX ABATEMENT**

Payson City has implemented an economic strategy to attract and retain a commercial base through an agreement enacted with 100 & Main, LLC.

The 100 & Main, LLC agreement comprises a combination of Sales and Property Tax, rebated to 100 & Main, LLC. The total of the rebate is \$391,968 or 20 years, whichever comes first. The agreement began October of 2008.

Payson City has implemented an additional economic strategy through an economic development agreement with Parris RV (aka BD Parris, LLC). This arrangement was entered into on December 1, 2021.

Through the arrangement, for a term of 15 years (2022 through 2035) Parris RV will receive a percentage of sales and property tax receipts up to \$1,000,000 over the term of the contract.

### **NOTE 15-PRIVATE PUBLIC AGREEMENT**

Payson City entered into an amended agreement for Gravel royalty sales on January 15, 2020. Through the amendment, Kenny Seng (aka JKLMN) agreed to mine gravel on property owned by Payson City, and was allowed a credit of \$2,286,000, the funds of which were to be applied against the Hillman Field Baseball field. Because of a delay in the reporting of actual gravel credit applied, the Landfill fund had a re-statement of \$517,860.89 to recognize gravel credit in previous years. A proportionate share of contribution from developer to the Hillman ball field was also recognized.

On June 2, 2021 an additional addendum was added to the Gravel royalty sales agreement. This addendum will allow Kenny Seng (aka JKLMN) to mine gravel in return for the construction and dedication of landfill heavy truck scales on behalf of Payson City. The total amount of the agreement is \$1,395,928.53. A contribution to the landfill scale asset will be recognized in proportion to the gravel harvested.

### **NOTE 16-WATER RIGHTS**

On August 17, 2022, Steve Jones of Hansen Allen & Luce presented to the Council a list of previously unrecorded water rights belonging to Payson Utah.

Those water rights have been recognized in the financial report of June 30, 2022.

The price of the right has been deflated through cpi calculations to recognize the cost of the right at the date listed on the report.



The booked value of the water rights are:

	<u>Shares</u>		<u>Amount</u>
33 Share SLCC		\$	168,384
83 Share USLCC adjusted for those rights already recognized			552,249
317 Shares EJIC			1,480,514
24 Shares FFLDC			238,530
89 Shares ULDC			658,411
25 Shares EJIC			113,817
4064.31 Acre Feet Well rights			2,242,404
		\$	5,454,309

#### **NOTE 17– SUBSEQUENT EVENTS**

Subsequent to the end of the fiscal year, Payson entered into a tax abatement agreement with Parris RV. The agreement is a combination of sales tax and property tax. The initial date of the agreement is December 1, 2022.

On August 24, 2022 Payson City closed on sewer sales tax revenue bonds for \$10,000,000. The bonds were issued to begin purchasing equipment for the new sewer plant construction as a hedge against inflation and rising costs of equipment.

#### **NOTE 18 – LITIGATION**

The City is a defendant in certain legal actions, pending actions, or in the process for miscellaneous claims. The ultimate liability which might result from the final resolution of the above matters is not presently determinable. City management is of the opinion the final outcome of the cases will not have an adverse effect on the City's financial statements.

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# Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered part of the basic financial statements. Such information includes:

## **Modified Approach**

Asset Management System Reporting  
Road Network

## **Budgetary Comparison Schedules**

General Fund

## **Pension Disclosures**

**Required Supplementary Information  
Modified Approach – Asset Management System**

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the City has adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the “modified approach,” infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The City and City’s capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

For budgetary comparison, the schedules are presented in a basis that is consistent with GAAP.

In order to utilize the modified approach, the City and City’s is required to:

Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.

Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.

Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the City.

Document whether the infrastructure assets are being preserved approximately at or above the condition level established by the City.

**Road System**

The condition of the City 92.8 miles of road pavement is measured using the Distress Identification Manual for Long-Term Pavement Performance Projects published by the Strategic Highway Research Program (SHRP), which is based on a weighted average of seven distress factors found in pavement surfaces. The pavement management system uses a measurement scale that is based on a condition index ranging from 0 to 20 years remaining service life for pavement.

**Measurement Scale**

The condition index is used to classify roads in the following remaining service life categories: 19 to 20 years, 13 to 18 years, 9 to 12 years, 7 to 8 years and 0 to 6 years.

An approximation of the condition and RSL is as follows:

Category	RSL	Description
Very Good	19-20	New or nearly new pavement which provides a very smooth ride and is mainly free of distress. (no maintenance work needed.)
Good	13-18	Pavement which provides an adequate ride, and exhibits few, if any, visible signs of distress. (Minor maintenance may be needed.)
Fair	9-12	Surface defects in this category such as cracking, rutting, and raveling are affecting the ride of the user (Major maintenance is likely needed.)
Poor	7-8	These roadways have deteriorated to such an extent that they are in need of resurfacing, and the ride is noticeably rough. (Structural improvements, in addition to Major maintenance, are likely needed).
Very Poor	0-6	Pavement in this category is severely deteriorated, and the ride quality is unacceptable (Complete road construction is likely needed.)

**Established Condition Level**

It is the City’s goal to maintain the roads with 50% of the roads with a remaining service life of 9 years or better.

Subjective Condition Rating of Street Network  
Percentage of Network by area

0 to 6	35.00%
7 to 8	17.80%
9 to 12	11.20%
13 to 18	13.90%
19 to 20	22.10%
Total	<u>100.00%</u>

Average remaining service life is 10.8

Accounting principles generally accepted in the United States of America require reporting the last complete condition assessments and needed-to-actual information for five years.

Subjective Condition Rating of Street Network					
Percentage of Network by area					
	2022	2021	2020	2019	2018
0 to 6	35.00%	42.00%	46.00%	51.00%	18.10%
7 to 8	17.80%	23.00%	24.00%	27.00%	22.89%
9 to 12	11.20%	12.00%	13.00%	14.00%	50.43%
13 to 18	13.90%	5.00%	1.00%	1.00%	1.34%
19 to 20	22.10%	18.00%	16.00%	7.00%	7.24%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
RSL	10.8	10	9	8	10

The schedule below showing the percentage of roads in each service life category only presents information as of the most recent condition assessment period.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Budget	\$ 710,000	\$ 642,900	\$ 1,083,265	\$ 725,361	\$ 305,662	\$ 553,588	\$ 595,372	\$ 459,808
Actual	\$ 698,072	\$ 876,998	\$ 837,096	\$ 382,876	\$ 224,644	\$ 530,974	\$ 579,709	\$ 483,808

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**General Fund**  
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual  
For Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues (inflows)</b>				
Taxes	\$ 7,222,173	\$ 7,222,173	\$ 8,459,398	\$ 1,237,225
License and permits	586,200	586,200	697,313	111,113
Intergovernmental Grants and funds	3,954,318	5,267,818	1,087,936	(4,179,882)
Charges for services	1,315,700	1,561,600	1,985,547	423,947
Other fees and services				-
B&C Revenue	1,130,000	1,280,000	1,391,093	111,093
Fines and forfeitures	216,500	216,500	258,441	41,941
Miscellaneous	2,533,295	2,658,045	2,725,649	67,604
Donations	37,060	78,260	74,952	(3,308)
Interest income	134,000	134,000	206,622	72,622
Budgeted use of Fund Balance	2,998,099	8,527,563	-	(8,527,563)
Sale of Assets	-	-	81,148	81,148
Total revenues	<u>20,127,345</u>	<u>27,532,159</u>	<u>16,968,099</u>	<u>(10,645,208)</u>
<b>Expenditures (outflows)</b>				
General government	6,652,191	7,439,468	4,913,260	2,526,208
Public safety	5,318,414	5,459,764	4,506,631	953,133
Highways and Streets	4,869,527	5,063,027	1,389,342	3,673,685
Parks and recreation	3,524,197	3,859,047	3,449,202	409,845
Community Events	351,985	650,235	361,979	288,256
Cemetery	409,914	418,914	370,719	48,195
Debt Service	390,500	390,500	254,488	136,012
Capital Outlay				-
General Government			500,390	(500,390)
Use of Fund Reserves	387,852	387,852	-	387,852
Total expenditures	<u>21,904,580</u>	<u>23,668,807</u>	<u>15,746,011</u>	<u>7,534,944</u>
<b>Other Financing Sources and Uses</b>				
Transfers in	2,366,468	2,650,881	2,650,881	-
Transfers out	(589,233)	(6,514,233)	(4,264,233)	2,250,000
Total Other Financing Sources/Uses	<u>1,777,235</u>	<u>(3,863,352)</u>	<u>(1,613,352)</u>	<u>2,250,000</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(391,264)</u>	<u>391,264</u>
Fund balance at beginning of year	<u>6,269,268</u>	<u>6,269,268</u>	<u>6,269,268</u>	
Fund balance at end of year	<u>6,269,268</u>	<u>\$ 6,269,268</u>	<u>\$ 5,878,004</u>	

Schedule of Required Supplementary Information  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
 Payson City  
 Utah Retirement Systems December 31, 2022  
 Last 10 Fiscal Years

	<b>Noncontributory Retirement System</b>	<b>Tier 2 Public Safetys Retirement System</b>	<b>Firefighters Retirement System</b>	<b>Tier 2 Public Employees Retirement System</b>	<b>Tier 2 Public Safety and Firefighters Retirement System</b>
	<b>2022</b>				
<b>Proportion of the net pension liability (asset)</b>	0.4572552%	0.7104677%	0.3174292%	0.0980908%	0.2131437%
<b>Proportionate share of the net pension liability (asset)</b>	(\$2,618,749)	(\$557,001)	(\$185,130)	(\$41,861)	(\$10,773)
<b>Covered Payroll</b>	\$3,859,623	\$1,011,381	\$105,829	\$1,835,210	\$509,710
<b>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	-67.85%	-57.05%	-174.93%	-2.28%	-2.11%
<b>Plan fiduciary net position as a percentage of its covered-employee payroll</b>	108.70%	104.20%	120.10%	103.80%	102.80%
	<b>2021</b>				
<b>Proportion of the net pension liability (asset)</b>	0.4316012%	0.6859107%	0.2968693%	0.0979215%	0.2425054%
<b>Proportionate share of the net pension liability (asset)</b>	\$221,387	\$569,471	(\$83,011)	\$14,084	\$21,751
<b>Covered Payroll</b>	\$3,622,555	\$969,064	\$96,851	\$1,565,683	\$484,234
<b>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	6.11%	58.77%	-85.71%	90.00%	4.49%
<b>Plan fiduciary net position as a percentage of its covered-employee payroll</b>	99.20%	95.50%	110.50%	98.30%	93.10%

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Continued)

	<b>Noncontributory Retirement System</b>	<b>Tier 2 Public Safetys Retirement System</b>	<b>Firefighters Retirement System</b>	<b>Tier 2 Public Employees Retirement System</b>	<b>Tier 2 Public Safety and Firefighters Retirement System</b>
	<b>2020</b>				
<b>Proportion of the net pension liability (asset)</b>	0.4304032%	0.6012467%	0.2961964%	0.8545940%	0.2415341%
<b>Proportionate share of the net pension liability (asset)</b>	\$1,622,133	\$965,372	(\$36,734)	\$19,220	\$22,720
<b>Covered Payroll</b>	\$3,687,256	\$830,649	\$94,834	\$1,187,725	\$398,105
<b>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	43.99%	116.22%	-38.74%	1.62%	5.71%
<b>Plan fiduciary net position as a percentage of its covered-employee payroll</b>	93.70%	90.90%	105.00%	95.50%	89.60%
	<b>2019</b>				
<b>Proportion of the net pension liability (asset)</b>	0.4344554%	0.5363490%	0.2965966%	0.0938492%	0.2571392%
<b>Proportionate share of the net pension liability (asset)</b>	\$3,199,210	\$1,379,803	\$38,512	\$40,194	\$6,443
<b>Covered Payroll</b>	\$3,652,237	\$722,478	\$91,947	\$1,096,869	\$344,978
<b>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	87.59%	190.98%	41.88%	3.66%	1.87%
<b>Plan fiduciary net position as a percentage of its covered-employee payroll</b>	87.00%	84.70%	94.30%	90.80%	95.60%

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Continued)

	<b>Noncontributory Retirement System</b>	<b>Tier 2 Public Safetys Retirement System</b>	<b>Firefighters Retirement System</b>	<b>Tier 2 Public Employees Retirement System</b>	<b>Tier 2 Public Safety and Firefighters Retirement System</b>
	<b>2018</b>				
<b>Proportion of the net pension liability (asset)</b>	0.4312374%	0.5283152%	0.3041595%	0.1000834%	0.2745910%
<b>Proportionate share of the net pension liability (asset)</b>	\$1,889,380	\$828,746	(\$18,996)	\$8,824	(\$3,234)
<b>Covered Payroll</b>	\$3,588,586	\$723,310	\$88,982	\$979,520	\$294,965
<b>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	52.65%	114.58%	-21.35%	0.90%	-1.10%
<b>Plan fiduciary net position as a percentage of its covered-employee payroll</b>	91.90%	90.20%	103.00%	97.40%	103.00%
	<b>2017</b>				
<b>Proportion of the net pension liability (asset)</b>	0.4339067%	0.5951550%	0.3119508%	0.0993825%	0.2963540%
<b>Proportionate share of the net pension liability (asset)</b>	\$2,786,212	\$1,207,734	(\$2,459)	\$11,086	(\$2,573)
<b>Covered Payroll</b>	\$3,659,970	\$828,538	\$87,610	\$815,018	\$244,852
<b>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	76.13%	145.77%	-2.81%	1.36%	-1.05%
<b>Plan fiduciary net position as a percentage of its covered-employee payroll</b>	87.30%	86.50%	100.40%	95.10%	103.60%

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Continued)

	<b>Noncontributory Retirement System</b>	<b>Tier 2 Public Safetys Retirement System</b>	<b>Firefighters Retirement System</b>	<b>Tier 2 Public Employees Retirement System</b>	<b>Tier 2 Public Safety and Firefighters Retirement System</b>
	<b>2016</b>				
<b>Proportion of the net pension liability (asset)</b>	0.4454812%	0.5859524%	0.3236973%	0.1187609%	0.2458146%
<b>Proportionate share of the net pension liability (asset)</b>	\$2,520,749	\$1,049,588	(\$5,863)	(\$259)	(\$3,591)
<b>Covered Payroll</b>	\$3,665,108	\$835,281	\$87,008	\$767,296	\$146,293
<b>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	68.78%	125.66%	-6.74%	-0.03%	-2.45%
<b>Plan fiduciary net position as a percentage of its covered-employee payroll</b>	87.80%	87.10%	101.00%	100.20%	110.70%
	<b>2015</b>				
<b>Proportion of the net pension liability (asset)</b>	0.4272226%	0.5165352%	0.3133721%	0.1009340%	0.1614709%
<b>Proportionate share of the net pension liability (asset)</b>	\$1,855,115	\$649,586	(\$17,882)	(\$3,059)	(\$2,389)
<b>Covered Payroll</b>	\$3,577,235	\$837,721	\$82,249	\$495,503	\$66,973
<b>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	51.86%	77.54%	-21.74%	-0.62%	-3.57%
<b>Plan fiduciary net position as a percentage of its covered-employee payroll</b>	90.20%	90.50%	103.50%	103.50%	120.50%

**Payson City**  
**Schedule of Required Supplementary Information**  
**Schedule of Contributions**

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 637,097	\$ 637,097	\$ -	\$ 3,718,898	17.13%
	2015	656,897	656,897	-	3,593,565	18.28%
	2016	679,179	679,179	-	3,712,937	18.29%
	2017	662,494	662,494	-	3,667,780	18.01%
	2018	662,381	662,381	-	3,651,113	18.14%
	2019	676,959	676,959	-	3,700,270	18.29%
	2020	671,645	671,645	-	3,678,397	18.26%
	2021	685,615	685,615	-	3,769,677	18.19%
	2022	712,624	712,624	-	3,893,875	18.30%
Public Safety System	2014	\$ 247,752	\$ 247,752	\$ -	\$ 859,998	28.81%
	2015	255,858	255,858	-	805,707	31.76%
	2016	294,082	294,082	-	866,267	33.95%
	2017	261,580	261,580	-	795,404	32.89%
	2018	237,709	237,709	-	702,489	33.84%
	2019	265,974	265,974	-	781,357	34.04%
	2020	301,594	301,594	-	885,998	34.04%
	2021	352,230	352,230	-	1,034,752	34.04%
	2022	336,787	336,787	-	989,835	34.04%
Firefighters System	2014	\$ 2,425	\$ 2,425	\$ -	\$ 81,930	2.96%
	2015	3,024	3,024	-	83,828	3.61%
	2016	3,525	3,525	-	89,747	3.93%
	2017	3,432	3,432	-	88,620	3.87%
	2018	3,554	3,554	-	90,470	3.93%
	2019	4,283	4,283	-	93,424	4.58%
	2020	4,437	4,437	-	96,256	4.61%
	2021	4,722	4,722	-	102,426	4.61%
	2022	5,068	5,068	-	109,937	4.61%
Tier 2 Public Employees System"	2014	\$ 52,554	\$ 52,554	\$ -	\$ 377,197	13.93%
	2015	94,658	94,658	-	632,122	14.97%
	2016	122,754	122,754	-	823,814	14.90%
	2017	131,980	131,980	-	893,315	14.77%
	2018	161,582	161,582	-	1,076,653	15.01%
	2019	175,873	175,873	-	1,137,568	15.46%
	2020	218,905	218,905	-	1,397,863	15.66%
	2021	269,066	269,066	-	1,072,949	15.80%
	2022	352,783	352,783	-	2,195,292	16.07%
Tier 2 Public Safety and Firefighter System*	2014	\$ 7,589	\$ 7,589	\$ -	\$ 36,396	20.85%
	2015	24,801	24,801	-	109,980	22.55%
	2016	43,730	43,730	-	194,675	22.46%
	2017	59,095	59,095	-	267,901	22.06%
	2018	79,133	79,133	-	355,653	22.25%
	2019	80,889	80,889	-	359,690	22.49%
	2020	104,756	104,756	-	452,901	23.13%
	2021	123,893	123,893	-	479,649	25.83%
	2022	136,898	136,898	-	529,996	25.83%

Payson City  
Schedule of Required Supplementary Information  
Schedule of Contributions (Continued)

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Tier 2 Public Employees DC	2014	\$ 4,024	\$ 4,024	\$ -	\$ 74,317	5.41%
Only System*	2015	9,969	9,969	-	148,351	6.72%
	2016	14,675	14,675	-	221,246	6.63%
	2017	17,073	17,073	-	256,771	6.65%
	2018	18,600	18,600	-	279,730	6.65%
	2019	20,881	20,881	-	312,120	6.69%
	2020	24,764	24,764	-	370,160	6.69%
	2021	32,242	32,242	-	481,944	6.69%
	2022	36,542	36,542	-	546,212	6.69%

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

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



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# Notes to the Required Supplementary Information



**Payson City**  
Notes to Required Supplementary Information  
For fiscal year ended June 30, 2022

Changes in Assumptions:

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems.

The investment return assumption was decreased by .10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

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# Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by accounting principles generally accepted in the United States of America, not a part of the financial statements, but are presented for additional analysis.

Such statements and schedules include:

## **Individual Fund Financial Statements and Schedules**

- General Fund
- Special Revenue Funds:
- Combining Statements

## **Additional Schedules**

- Schedule of Insurance in Force

## **Budgetary Comparison Schedules**

## **Additional Auditor's Reports**

- 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.

- Utah State Compliance Report based on the requirements, special tests, and provisions required by the State of Utah's Legal Compliance Guide.



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## General Fund

The general fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds.



**Payson City**  
**General Fund**  
Statement of Net Position  
June 30, 2022

<b>ASSETS</b>	
Combined Cash and cash equivalents	\$ 10,190,631
Receivables:	
Taxes	3,184,224
Grants and contributions	715
Accounts	311,574
Total assets	<u>\$ 13,687,144</u>
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	
Liabilities:	
Accounts payable and accrued liabilities	421,130
Accrued salaries, wages and benefits	428,712
Due to other entities	24,910
Performance Bond	4,690,268
Total liabilities	<u>\$ 5,565,020</u>
 <b>FUND BALANCES</b>	
Assigned	939,159
Restricted	-
Unassigned	4,938,845
Total fund balances	<u>5,878,004</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 13,687,144</u>



**Payson City**  
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual  
General Fund  
For Year Ended June 30, 2022

	Budgeted Amounts		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>Revenues</b>			
<b>Taxes</b>			
Property taxes	\$ 1,962,973	\$ 1,859,123	\$ (103,850)
Sales taxes	4,000,000	5,137,237	1,137,237
Energy taxes	728,500	803,500	75,000
Franchise taxes	332,400	454,825	122,425
Motor vehicle fees	95,100	113,531	18,431
Telephone tax	92,000	69,166	(22,834)
Room Tax	11,200	22,015	10,815
Total	7,222,173	8,459,397	1,237,224
<b>Licenses and permits</b>			
Business licenses, permits, fees	586,200	697,313	111,113
	586,200	697,313	111,113
<b>Intergovernmental revenue</b>			
State and other grants	5,267,818	1,087,936	(4,179,882)
Road fund allotments	1,280,000	1,391,093	111,093
Total	6,547,818	2,479,029	(4,068,789)
<b>Charges for services</b>			
Fire protection	-	-	-
Planning, Zoning and PW inspections	173,200	246,413	73,213
General Services	30,500	33,490	2,990
Total	203,700	279,903	76,203



**Payson City**  
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual (Continued)  
**General Fund**  
For Year Ended June 30, 2022

	Budgeted Amounts		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues (continued)</b>			
<b>Lease payments and other fees</b>			
Safety contracts	189,400	155,563	(33,837)
Event, Recreation and Program Fees	1,049,350	1,334,724	285,374
Library fees	13,500	19,404	5,904
Court Fees/fines	203,000	223,927	20,927
Senior citizens fees	300	1,290	990
Parks Fees	3,500	10,348	6,848
Total	1,459,050	1,745,256	286,206
<b>Cemetery fees</b>			
Other Cemetery	128,200	180,490	52,290
Total	128,200	180,490	52,290
<b>Miscellaneous revenues</b>			
Interest earnings	134,000	206,622	72,622
Sale of surplus property and equipment	1,000	81,148	80,148
Donations	78,260	74,952	(3,308)
Other revenue	2,646,572	2,763,990	117,418
Use of beginning Fund Reserves	8,574,948		
Total	11,434,780	3,126,712	266,880
Total revenues	27,581,921	16,968,100	(1,927,760)





**Payson City**  
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual (Continued)  
**General Fund**  
For Year Ended June 30, 2022

	Budgeted Amounts		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Expenditures</b>			
<b>General Government</b>			
Administration	1,965,949	1,908,299	\$ 57,650
Legislative	656,407	441,484	214,923
Legal	522,124	474,663	47,461
Grounds Maintenance	270,205	227,128	43,077
Building Maintenance	845,923	591,013	254,910
Total	<u>4,260,608</u>	<u>3,642,587</u>	<u>618,021</u>
<b>Public safety</b>			
Police department	4,105,710	3,661,786	443,924
Fire/Ambulance	1,077,633	583,131	494,502
Victim's Advocate	101,223	98,179	3,044
Animal Control	175,198	163,536	11,662
Total	<u>5,459,764</u>	<u>4,506,632</u>	<u>941,470</u>
<b>Public improvements</b>			
Engineering	497,577	453,213	44,364
Planning and Zoning	1,015,040	712,534	302,506
Streets	4,170,379	502,615	3,667,764
CDBG	653,600	500,390	153,210
B&C	1,280,000	886,248	393,752
Total	<u>6,336,596</u>	<u>2,168,752</u>	<u>4,014,634</u>
<b>Parks and recreation</b>			
Parks department	579,955	523,709	56,246
Senior citizens	225,644	146,595	79,049
Youth Sports	468,607	463,592	5,015
Adult Sports	70,736	53,971	16,765
Snack Shack	99,792	88,076	11,716
Pool	1,081,456	858,520	222,936
Recreation department	770,080	744,482	25,598
Cemetery	418,914	370,719	48,195
Total	<u>3,715,184</u>	<u>3,249,664</u>	<u>465,520</u>



**Payson City**  
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual (Continued)  
**General Fund**  
For Year Ended June 30, 2022

	Budgeted Amounts		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Events</b>			
Events	218,161	210,492	7,669
Salmon Supper	72,000	65,942	6,058
Peteetneet	350,575	76,026	274,549
Payson Community Theater	67,353	40,964	26,389
Total	<u>708,089</u>	<u>393,424</u>	<u>314,665</u>
<b>Other</b>			
Library	625,132	556,653	68,479
Historic Committee	10,000	10,000	
Communities that Care	55,958	51,131	4,827
Justice Court	316,551	309,520	7,031
Miscellaneous	950,687	(28,599)	979,286
Total	<u>1,958,328</u>	<u>898,705</u>	<u>80,337</u>
Total expenditures	<u>23,718,569</u>	<u>15,746,012</u>	<u>13,312,354</u>
Excess of revenues over expenditures	<u>3,863,352</u>	<u>1,222,088</u>	<u>11,384,594</u>
<b>Other financing sources (uses)</b>			
Transfers in	2,650,881	2,650,881	-
Transfers out	(6,514,233)	(4,264,233)	2,250,000
Total other financing sources (uses)	<u>(3,863,352)</u>	<u>(1,613,352)</u>	<u>2,250,000</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>(391,264)</u>	<u>\$ 13,634,594</u>
Fund balance at beginning of year	<u>6,269,268</u>	<u>6,269,268</u>	
Fund balance at end of year	<u>\$ 6,269,268</u>	<u>\$ 5,878,004</u>	



# General Fund Analysis Governmental Funds



**Payson City  
General Fund**  
Comparative Five-Year Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2022

	2018	2019	2020	2021	2022
<b>Revenues</b>					
Taxes	\$ 6,015,967	\$ 6,228,424	\$ 6,554,275	\$ 7,605,788	\$ 8,459,398
Licenses and permits	293,585	427,332	727,099	698,990	697,313
Franchise Fees					
Charges for services	1,462,883	1,633,006	1,382,040	1,850,274	1,985,547
Intergovernmental Grants and funds	355,579	722,710	1,228,558	930,015	1,087,936
Fines and forfeitures	221,892	225,341	228,237	251,339	258,441
B&C Revenue	759,422	808,213	1,110,990	1,290,854	1,391,093
Donations	28,218	34,902	6,709	78,681	74,952
Interest income	215,718	375,621	381,255	162,322	206,622
Other revenues	2,064,032	2,435,773	2,191,844	1,997,403	2,806,798
<b>Total revenues</b>	<u>11,417,296</u>	<u>12,891,322</u>	<u>13,811,007</u>	<u>14,865,666</u>	<u>16,968,100</u>
<b>Expenditures</b>					
General government	3,514,190	3,989,002	4,152,842	4,984,900	5,413,652
Public safety	3,283,225	3,460,737	3,771,199	4,103,520	4,506,631
Public Improvements	1,416,595	1,264,399	1,665,163	1,748,732	1,430,306
Parks and recreation	2,767,458	3,650,994	2,700,568	2,785,235	3,408,238
Community Events	451,437	364,126	327,531	303,543	361,978
Cemetery	273,127	357,016	330,715	358,360	370,719
Miscellaneous	420,828	346,736	391,637	606,766	254,488
<b>Total expenditures</b>	<u>12,126,860</u>	<u>13,433,010</u>	<u>13,339,655</u>	<u>14,891,056</u>	<u>15,746,012</u>
Excess of revenues over expenditures	<u>(709,564)</u>	<u>(541,688)</u>	<u>471,352</u>	<u>(25,390)</u>	<u>1,222,088</u>
<b>Other financing sources (uses)</b>					
Transfers In	2,139,430	2,127,553	2,387,439	2,374,985	2,650,881
Transfers (out)	<u>(1,612,830)</u>	<u>(1,354,000)</u>	<u>(335,667)</u>	<u>(2,498,623)</u>	<u>(4,264,233)</u>
Net operating transfers in (out)	<u>526,600</u>	<u>773,553</u>	<u>2,051,773</u>	<u>(123,638)</u>	<u>(1,613,352)</u>
<b>Total other financing sources (uses)</b>	<u>526,600</u>	<u>773,553</u>	<u>2,051,773</u>	<u>(123,638)</u>	<u>(1,613,352)</u>
Excess (deficiencies) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(182,964)</u>	<u>231,865</u>	<u>2,523,125</u>	<u>(149,028)</u>	<u>(391,264)</u>
Fund balances - beginning of year stated Fund Balance	<u>3,898,793</u>	<u>3,715,829</u>	<u>3,895,173</u>	<u>6,418,298</u>	<u>6,269,268</u>
Fund balances - end of year	<u>\$ 3,715,829</u>	<u>\$ 3,947,694</u>	<u>\$ 6,418,298</u>	<u>\$ 6,269,268</u>	<u>\$ 5,878,004</u>

\*\*\*Compiled using current account structure



**Payson City**  
**General Fund**  
Analysis of Expenditures  
For the Year Ended June 30, 2022

	2022				
	Salaries, Wages and Benefits	Materials, Supplies, and Core Services	Other Charges	Projects/ Equipment	Total
<b>General Government</b>					
Administration	\$ 1,086,537	\$ 810,162	\$ 1,552	\$ 10,048	\$ 1,908,299
Council	125,508	315,676	300	-	441,484
Legal	397,347	77,316	-	-	474,663
Grounds Maintenance	149,593	52,316	1,958	23,261	227,128
Buildings	284,129	160,344	2,042	144,498	591,013
Total	<u>2,043,114</u>	<u>1,415,814</u>	<u>5,852</u>	<u>177,807</u>	<u>3,642,587</u>
<b>Public Safety</b>					
Police department	2,879,596	513,613	114	268,464	3,661,787
Justice Court	276,801	32,719	-	-	309,520
Animal Control	97,704	65,832	-	-	163,536
Fire	235,509	133,576	10,134	203,910	583,129
Victim's Advocate	95,172	3,007	-	-	98,179
Total	<u>3,584,782</u>	<u>748,747</u>	<u>10,248</u>	<u>472,374</u>	<u>4,816,151</u>
<b>Public Improvement</b>					
Engineering	397,201	48,261	-	7,751	453,213
B&C	-	-	886,248	-	886,248
Planning	543,575	153,345	1,875	13,739	712,534
Streets	196,646	214,060	2,889	89,020	502,615
Total	<u>1,137,422</u>	<u>415,666</u>	<u>891,012</u>	<u>110,510</u>	<u>2,554,610</u>
<b>Parks, Recreation and Culture</b>					
Parks department	341,965	143,244	2,680	35,820	523,709
Interfaith Council	-	-	-	-	-
Peteetneet	13,825	61,721	480	-	76,026
Salmon Supper	-	65,942	-	-	65,942
Senior citizens	127,963	15,856	-	2,776	146,595
Payson Community Theater	14,321	13,160	13,483	-	40,964
Swimming Pool	319,058	189,898	255,736	93,828	858,520
Recreation department	501,959	164,273	2,508	75,742	744,482
Youth Sports	239,017	212,749	11,826	-	463,592
Adult Sports	36,839	17,132	-	-	53,971
Snack Shack	34,425	53,651	-	-	88,076
Economic Develop/Events	84,911	125,582	-	-	210,493
Total	<u>1,714,283</u>	<u>1,063,208</u>	<u>286,713</u>	<u>208,166</u>	<u>3,272,370</u>
<b>Other</b>					
CDBG	-	-	500,390	-	500,390
Historic Preservation	-	-	10,000	-	10,000
Library department	401,407	138,079	-	17,167	556,653
Cemetery	235,102	58,594	3,956	73,067	370,719
Cares Act	-	-	(28,599)	-	(28,599)
Communities that Care	44,516	6,615	-	-	51,131
Total	<u>681,025</u>	<u>203,288</u>	<u>485,747</u>	<u>90,234</u>	<u>1,460,294</u>
Transfers	-	-	4,264,233	-	4,264,233
Total Expenditures	<u>\$ 9,160,626</u>	<u>\$ 3,846,723</u>	<u>\$ 5,943,805</u>	<u>\$ 1,059,091</u>	<u>\$ 20,010,245</u>



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# Combining Financial Statements Governmental Funds and Proprietary Funds



Payson City  
Combining Balance Sheet  
Non-Major Governmental Funds  
For Period Ended June 30, 2022

	RDA Town	RDA Bus Park	Impact Fee Parks	Impact Fee Public Safety	Parc Tax	Perpetual Care	Revolving Loan	Total Nonmajor Governmental Governmental Funds
<b>ASSETS</b>								
Combined Cash and cash equivalents	\$ 159,649	\$ 1,368,492	\$ 1,579,451	\$ 1,123,304	\$ 228,612	\$ 602,125	\$ 946,642	\$ 6,008,275
Accounts					62,182		1,227,260	1,289,442
Total assets	<u>\$ 159,649</u>	<u>\$ 1,368,492</u>	<u>\$ 1,579,451</u>	<u>\$ 1,123,304</u>	<u>\$ 290,794</u>	<u>\$ 602,125</u>	<u>\$ 2,173,902</u>	<u>\$ 7,297,717</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	-		\$ 3,815	2,000	5,000		-	10,815
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,815</u>	<u>\$ 2,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,815</u>
<b>FUND BALANCES</b>								
Assigned	159,649	1,368,492					2,173,902	3,702,043
Restricted			-		-	602,125	-	602,125
Unassigned	-	-	-		285,794		-	285,794
Total fund balances	<u>159,649</u>	<u>1,368,492</u>	<u>1,575,635</u>	<u>1,121,304</u>	<u>285,794</u>	<u>602,125</u>	<u>2,173,902</u>	<u>7,286,901</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 159,649</u>	<u>\$ 1,368,492</u>	<u>\$ 1,579,450</u>	<u>\$ 1,123,304</u>	<u>\$ 290,794</u>	<u>\$ 602,125</u>	<u>\$ 2,173,902</u>	<u>\$ 7,297,716</u>





**Payson City**  
**Combining Statement of Revenues Expenses and Changes in Net Position**  
**Non-Major Governmental Funds**  
**For Period Ended June 30, 2022**

	Special Revenue Funds							Nonmajor Governmental
	RDA Town	RDA Bus Park	Impact Fee Park	Impact Fee Public Safety	PARC Tax	Perpetual Care	Revolving Loan	
<b>REVENUES</b>								
<b>Taxes</b>								
PARC Tax	-	-	-	-	\$ 347,836	\$ -	\$ -	\$ 347,836
Grants and Contributions	-	-	-	-	-	-	-	-
Interest Income	-	-	3,958	1,627	-	2,290	741	8,616
Other	-	12,422	-	-	-	35,823	52,350	100,595
	<u>-</u>	<u>12,422</u>	<u>3,958</u>	<u>1,627</u>	<u>347,836</u>	<u>38,113</u>	<u>53,091</u>	<u>457,047</u>
<b>EXPENDITURES</b>								
<b>Current:</b>								
Public Safety	-	-	-	1,630	-	-	-	1,630
Parks and Recreation	-	-	-	-	80,934	-	-	80,934
Economic Development	14,216	-	-	-	-	-	-	14,216
Principal Retirement	-	-	134,000	-	-	-	-	134,000
Interest and Fiscal	-	-	10,500	-	-	-	-	10,500
<b>Capital Outlay</b>								
General Government	-	-	-	-	-	-	152,313	152,313
Parks, recreation and culture	-	-	688,000	-	377,261	-	-	1,065,261
Total expenditures	<u>14,216</u>	<u>-</u>	<u>832,500</u>	<u>1,630</u>	<u>458,195</u>	<u>-</u>	<u>152,313</u>	<u>1,458,854</u>
Excess revenues over (under) expenditures	<u>(14,216)</u>	<u>12,422</u>	<u>(828,542)</u>	<u>(3)</u>	<u>(110,359)</u>	<u>38,113</u>	<u>(99,222)</u>	<u>(1,001,807)</u>
<b>Other Financing Sources (Uses)</b>								
Impact Fees	-	-	832,300	331,047	-	-	-	1,163,347
Proceeds from the sale of assets	-	707,309	-	-	-	-	369,762	1,077,071
Transfers out	-	-	-	-	(9,413)	-	-	(9,413)
Total other financing sources and uses	<u>-</u>	<u>707,309</u>	<u>832,300</u>	<u>331,047</u>	<u>(9,413)</u>	<u>-</u>	<u>369,762</u>	<u>2,231,005</u>
Net change in fund balance	<u>(14,216)</u>	<u>719,731</u>	<u>3,758</u>	<u>331,044</u>	<u>(119,772)</u>	<u>38,113</u>	<u>270,540</u>	<u>1,229,198</u>
Fund balances - beginning of year	\$ 173,865	\$ 648,761	\$ 1,571,877	\$ 790,260	\$ 405,566	\$ 564,012	\$ 1,903,362	6,057,703
Fund balances - end of year	<u>\$ 159,649</u>	<u>\$ 1,368,492</u>	<u>\$ 1,575,635</u>	<u>\$1,121,304</u>	<u>\$ 285,794</u>	<u>\$ 602,125</u>	<u>\$ 2,173,902</u>	<u>\$ 7,286,901</u>



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# Combining Financial Statements Non-major Proprietary Funds



**Payson City**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**June 30, 2022**

	Enterprise funds				Total Nonmajor Funds
	Solid Waste	Ambulance	Golf Course	Storm Drain	
<b>ASSETS</b>					
<b>Current Assets</b>					
Combined Cash and cash equivalents					
Unrestricted	\$ 3,126,888	\$ 896,759	\$ 2,298,018	\$ 1,617,343	\$ 7,939,008
Accounts Receivable	434,464	524,079	-	87,216	1,045,759
Total Current Assets	3,561,352	1,420,838	2,298,018	1,704,559	8,984,767
<b>Non Current Assets</b>					
Combined Cash and cash equivalents					
Restricted	609,829	-	-	-	609,829
Net Pension Asset	169,138	-	90,961	84,418	344,517
Capital assets					
Land	55,123	-	1,258,621	-	1,313,744
Buildings and improvements	2,086,657.22	72,204	4,902,994	10,542,743	17,604,598
Machinery and equipment	3,710,827	796,870	1,627,475	625,797	6,760,969
Leased Assets	546,429	-	-	-	546,429
Construction in progress	908,308	-	-	-	908,308
Less: accumulated depreciation	(2,616,541)	(692,284)	(4,604,530)	(2,463,325)	(10,376,680)
Total Capital Assets Net	4,690,803	176,790	3,184,560	8,705,215	16,757,368
Total noncurrent assets	5,469,770	176,790	3,275,521	8,789,633	17,711,714
Total assets	9,031,122	1,597,628	5,573,539	10,494,192	26,696,481
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pension Related	53,115	-	67,024	81,919	202,058
Total deferred outflow of resources	53,115	-	67,024	81,919	202,058
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities	69,010	15,756	36,708	6,269	127,743
Accrued salaries, wages and benefits	26,260	17,835	23,567	9,315	76,977
Customer Deposits	-	-	1,944	-	1,944
Due to other entities	-	-	23,705	-	23,705
Accrued Interest Payable	-	-	42,920	-	42,920
Long term liabilities					
Other long-term liabilities due within one year	290,641	-	107,252	-	397,893
Total Current Liabilities	385,911	33,591	236,096	15,584	671,182
<b>Noncurrent Liabilities</b>					
Compensated Absences	75,784	-	174,257	69,648	319,689
Long term liabilities					
Closure and Postclosure liability	952,107	-	-	-	952,107
Lease payments due in more than one year	459,845	-	305,275	-	765,120
Total noncurrent liabilities	1,487,736	-	479,532	69,648	2,036,916
Total liabilities	1,873,647	33,591	715,628	85,232	2,708,098
<b>DEFERRD INFLOW OF RESOURCES</b>					
Deferred inflows relating to pensions	276,428	-	168,920	113,354	558,702
Total deferred inflow of resources	276,428	-	168,920	113,354	558,702
<b>NET POSITION</b>					
Net investment in capital assets	3,940,317	176,790	2,772,033	8,705,215	15,594,355
Unassigned	2,384,016	1,387,247	1,983,982	1,672,310	7,427,555
Total net position	\$ 6,934,162	\$ 1,564,037	\$ 4,756,015	\$ 10,377,525	\$ 23,631,739



**Payson City**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-type Activities				Total Nonmajor Enterprise Funds
	Solid Waste	Ambulance	Golf Course	Storm Drain	
<b>Revenues</b>					
Operating Revenues					
Charges for Services	\$ 3,231,087	\$ 1,035,370	\$ 1,535,417	\$ 880,338	\$ 6,682,212
Other Fees	45,059	-	-	-	45,059
Total operating revenues	<u>3,276,146</u>	<u>1,035,370</u>	<u>1,535,417</u>	<u>880,338</u>	<u>6,727,271</u>
<b>Operating Expenses</b>					
Costs of Sales and Service	804,672	424,156	562,248	98,708	1,889,784
Other	-	2,389	-	-	2,389
Maintenance Operations and Professional	1,307,303	236,639	407,104	325,975	2,277,021
Depreciation	532,667	120,066	348,876	488,043	1,489,652
Total Operating Expenses	<u>2,644,642</u>	<u>780,861</u>	<u>1,318,228</u>	<u>912,726</u>	<u>5,656,457</u>
Operating Income (Loss)	<u>631,504</u>	<u>254,509</u>	<u>217,189</u>	<u>(32,388)</u>	<u>1,070,814</u>
<b>Non-Operating Revenues (Expenses)</b>					
Interest Income	3,034	-	-	4,542	7,576
Interest Charges	(28,266)	-	(17,467)	-	(45,733)
Sale of Surplus Property	8,348	-	-	-	8,348
Donations	-	-	20,326	-	20,326
Other	1,798,959	-	14,167	492	1,813,618
Totoal Non-Operating Revenues (Expenses)	<u>1,782,075</u>	<u>-</u>	<u>17,026</u>	<u>5,034</u>	<u>1,804,135</u>
Income before capital contributions and Transfers	<u>2,413,579</u>	<u>254,509</u>	<u>234,215</u>	<u>(27,354)</u>	<u>2,874,949</u>
Net operating transfers in (out)	(233,825)	(83,048)	163,733	(74,700)	(227,840)
Capital Contributions	-	-	-	1,083,676	1,083,676
Total expenditures	<u>(233,825)</u>	<u>(83,048)</u>	<u>163,733</u>	<u>1,008,976</u>	<u>855,836</u>
Changes in Net Position	<u>2,179,754</u>	<u>171,461</u>	<u>397,948</u>	<u>981,622</u>	<u>3,730,785</u>
Beginning Net Position	<u>4,236,547</u>	<u>1,392,576</u>	<u>4,358,067</u>	<u>9,395,903</u>	<u>19,383,093</u>
Restatement of Net Position	4,754,408	-	-	-	19,900,954
Ending Net Position	<u><u>6,934,162</u></u>	<u><u>1,564,037</u></u>	<u><u>4,756,015</u></u>	<u><u>10,377,525</u></u>	<u><u>23,631,739</u></u>



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# Additional Auditors' Reports

These additional reports are required by *Governmental Auditing Standards* and the Utah State Auditor's Office, respectively.



# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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

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

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

Honorable Mayor and City Council  
Payson City  
Payson, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of Payson City, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Payson City's basic financial statements, and have issued our report thereon dated December 30, 2022.

### Internal Control over Financial Reporting

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

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

## **Gilbert & Stewart**

GILBERT & STEWART  
Certified Public Accountants  
December 30, 2022



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

Honorable Mayor and City Council  
Payson City  
Payson, Utah

***Report On Compliance***

We have audited Payson City's ("the City") compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2022.

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Compliance***

In our opinion, Payson City, complied, in all material respects, with the compliance requirements identified above for the year ended June 30, 2022.

## ***Report on Internal Control over Financial Reporting***

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

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

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

## **Gilbert & Stewart**

GILBERT & STEWART  
Certified Public Accountants  
December 30, 2022



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## Statistical Section

The statistical section of a government's comprehensive annual financial report (CAFR) is the principal source of information regarding a government's economic condition.

The statistical section of the CAFR is designed to meet these objectives: 1) provide information on financial trends, 2) provide information on revenue, 3) provide demographic and economic information, and 4) provide operating information. The purpose of these objectives is as follows:

**Financial Trends.** This is intended to help understand and assess how a government's financial position has changed over time.

**Revenue Capacity Information.** This is intended to help understand and assess the factor's affecting a government's ability to generate its own-source revenues by providing information about a government's most significant own-source revenue.

**Debt Capacity Information.** This information is intended to help understand and assess a government's debt burden and its ability to issue additional debt.

**Demographic and economic information.** This information is intended to help understand the socioeconomic environment within which a government operates and to provide information that enables comparisons of financial statement information over time and among governments.

**Operating information.** This information is intended to provide information about a government's operations and resources to assist in understanding a government's economic condition.



**Payson CITY**  
Legal Debt Margin Informatin  
Ten Fiscal Years  
(Dollars in thousands)

Assessed value	\$ 2,307,996
Debt limit (12% of assessed value)	<u>276,960</u>
Total net debt applicable to limit	<u>\$ -</u>
Legal debt margin	<u><u>\$ 276,960</u></u>

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assessed Value	\$2,307,995	\$2,063,188	\$1,835,627	\$1,446,025	\$ 1,337,261	\$1,232,621	\$1,123,275	\$1,037,125	\$1,011,330	\$1,027,114
Debt Limit (12% of assessed value)	<u>276,959</u>	<u>247,583</u>	<u>220,275</u>	<u>173,523</u>	<u>160,471</u>	<u>147,915</u>	- 134,793	<u>124,455</u>	<u>121,360</u>	<u>123,254</u>
Legal Debt margin	<u><u>\$ 276,959</u></u>	<u><u>\$ 247,583</u></u>	<u><u>\$ 220,275</u></u>	<u><u>\$ 173,523</u></u>	<u><u>\$ 160,471</u></u>	<u><u>\$ 147,915</u></u>	<u><u>\$ 134,793</u></u>	<u><u>\$ 124,455</u></u>	<u><u>\$ 121,360</u></u>	<u><u>\$ 123,254</u></u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Uah State Property Tax Division

Notes: Under state finance law, the city's outstanding general obligation debt should not exceed 12% of total assessed property value. Of this percent, a maximum of 4% may be used for general purpose. The remaining 8% and any unused portion of the 4% available for general purpose up to a maximum of 12% may be used for water, sewer, and electrical projects.



**Payson City**  
**Annual Income of Payson City Residents by Federal AGI**  
Twelve Calendar Years

<u>Fiscal Year</u>	<u>Average AGI</u>	<u>Federal Returns Filed</u>	<u>Gross AGI for Payson</u>
2021	\$ 66,851	10,142	\$ 678,004,255
2020	\$ 76,728	9,651	\$ 548,700,711
2019	\$ 52,842	9,189	\$ 485,567,404
2018	\$ 53,123	8,903	\$ 472,956,947
2017	\$ 56,975	8,088	\$ 460,810,936
2016	\$ 49,752	8,639	\$ 429,803,965
2015	\$ 48,600	8,434	\$ 409,890,987
2014	\$ 46,779	8,050	\$ 376,570,520
2013	\$ 46,322	7,858	\$ 363,995,393
2012	\$ 46,379	7,769	\$ 360,315,232
2011	\$ 44,105	7,530	\$ 332,112,813
2010	\$ 43,776	7,222	\$ 316,148,919

Notes: Personal income - <https://tax.utah.gov/econstats/income/federal-returns>  
AGI= Adjusted Gross Income for Tax purposes

Search: Federal Data Statistics of Income  
<https://www.irs.gov/statistics/soi-tax-stats-about-soi>  
<https://www.irs.gov/statistics/soi-tax-stats-all-years-irs-data-books>  
<https://tax.utah.gov/econstats/income/state-returns>



**Payson City**  
Pledged Revenue Coverage  
Twelve Fiscal Years  
(Dollars in thousands)

Fiscal Year	Water Bonds						Sewer Bonds					Sales Tax Increment Bonds			
	Utility Service	Less: Operating	Net Available	Debt Service			Utility Service	Debt Service			Sales & Use Tax	Debt Service			
				Principal	Interest	Coverage		Principal	Interest	Coverage		Principal	Interest	Coverage	
2022	\$ 4,711	\$ 2,544	\$ 2,167	\$ 980	\$ 235	1.78	\$ 4,394	\$ 1,112	\$ 95	3.64	\$ 5,137	\$ 492	\$ 47	9.53	
2021	4,130	2,145	1,985	623	246	2.28	4,173	793	113	5	4,524	479	55	8	
2020	3,950	1,992	1,958	606	257	2.27	3,948	492	38	7.45	3,836	756	101	4.48	
2019	3,696	1,701	1,995	599	143	2.69	3,642	\$ 480	\$ 50	6.87	3,510	\$ 741	\$ 113	4.11	
2018	3,242	1,463	1,779	582	214	2.06	3,449	468	62	6.51	3,398	729	125	3.98	
2017	3,219	1,976	1,243	425	196	2.00	3,363	450	22	7.13	3,164		50	63.28	
2016	2,659	1,284	1,375	539	257	1.73	3,266	44	82	25.92	2,957			-	
2015	2,526	1,145	1,381	210	246	3.03	1,996	66	60	15.84	2,837			-	
2014	2,596	789	1,807	191	251	4.09	1,948			-	2,705			-	
2013	2,425	721	1,704	-	15	113.60	1,934			-	2,616			-	
2012	2,079	803	1,276	-	-	-	1,851			-	2,516			-	
2011	2,001	672	1,329	-	-	-	1,868			-	2,323			-	

Source: Payson City

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.





**Payson City**  
 Demographic and Economic Statistics  
 Twelve Fiscal Years

Calendar Year	Population	Personal Income (Federal AGI)	Per Capita Personal Income	Unemployment Rate
2021	22,142	\$ 678,004,255	\$ 30,621	2.3%
2020	21,101	548,700,711	26,004	2.7%
2019	20,740	485,567,404	23,412	4.1%
2018	20,249	472,956,947	23,357	3.2%
2017	19,850	460,048,348	23,176	3.5%
2016	19,771	429,803,965	21,739	3.6%
2015	19,502	409,890,987	21,018	3.4%
2014	19,495	376,750,520	19,325	3.6%
2013	19,342	363,995,393	18,819	4.3%
2012	19,160	360,315,232	18,806	5.5%
2011	18,949	332,112,813	17,527	6.7%
2010	18,515	316,148,919	17,075	8.0%

Sources: Unemployment rate - <http://www.bls.gov/eag/eag.ut.htm>  
 Personal income - <https://tax.utah.gov/econstats/income/state-returns>



**Payson City**  
 Schedule of Insurance  
 July 1, 2021-June 30, 2022

Description	Company	Liability Limit	Effective Date
General Liability	Utah Local Governments Trust	\$5,000,000	6/30/2021
Public Officials E&O	Utah Local Governments Trust	\$5,000,000	6/30/2021
Employment Practices	Utah Local Governments Trust	\$500,000	6/30/2021
Auto Liability	Utah Local Governments Trust	\$5,000,000	6/30/2021
Property	Utah Local Governmets Trust	\$49,188,453	6/30/2021
Contents	Utah Local Governments Trust	\$24,370,800	6/30/2021
Contractors equipment	Utah Local Governments Trust	\$4,897,635	6/30/2021
EDP equipment	Utah Local Governments Trust	\$292,160	6/30/2021
Equipment in the Open	Utah Local Governments Trust	\$8,413,032	6/30/2021
Valuable Papers	Utah Local Governments Trust	\$250,000	6/30/2021
Earthquake	Utah Local Governments Trust	\$220,000,000	shared 6/30/2021
Flood	Utah Local Governments Trust	\$110,000,000	shared 6/30/2021
Crime	Utah Local Governments Trust	\$5,000,000	shared 6/30/2021
Auto Physical Damage	Utah Local Governments Trust	Actual cash value, 130 vehicles ins	6/30/2021
Public Official Treasurer Bond	N/A	Now Included in Crime Coverage	6/30/2021



## Payson City General Property Tax levies and Collections

Year End 12/31	Total Taxes Assessed	Current Collections	Delinquent Collections	Total Collected	Percentage of Current Collection: To Total Taxes Assessed	Percentage of Total Collections to Total Taxes Assessed	Rate
2021	\$ 1,784,339	\$ 1,673,666	\$ 111,842	\$ 1,785,508	90.8%	100.1%	0.001193
2020	1,618,854	1,510,894	92,377	1,603,271	90.8%	99.0%	0.001193
2019	1,533,173	1,428,963	71,572	1,500,535	90.8%	97.9%	0.001156
2018	1,345,297	1,262,778	45,052	1,307,830	90.8%	97.2%	0.001189
2017	1,219,652	1,152,604	54,686	1,207,290	90.3%	99.0%	0.001209
2016	1,129,892	1,063,632	60,112	1,123,744	91.9%	99.5%	0.001279
2015	1,049,251	997,341	76,813	1,074,154	92.2%	102.4%	0.001280
2014	959,130	890,277	54,015	944,292	93.4%	98.5%	0.001268
2013	885,377	822,003	54,662	876,665	92.8%	98.4%	0.001353
2012	878,137	827,108	64,242	891,350	92.9%	98.9%	0.001380
2011	856,359	792,460	45,694	838,154	92.9%	101.3%	0.001323
2010	840,531	782,404	50,273	832,677	87.7%	96.8%	0.001272
2009	798,768	727,080	40,630	767,710	90.0%	98.4%	0.001213
2008	788,979	729,446	43,553	772,999	90.4%	98.2%	0.001172
2007	751,905	698,009	43,357	741,366	91.1%	96.5%	0.001174
2006	744,976	677,835	51,455	729,290	92.6%	96.7%	0.001492
2005	736,354	687,864	43,617	731,481	92.4%	95.7%	0.001575
2004	711,865	659,275	39,878	699,153	95.5%	99.2%	0.001579



## Payson City

### Principal Employers 2022 and 2012

<u>Employer</u>	<u>2022</u>		<u>2012</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Rocky Mountain ATV	500-999	1		
Intermountain Nutrition	250-499	2		
Liberty Safe	250-499	2		
Walmart	250-499	2		
Mountain View Hospital	250-499	2		
Avalon Care Center	100-249	3		
Central Utah Medical Clinic	100-249	3		
Nebo School District	100-249	3		
Payson High	100-249	3		
Payson Jr. High	100-249	3		
Temkin International	100-249	3		
Plunder Design	100-249	3		
Nebo School District			500-999	1
Liberty Safe and Security Products			250-499	2
Mountain View Hospital			250-499	2
Payson City			250-499	2
Temkin International			250-499	2
Wal-Mart			250-499	2
DGS store fixtures, Inc.			100-249	3
Mountain View Nursing and Rehabilitation			100-249	3
Payson Fruit Growers, Inc.			100-249	3
Rocky Mountain ATV			100-249	3
Smiths Food and Drug			100-249	3

Source:

<http://jobs.utah.gov/jsp/firmfind>



Acknowledgment for the Picture on the Cover. Payson City.



Thank you, from the Administration and Staff of Payson City, for your interest in our City.