

Payson City



Annual Comprehensive Financial Report

For Period Ending June 30, 2023



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Payson City, Utah
Annual Comprehensive Financial Report
For Fiscal Period Ended June 30, 2023



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Introductory Section



December 22, 2023

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, 2023.

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, 2023, 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, 2023, 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 22,516 residents (<https://www.census.gov/quickfacts/fact/table/paysoncityutah>). 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 Councilmembers. 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 22nd 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 continues to evaluate the impact of all the social and political events that have an economical affect on the City's resources. Economical concerns about local retailers' ability to do business and the concern of the local workforce and citizens through difficult economical times have weighed heavily on the City's representatives.

The City continues to engage in attracting commercial retailers to the City. The growth of the residential sectors of the City has slowed. A major concern 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 \$480,914 in 2022 and is now reported as being \$440,395. Home prices have decreased 4.2% on average over the past year. (<https://www.zillow.com/home-values/13227/payson-ut/>, October, 2023).

Utah County, which is the County seat for Payson City, has an employed labor force of approximately 355,015, average wages were \$1,177 per week, up from \$1,106 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://jobs.utah.gov/wi/data/library/laborforce/laborforcecomponents.html>).

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.

The City is anticipating two significant higher learning organizations, Utah Valley University and Mountainland Applied Technology College coming to the City.

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, sewer and Electric power systems for the City.



Payson recently bonded 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. Details of the bonds are reflected in the financial statements.

The City welcomes potential commercial and household expansion in Payson; unfortunately growth has slowed recently. The City also views the current commercial base as a priority.

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 and parks impact fees. The new rates were implemented beginning January 4, 2023.

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 has been 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.

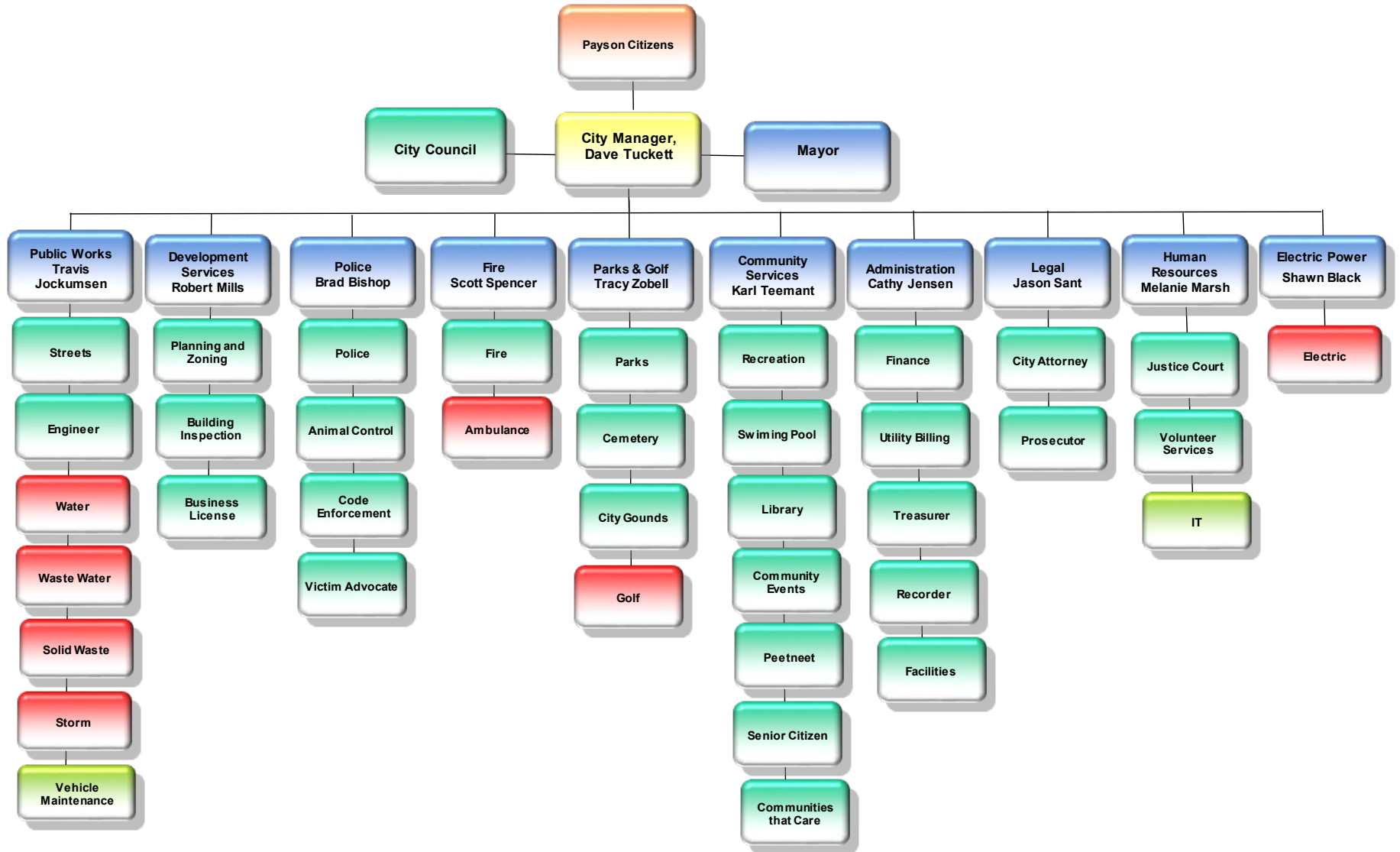
Credit must, as always be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Payson finances.

Respectfully submitted,

Cathy Jensen
Finance Director

David C. Tuckett
City Manager

Payson City Organizational Chart





Payson City

List of Appointed Officials and Council

June 30, 2023

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

Finance Director	Cathy Jensen
Recreation Director	Karl Teemant
Human Resource Director	Melanie Marsh
Development Services Director	Robert Mills
Electric Power	Shawn Black
Parks and Golf Director	Tracy Zobell



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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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In 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, 2023 and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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, 2023, 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, 2023



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, 2023.

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 \$201,676,921 (net position). Of this amount \$35,128,192 (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 \$5,704,137. This is up from the previous year by \$566,900 or 11%.
- The City collected \$1,509,056 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 2023, the City had the following number of building permits, compared to previous years:

Building Permits		
<u>Year</u>	<u>Number</u>	
2023	75	***Through June 2022
2022	106	
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 \$199,087,173 (net position) at the close of fiscal year 2023 This includes both governmental and enterprise funds. For the governmental funds, the total net position for fiscal year 2023 was \$83,052,776. This amount includes amounts invested in net assets, impact fees, obligated funds and unrestricted funds.

In the governmental funds, a portion of the City’s net position (approximately 71%) represents resources that consist of capital assets. Unrestricted net position \$23,897,234 may be used to meet the government’s ongoing obligations to citizens and creditors.

As of June 30, 2023, 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:

	Payson City NET POSITION					
	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$35,415,960	\$40,670,099	\$43,982,933	\$100,015,796	\$79,398,893	\$140,685,895
Capital Assets (net)	56,130,032	60,518,793	93,287,545	106,223,068	149,417,577	166,741,861
Total assets	\$91,545,992	101,188,892	137,270,478	206,238,864	228,816,470	307,427,756
Deferred outflow of resources	1,148,664	1,539,225	860,163	1,001,888	2,008,827	2,541,113
Current liabilities	8,415,792	13,356,897	3,404,267	10,150,233	11,820,059	23,507,130
Long term liabilities	4,438,721	1,580,591	33,870,050	79,928,601	38,308,771	81,509,192
Total liabilities	12,854,513	14,937,488	37,274,317	90,078,834	50,128,830	105,016,322
Deferred inflow of resources	5,804,079	2,937,778	1,788,947	1,127,521	7,593,026	4,065,299
Net assets:						
Net investment in capital assets	51,691,311	56,859,729	60,334,155	75,197,562	112,025,466	132,057,291
Restricted	2,696,939	4,095,888	5,562,951	5,972,575	8,259,890	10,068,463
Assigned	-	-	-	3,548,339		
Unrestricted	19,647,814	23,897,234	33,170,271	31,315,921	52,818,085	55,213,155
Total net position	<u>\$74,036,064</u>	<u>\$84,852,851</u>	<u>\$99,067,377</u>	<u>\$116,034,397</u>	<u>\$173,103,441</u>	<u>\$200,887,248</u>



The changes in net position representation is as follows:

		Payson City		Changes in Net position			
		Governmental Activities		Business-Type Activities		Total	
		2022	2023	2022	2023	2022	2023
Revenues:							
Program Revenues:							
Charges for Services	\$	5,815,666	\$ 5,814,184	\$ 29,991,191	\$ 33,697,670	\$ 35,806,857	\$ 39,511,854
Grants and contributions		-	-	-	-	-	-
Cap Grants and Contributions		11,645,733	8,170,033	16,999,445	7,594,567	28,645,178	15,764,600
Operational Grants		826,362	403,991	27,437	3,438,024	853,799	3,842,015
General Revenues:							
Property taxes		1,859,123	2,378,794	-	-	1,859,123	2,378,794
Sales Tax		5,137,237	5,704,137	-	-	5,137,237	5,704,137
Other		2,031,855	4,017,327	222,634	1,098,980	2,254,489	5,116,307
Total Revenues		<u>27,315,976</u>	<u>26,488,466</u>	<u>47,240,707</u>	<u>45,829,241</u>	<u>74,556,683</u>	<u>72,317,707</u>
Expenses:							
General government		14,679,358	17,849,111	-	-	14,679,358	17,849,111
Water		-	-	3,743,074	3,768,469	3,743,074	3,768,469
Electric		-	-	13,759,748	15,004,943	13,759,748	15,004,943
Sewer		-	-	2,876,447	2,923,149	2,876,447	2,923,149
Ambulance		-	-	780,861	757,309	780,861	757,309
Solid Waste		-	-	2,672,908	3,254,428	2,672,908	3,254,428
Golf Course		-	-	1,335,695	1,156,192	1,335,695	1,156,192
Storm Drain		-	-	912,726	1,014,795	912,726	1,014,795
Total expenses		<u>14,679,358</u>	<u>17,849,111</u>	<u>26,081,459</u>	<u>27,879,285</u>	<u>40,760,817</u>	<u>45,728,396</u>
Increase in net position before transfers		<u>12,636,618</u>	<u>8,639,355</u>	<u>21,159,248</u>	<u>17,949,956</u>	<u>33,795,866</u>	<u>54,955,114</u>
Transfers		<u>1,777,235</u>	<u>2,177,432</u>	<u>(1,777,235)</u>	<u>(2,177,432)</u>	<u>-</u>	<u>-</u>
Increase in net position	\$	<u>14,413,853</u>	<u>\$ 10,816,787</u>	<u>\$ 19,382,013</u>	<u>\$ 15,772,524</u>	<u>\$ 33,795,866</u>	<u>\$ 54,955,114</u>
Net Position-beginning	\$	<u>59,622,211</u>	<u>\$ 74,036,064</u>	<u>\$ 79,167,503</u>	<u>\$ 99,067,377</u>	<u>\$ 138,789,714</u>	<u>\$ 173,103,441</u>
Restatement				517,861	1,194,495		-
Net Position-ending	\$	<u>74,036,064</u>	<u>\$ 84,852,851</u>	<u>\$ 99,067,377</u>	<u>\$ 116,034,396</u>	<u>\$ 172,585,580</u>	<u>\$ 200,887,247</u>

GOVERNMENTAL ACTIVITIES. Governmental activities increased the City’s net position by \$10,816,787 over the previous year in the government-wide statements.

The major contributor to this increase was capital assets, conservative budgeting in the governmental fund.

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 \$28,416,071 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:

	Fund Balance
General Fund	\$ 6,719,245
Redevelopment-Town	144,899
Redevelopment-Business Park	2,685,685
Impact Fee-Park	2,116,741
Impact Fee-Public Safety	1,342,095
PARC Tax	458,472
Perpetual Care	637,052
Capital	11,820,964
Revolving Loan	2,490,918
	\$ 28,416,071

Approximately 26 percent of the governmental fund balance amount (\$7,368,480) 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 \$4,877,562.



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	\$ 1,816,397
Solid Waste	2,236,592
Power	(158,058)
Sewer	21,024,161
Ambulance	1,633,934
Golf Course	2,869,043
Storm Drain	<u>1,882,386</u>
	\$ 31,304,455

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. To keep up increasing needs in the water department, the City increased water rates by 6%.

The City issued a 2019 water bond, in order to fund the metering of the secondary irrigation system. This bond allowed for additional capacity to draw-down the bond to continue the project. Additional bond liability from the draw-down of funds is reflected in the financial statements.

Solid Waste. The Solid Waste fund performs two primary functions. First, 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 \$2,630,570 was implemented. Kenny Seng helped finance the new scale house at the landfill, in exchange for future sales of gravel associated with the contract. At June 30, 2023, \$1,797,411.28 was expended on the scale-house with off-setting gravel revenues.



Solid Waste is required to show as a liability the effect of closure and post-closure expenses in the financial statement. An analysis by a third party contractor re-calculated the closure and post-closure liability for 2023.

Electric. The electric power fund provides power to residents of Payson. Power is generally purchased through UAMPs (Utah Associated Municipal Power System). The electric plant has had a particularly difficult year. The cost of power purchased far exceeded projections and available resources. The City underwent a power rate-study and enacted a 10% rate increase in order to offset future needed infrastructure needs and the cost of operations, including the purchase of power.

Additional funding is also intended to cover the cost of future infrastructure and an expanded power plant.

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

The City is required to construct 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 \$70 million and \$80 million dollars. In the current 2023 fiscal year, the City issued two sewer bonds: 2022B sewer bond for \$10,000,000 and 2022 sewer revenue bond for \$41,500,000 to begin construction on the new plant.

The City anticipates future bonding may be required to complete the sewer projects because of the drastic increase in the cost of construction of the plant since the plant began.

The City is weighing all possibilities in regards to future construction and financing for the new plant. In 2022, 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. The City also received a grant for \$6,065,335; a portion of which is intended to help with the Payson Fruit Growers discharge.

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 through the COVID-19 pandemic. The Ambulance department is working to implement a paramedic program. The City outsources ambulance billing and collections.

Golf Course. In addition to running the golf course, the Golf course division operates 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 \$28,425,340 (net position) at the close of fiscal year 2023 city-wide. This includes reserved, committed and unassigned net position.



BUDGETARY HIGHLIGHTS. The difference between the original budget and the final amended budget was a net increase of \$8,497,724 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 2023, shows that 48.14% of the City’s roads were in “fair” or better condition, which exceeds the percentage reported in 2022 by .94%. Additionally, 34.14% of the roads assessed in 2023 were in “very poor” condition.

In 2023, the City’s spent approximately \$153,057 to maintain and preserve its roads, which was 21% of what the City’s estimated would be needed. Primary issues have arisen from the inability for the City to find contractors willing to bid and find time in their schedules to do the work.

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:

	Payson City Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$3,084,105	\$3,231,751	\$8,349,002	\$8,349,002	\$11,433,107	\$11,580,753
Infrastructure	37,603,390	33,576,282	-	-	37,603,390	33,576,282
Buildings & Improvements	27,732,570	27,289,122	129,726,477	111,856,988	157,459,047	139,146,110
Equipment	6,704,307	5,926,863	12,054,588	12,811,848	18,758,895	18,738,711
Construction in progress	446,070	169,478	5,633,646	7,764,875	6,079,716	7,934,353
Accumulated Depreciation	(15,915,926)	(14,615,021)	(55,459,623)	(53,754,105)	(71,375,549)	(68,369,126)
Leased Equipment	864,277	551,557	194,997	456,970	-	1,008,527
Water Stock	-	-	5,723,981	5,723,981	5,723,981	5,723,981
Total	<u>\$60,518,793</u>	<u>\$56,130,032</u>	<u>\$106,223,068</u>	<u>\$93,209,559</u>	<u>\$165,682,587</u>	<u>\$149,339,591</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, 2023, the City had total bonded debt outstanding of \$84,097,000. Below is a list of bonded debt:

Purpose of Bond	Funding Source	Original Amount	Remaining	Payoff Date	Origination
			Amount		Date
Pool	Sales Tax	\$ 4,940,832	\$ 2,084,784	2026	2007
Eastside Sewr Line	Sales Tax	2,500,000	1,900,000	2024	2019
Fore Bay and PI	Water Revenue	7,385,000	3,680,000	2029	2013
Water Tank	Water Revenue	2,861,000	1,892,000	2032	2016
Water PI Lines	Water Revenue	8,985,000	8,284,000	2036	2019
Sewer Plant	Sewer Revenue	13,500,000	13,500,000	2038	2022
Sewer Plant Equipment	Sewer Revenue	10,000,000	10,000,000	2037	2022
Sewer Plant	Sewer Revenue	41,500,000	41,500,000	2037	2022
Sewer Sales Tax Refunding	Sewer Revenue	2,977,168	1,256,216	2026	2016
			\$ 84,097,000		

A list of changes in other debt is as follows:

Payson City						
Changes in Other Debt						
	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Unamortized Bond Premium	\$ -	\$ -	\$ 8,590	\$ -	\$ 8,590	\$ -
Capital Lease	1,574,282	1,467,857	2,139,924	1,666,651	3,714,206	3,134,508
Water Share Liability	-	-	586,892	534,788	586,892	534,788
Closure and Post closure liability	-	-	1,132,193	952,107	1,132,193	952,107
Bonds Payable	2,084,784	2,580,864	82,012,216	30,628,136	84,097,000	33,209,000
Total Long Term Debt	<u>\$ 3,754,290</u>	<u>\$ 5,074,086</u>	<u>\$ 86,535,655</u>	<u>\$ 34,627,871</u>	<u>\$ 90,289,945</u>	<u>\$ 39,701,957</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 \$3,109,917,924 (2022). The current general obligation debt limitation for the City is \$373,190,000. 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 2023

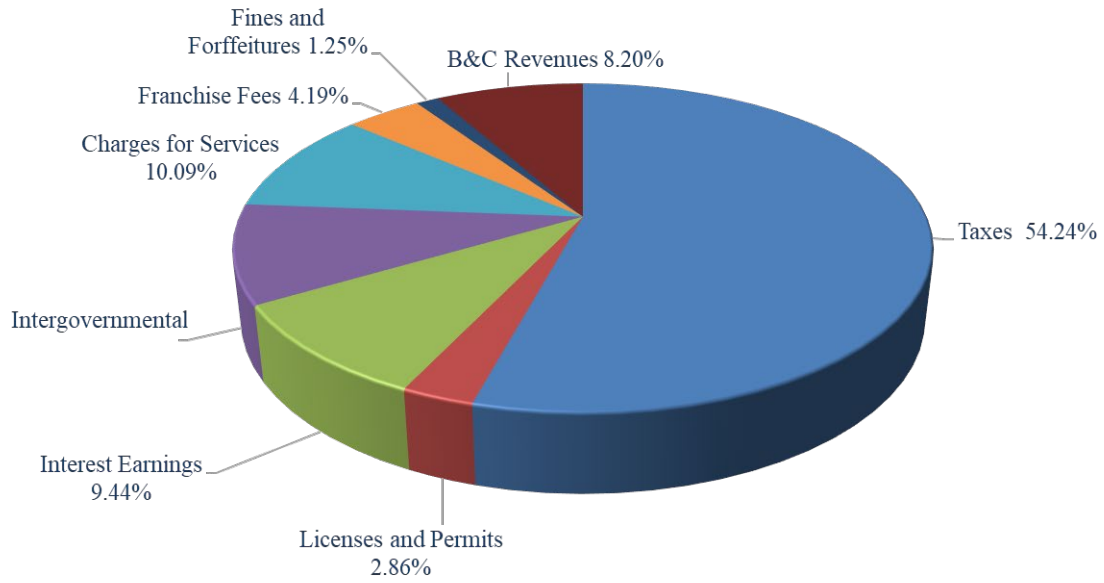
(dollars in thousands)

Assessed value	\$ 3,109,918
Debt limit (12% of assessed value)	<u>373,190</u>
Total net debt applicable to limit	<u>\$ -</u>
Legal debt margin	<u>\$ 373,190</u>



A visual representation of the revenues by source:

Payson City
Revenues by Source
For Period Ending June 30, 2023



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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 July 2023 was 2.6%. 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).

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 for the City is the construction of a new sewer plant to meet Federal and State affluent regulations. The City continues to assess funding options for the increasing costs of 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



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Payson CITY
Statement of Net Position
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and Cash Equivalents			
Unrestricted	31,203,602	76,419,070	107,622,672
Restricted	4,095,888	6,761,983	10,857,871
Accounts Receivable			-
Taxes Receivable	5,389,046		5,389,046
Other Receivables	-	16,712,447	16,712,447
Net Pension Asset	(18,437)	122,296	103,859
Capital assets			-
Land	3,084,105	8,349,002	11,433,107
Buildings and Improvements	27,732,570	129,726,478	157,459,048
Leased assets	864,277	194,997	1,059,274
CIP	446,070	5,633,647	6,079,717
Equipment	6,704,307	12,054,587	18,758,894
Infrastructure	37,603,390	-	37,603,390
Depreciation	(15,915,926)	(55,459,623)	(71,375,549)
Water Rights	-	5,723,981	5,723,981
Total assets	<u>101,188,892</u>	<u>206,238,865</u>	<u>307,427,757</u>
Deferred outflows of resources			
Deferred Charge on Refunding	-	234,233	234,233
Deferred outflows related to pensions	1,539,225	767,655	2,306,880
Total deferred outflow of resources	<u>1,539,225</u>	<u>1,001,888</u>	<u>2,541,113</u>
LIABILITIES			
Accounts payable and accrued liabilities	8,861,984	2,536,071	11,398,055
Deposits	-	405,080	405,080
Due To		15,871	15,871
Net Pension Liability	1,301,553	589,388	1,890,941
Accrued Interest Payable	13,613	58,898	72,511
Lease Payable	1,574,282	2,139,923	3,714,205
Compensated absences	1,101,273	602,303	1,703,576
Water Shares	-	586,892	586,892
Long Term Liabilities			-
Due Within One Year	504,192	3,215,808	3,720,000
Due in More Than One Year	1,580,591	79,928,601	81,509,192
Total liabilities	<u>14,937,488</u>	<u>90,078,835</u>	<u>105,016,323</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	3,017,021	1,000,000	4,017,021
Deferred Inflows Pensions	(79,243)	127,521	48,278
	<u>2,937,778</u>	<u>1,127,521</u>	<u>4,065,299</u>
NET POSITION			
Invested in capital assets, net of related debt	56,859,729	75,197,562	132,057,291
Restricted			-
Impact Fees	3,395,908	5,931,774	9,327,682
Assigned	-	3,589,140	3,589,140
Unrestricted	<u>24,597,214</u>	<u>31,315,921</u>	<u>55,913,135</u>
Total net position	<u>84,852,851</u>	<u>116,034,397</u>	<u>200,887,248</u>

See accompanying notes to the financial statements.

Payson CITY
Statement of Activities
For Period Ended June 30, 2023

Function/Programs	Program Revenues				Net (Expense) Rev & Chgs in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	5,587,659	4,324,638	82,826	1,870,322	690,127	-	690,127
Public safety	5,117,314	179,106	321,165	219,851	(4,397,192)	-	(4,397,192)
Highways and public works	1,112,648	67,263	-	5,346,710	4,301,325	-	4,301,325
Parks and Recreation	5,966,386	1,243,177	-	733,150	(3,990,059)	-	(3,990,059)
Debt Retirement	2,632	-	-	-	(2,632)	-	(2,632)
Interest on Long-term debt	62,472	-	-	-	(62,472)	-	(62,472)
Total governmental activities	<u>17,849,111</u>	<u>5,814,184</u>	<u>403,991</u>	<u>8,170,033</u>	<u>(3,460,903)</u>	<u>-</u>	<u>(3,458,271)</u>
Business-type activities:							
Water	3,768,469	5,181,472	5,359	3,738,218	-	5,156,580	5,156,580
Power	15,004,943	15,613,514	3,079,449	721,423	-	4,409,443	4,409,443
Sewer	2,923,149	5,932,785	-	1,541,919	-	4,551,555	4,551,555
Solid Waste	3,254,428	3,194,384	347,825	-	-	287,781	287,781
Ambulance	757,309	1,043,488	4,806	-	-	290,985	290,985
Golf Course	1,156,192	1,758,004	-	-	-	601,812	601,812
Storm Drain	1,014,795	974,023	585	1,593,007	-	1,552,820	1,552,820
Total business-type activities	<u>27,879,285</u>	<u>33,697,670</u>	<u>3,438,024</u>	<u>7,594,567</u>	<u>-</u>	<u>16,850,976</u>	<u>16,850,976</u>
Total primary government	<u>45,728,396</u>	<u>39,511,854</u>	<u>3,842,015</u>	<u>15,764,600</u>	<u>(3,460,903)</u>	<u>16,850,976</u>	<u>13,392,705</u>
General revenues:							
Property taxes					2,378,794	-	2,378,794
General sales and use tax					5,704,137	-	5,704,137
Franchise Tax					771,741	-	-
Other Taxes					1,508,201	-	1,508,201
Investment Earnings					1,737,385	1,098,980	2,836,365
Transfers					2,177,432	(2,177,432)	-
Total general revenues					<u>14,277,690</u>	<u>(1,078,452)</u>	<u>12,427,497</u>
Change in net position					10,816,787	15,772,524	26,589,311
Net position - beginning					<u>74,036,064</u>	<u>99,067,377</u>	<u>173,103,441</u>
Restatement of Capital Assets					-	1,194,495	-
Net position - ending					<u>84,852,851</u>	<u>116,034,396</u>	<u>200,887,247</u>

See accompanying notes to the financial statements.

Payson CITY
Governmental Funds Balance Sheet
June 30, 2023

	General Fund	Capital Projects Capital	Revolving Loan	Nonmajor Governmental	Total Governmental Funds
ASSETS					
Combined Cash and cash equivalents	\$ 13,867,453	\$ 12,445,486	\$ 1,174,411	\$ 8,532,676	\$ 34,845,615
Receivables:					-
Taxes	3,549,275	-	-	-	3,549,275
Grants and contributions	715	-	-	-	715
Accounts	362,394	-	1,398,957	1,476,662	1,839,056
Total assets	\$ 17,779,837	\$ 12,445,486	\$ 2,573,368	\$ 10,009,338	\$ 40,234,661
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					-
Accounts payable and accrued liabilities	\$ 464,988	7,341	82,450	133,476	605,805
Accrued salaries, wages and benefits	614,385	-	-	-	614,385
Due to other entities	23,393	-	-	-	23,393
Performance Bond	7,520,814	-	-	-	7,520,814
Deferred Revenues	-	617,181	-	-	617,181
Total liabilities	\$ 8,623,580	624,522	\$ 82,450	\$ 133,476	\$ 9,381,578
Deferred inflow of resources					
Property taxes levied for future years	2,437,012	-	-	-	2,437,012
Total deferred inflow of resources	2,437,012	-	-	-	2,437,012
FUND BALANCES					
Restricted for:					-
Impact Fees	-	-	-	3,395,908	3,395,908
Assigned	1,841,683	6,453,783	2,490,918	5,384,430	13,679,896
Committed	-	-	-	637,052	637,052
Unassigned	4,877,562	-	-	458,472	5,336,034
Total fund balances	6,719,245	11,820,964	2,490,918	9,875,862	28,416,071
Total liabilities, deferred inflow of resources and fund balances	\$ 17,779,837	\$ 12,445,486	\$ 2,573,368	\$ 10,009,338	\$ 40,234,661

Payson CITY
Balance Sheet Reconciliation to Statement of Net Assets
June 30, 2023

Total fund balances - governmental fund types:	\$ 28,416,071
Capital assets used in governmental activities (excluding internal service funds) are not financial resources and, therefore, are not reported in the funds.	60,518,793
Allocation of internal service fund	-
Others adjustment	79,485
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.	314,001
	-
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	(18,437)
Deferred outflows of resources relating to pensions	1,539,199
Net pension liability	(1,301,553)
Accounts Payable	-
Deferred inflows of resources	79,243
Deferred Revenues	-
	-
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	(2,084,783)
Accrued interest payable	(13,613)
Compensated Absences	(1,101,273)
Lease Payable	(1,574,282)
Net Position of Governmental Activities	84,852,851

Payson City
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
June 30, 2023

	General Fund	Capital Projects	Nonmajor Governmental	Total Governmental Funds
REVENUES				
Taxes				
Property Tax	\$ 2,378,794	\$ -	\$ -	\$ 2,378,794
Sales Tax	5,704,137	-	-	5,704,137
Motor Vehicle Tax	132,434	-	-	132,434
Franchise Fee	771,741	-	-	771,741
Telephone Tax	72,389	-	-	72,389
Energy Tax	897,333	-	-	897,333
PARC Tax	-	-	387,756	387,756
Room Tax	23,965	-	-	23,965
Other taxes	1,897,862	-	387,756	2,285,618
Licenses, Permits and Fees	526,365	-	-	526,365
Grants and Contributions	403,991	7,000	-	410,991
Charges for Services	1,857,121	-	-	1,857,121
B&C Road Funds	1,509,056	-	-	1,509,056
Fines and Forfeitures	229,540	-	-	229,540
Interest Income	1,538,504	67,885	130,996	1,737,385
Other	3,114,013	-	39,297	3,153,310
Donations	46,006	-	-	46,006
	<u>19,205,389</u>	<u>74,885</u>	<u>558,049</u>	<u>19,838,323</u>
EXPENDITURES				
Current:				
General Government	5,669,559	-	447,908	6,117,467
Public Safety	5,680,483	-	-	5,680,483
Highways and Streets	960,748	-	-	960,748
Parks and Recreation	3,734,793	-	95,794	3,830,587
Economic Development	-	-	14,750	14,750
Community Events	365,798	-	-	365,798
Cemetery	394,734	-	-	394,734
Debt Service:				
Principal Retirement	364,770	-	133,942	498,712
Interest and Fiscal	38,880	13,650	10,456	62,986
Capital Outlay				
General Government	380,813	-	6,790	387,603
Public Safety	-	-	11,610	11,610
Highways and Streets	579,722	-	-	579,722
Parks, recreation and culture	-	-	78,187	78,187
General Government	-	283,592	-	283,592
Total expenditures	<u>18,170,300</u>	<u>297,242</u>	<u>799,437</u>	<u>19,266,979</u>
Excess revenues over (under) expenditures	<u>1,035,089</u>	<u>(222,357)</u>	<u>(241,388)</u>	<u>571,344</u>
Other Financing Sources (Uses)				
Impact Fees	-	-	953,000	953,000
Proceeds from the sale of assets	45,410	-	1,877,349	1,922,759
Transfers in	2,590,332	2,416,690	-	5,007,022
Transfers out	(2,829,590)	-	-	(2,829,590)
Total other financing sources and use	<u>(193,848)</u>	<u>2,416,690</u>	<u>2,830,349</u>	<u>5,053,191</u>
Net change in fund balance	<u>841,241</u>	<u>2,194,333</u>	<u>2,588,961</u>	<u>5,624,535</u>
Fund balances - beginning of year	5,878,004	9,626,631	7,286,901	22,791,536
Fund balances - end of year	<u>\$ 6,719,245</u>	<u>\$ 11,820,964</u>	<u>\$ 9,875,862</u>	<u>\$ 28,416,071</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, 2023

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

Net changes in fund balances - total governmental funds	5,624,535
<p>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.</p>	
Capital outlay	5,738,924
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net assets.	247,049
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.	(460,809)
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.	(75,908)
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.	-
Other adjustments	(219,465)
The internal service funds used by management to charge the costs of Governmental fund expenditures and related internal service fund revenues are eliminated.	20,298
Change in Net position of governmental activities	(57,837)
	10,816,787

Payson City
Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise funds			Total Nonmajor Funds	Governmental Activities	
	Water	Power	Sewer		Total	Internal Service Funds
ASSETS						
Current Assets						
Combined Cash and cash equivalents						
Unrestricted	\$ 5,020,453	\$ 3,628,875	\$ 58,600,761	\$ 9,168,981	\$ 76,419,070	\$ 453,875
Accounts Receivable	594,233	1,095,175	587,631	1,010,408	3,287,447	-
Total Current Assets	5,614,686	4,724,050	59,188,392	10,179,389	79,706,517	453,875
Non Current Assets						
Combined Cash and cash equivalents						
Restricted	2,098,013	2,338,325	1,692,402	633,243	6,761,983	-
Net Pension Asset	18,198	50,343	10,828	42,927	122,296	(5,799)
Due From Other Government Agencies	-	-	13,425,000	-	13,425,000	-
Capital assets						
Intangible Assets	59,319	-	-	135,678	194,997	-
Land	6,711,439	116,337	207,482	1,313,744	8,349,002	-
Water stock	5,723,981	-	-	-	5,723,981	-
Buildings and improvements	46,550,730	25,564,445	37,863,084	19,748,219	129,726,478	-
Machinery and equipment	1,139,874	3,268,799	1,456,068	6,189,846	12,054,587	824,208
Leased Assets	-	-	-	-	-	121,398
Construction in progress	208,337	908,106	3,032,645	1,484,559	5,633,647	-
Less: accumulated depreciation	(14,282,708)	(16,397,365)	(14,472,210)	(10,307,340)	(55,459,623)	(832,895)
	-	-	-	-	-	-
Total Capital Assets Net	46,051,653	13,460,322	28,087,069	18,429,028	106,028,072	112,711
Total noncurrent assets	48,227,183	15,848,990	43,215,299	19,240,876	126,532,348	106,912
Total assets	53,841,869	20,573,040	102,403,691	29,420,265	206,238,865	560,787
DEFERRED OUTFLOW OF RESOURCES						
Deferred Charge on Refunding	234,233	-	-	-	234,233	-
Pension Related	86,583	330,524	97,094	253,454	767,655	80,913
Total deferred outflow of resources	320,816	330,524	97,094	253,454	1,001,888	80,913
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	147,227	1,479,000	473,708	222,894	2,322,829	97,587
Accrued salaries, wages and benefits	22,734	76,478	23,701	90,330	213,243	16,982
Customer Deposits	-	405,080	-	-	405,080	-
Due to other entities	-	7,647	-	8,224	15,871	-
Accrued Interest Payable	41,236	-	17,662	-	58,898	-
Long term liabilities						
Debt Service due within one year	1,012,000	-	2,203,808	-	3,215,808	40,566
Other long-term liabilities due within one year	85,023	23,576	-	450,244	558,843	-
Total Current Liabilities	1,308,220	1,991,781	2,718,879	771,692	6,790,572	155,135
Noncurrent Liabilities						
Net Pension Liability	84,351	252,887	80,874	171,276	589,388	54,907
Water Shares	586,892	-	-	-	586,892	-
Compensated Absences	71,091	237,675	72,889	220,648	602,303	42,898
Long term liabilities						
Closure and Postclosure liability	-	-	-	1,132,193	1,132,193	-
Debt service due in more than one year	12,844,000	-	65,952,408	-	78,796,408	-
Lease payments due in more than one year	240,842	-	-	1,340,238	1,581,080	49,176
Total noncurrent liabilities	13,827,176	490,562	66,106,171	2,864,355	83,288,264	146,981
Total liabilities	15,135,396	2,482,343	68,825,050	3,636,047	90,078,836	302,116
DEFERRD INFLOW OF RESOURCES						
Deferred revenue	1,000,000	-	-	-	1,000,000	-
Deferred inflows relating to pensions	3,955	35,108	12,565	75,893	127,521	4,754
Total deferred inflow of resources	1,003,955	35,108	12,565	75,893	1,127,521	4,754
NET POSITION						
Net investment in capital assets	34,125,072	13,436,746	10,940,629	16,706,581	75,209,028	66,346
Restricted	-	-	-	-	-	-
Impact fees	2,081,865	2,192,329	1,698,380	-	5,972,574	-
Assigned	-	2,915,096	-	633,243	3,548,339	-
Unassigned	1,816,397	(158,058)	21,024,161	8,621,955	31,304,455	268,484
Total net position	\$ 38,023,334	\$ 18,386,113	\$ 33,663,170	\$ 25,961,779	\$ 116,034,396	\$ 334,830

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, 2023

	Water	Power	Sewer	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Internal Service Funds
Revenues						
Charges for Services	\$ 5,181,473	\$ 15,613,514	\$ 5,932,785	\$ 6,962,319	\$ 33,690,091	\$ 1,015,648
Other Fees	-	-	1,661	43,976	45,637	3,431
Total operating revenues	<u>5,181,473</u>	<u>15,613,514</u>	<u>5,934,446</u>	<u>7,006,295</u>	<u>33,735,728</u>	<u>1,019,079</u>
Operating Expenses						
Costs of Sales and Service	753,909	2,032,502	641,046	1,800,314	5,227,772	469,258
Maintenance Operations and Professional	1,922,808	12,224,070	1,165,248	3,346,123	18,658,247	472,734
Depreciation	871,354	486,944	910,394	977,171	3,245,863	57,115
Total Operating Expenses	<u>3,548,071</u>	<u>14,743,516</u>	<u>2,716,688</u>	<u>6,123,608</u>	<u>27,131,882</u>	<u>999,107</u>
Operating Income (Loss)	<u>1,633,402</u>	<u>869,998</u>	<u>3,217,758</u>	<u>882,687</u>	<u>6,603,846</u>	<u>19,972</u>
Non-Operating Revenues (Expenses)						
Impact Fees	325,392	721,423	402,389	-	1,449,204	-
Interest Income	94,165	323,240	623,112	58,463	1,098,980	-
Interest Charges	-	(1,508)	-	(59,116)	(60,624)	-
Sale of Surplus Property gain (loss)	-	787,579	(86,184)	(420,525)	280,870	375
Grants and Contributions	584,196	-	-	4,806	589,002	-
Donations	-	-	-	1,019	1,019	-
Capital Financing	-	(259,920)	(206,461)	-	(466,381)	-
Bond Interest	(220,398)	-	-	-	(220,398)	-
Other Non operating	5,359	2,291,870	-	731,518	3,028,747	-
Total Non-Operating Revenues (Expenses)	<u>788,714</u>	<u>3,862,684</u>	<u>732,856</u>	<u>316,165</u>	<u>5,700,419</u>	<u>375</u>
Income before capital contributions and Transfers	<u>2,422,116</u>	<u>4,732,682</u>	<u>3,950,614</u>	<u>1,198,852</u>	<u>12,304,265</u>	<u>20,347</u>
Transfer In	405,900	-	-	(461,819)	405,900	-
Transfer Out	(447,639)	(1,276,704)	(397,170)	-	(2,583,332)	-
Capital Contributions	2,828,631	-	1,224,053	1,593,007	5,645,691	-
Total Revenues (Expenditures)	<u>2,786,892</u>	<u>(1,276,704)</u>	<u>826,883</u>	<u>1,131,188</u>	<u>3,468,259</u>	<u>-</u>
Changes in Net Position	<u>5,209,008</u>	<u>3,455,979</u>	<u>4,777,497</u>	<u>2,330,040</u>	<u>15,772,524</u>	<u>20,347</u>
Beginning	<u>32,814,326</u>	<u>14,930,134</u>	<u>27,691,178</u>	<u>23,631,739</u>	<u>99,067,377</u>	<u>314,485</u>
Restatement of Net Assets	-	-	1,194,495	-	1,194,495	-
Ending Net Position	<u>38,023,334</u>	<u>18,386,113</u>	<u>33,663,170</u>	<u>25,961,779</u>	<u>116,034,396</u>	<u>334,832</u>

Payson City
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Water	Power	Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service funds
Cash Flows From Operating Activities						
Receipts from customers	\$ 5,109,286	\$ 15,543,325	\$ 5,730,582	\$ 7,172,984	\$ 33,556,177	\$ 1,016,579
Payments to suppliers	(1,877,766)	(12,015,821)	(1,178,552)	(2,978,980)	(18,081,789)	(548,075)
Payments to employees	(856,317)	(2,184,668)	(687,922)	(2,003,816)	(5,732,723)	(458,312)
Net cash provided (used) by operating activities	<u>2,375,203</u>	<u>1,342,836</u>	<u>3,864,108</u>	<u>2,190,188</u>	<u>9,772,335</u>	<u>10,192</u>
Cash Flows From non-capital financing activities						
Transfers (to) from other Funds	(41,739)	(1,276,704)	(397,170)	(461,819)	(2,177,432)	-
Net cash provided (used)	<u>(41,739)</u>	<u>(1,276,704)</u>	<u>(397,170)</u>	<u>(461,819)</u>	<u>(2,177,432)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities						
Impact fees Received	325,392	721,423	402,391	-	1,449,206	-
Proceeds from issuance of debt	2,201,000	-	51,285,000	-	53,486,000	-
Acquisition of capital assets	(2,179,965)	(2,961,613)	(2,793,158)	(113,562)	(8,048,298)	(1,339)
Sale of Capital assets	-	900,021	(86,184)	(59,657)	754,180	-
Financing for capital assets	584,197	-	1,194,495	37,247	1,815,939	-
Other Sources (Uses)	(87,776)	2,260,145	(2,927)	109,640	2,279,082	(30,423)
Deferred Inflows	-	-	-	(328,710)	(328,710)	-
Capital Lease Related Interest	(127,455)	(22,835)	-	(75,676)	(225,966)	-
Principal paid on capital debt	(6,704)	-	-	(30,287)	(36,991)	-
Principal paid on capital debt	(1,228,667)	(259,920)	(1,038,288)	(28,829)	(2,555,704)	-
Interest on asset financing	(220,398)	(1,508)	(221,482)	(13,105)	(456,493)	-
Net cash provided (used) by capital and related financing activities	<u>(740,376)</u>	<u>635,713</u>	<u>48,739,847</u>	<u>(502,939)</u>	<u>48,132,245</u>	<u>(31,762)</u>
Cash Flows From Investing Activities						
Interest and dividends received	59,912	323,240	623,112	27,956	1,034,220	-
Net cash provided (used) by investing activities	<u>59,912</u>	<u>323,240</u>	<u>623,112</u>	<u>27,956</u>	<u>1,034,220</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents - beginning	<u>1,653,000</u>	<u>1,025,085</u>	<u>52,829,897</u>	<u>1,253,386</u>	<u>56,761,368</u>	<u>73,805</u>
Cash and cash equivalents - beginning	<u>5,465,466</u>	<u>4,942,115</u>	<u>7,463,266</u>	<u>8,548,839</u>	<u>26,419,686</u>	<u>380,070</u>
Cash and cash equivalents - ending	<u>7,118,466</u>	<u>5,967,200</u>	<u>60,293,163</u>	<u>\$ 9,802,225</u>	<u>\$ 83,181,054</u>	<u>453,875</u>

See accompanying notes to the financial statements.

Payson City
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

(Continued)

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

	<u>Water</u>	<u>Power</u>	<u>Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Total Internal Service funds</u>
6/30/2023						
Operating income (loss)	\$ 1,633,402	\$ 869,998	\$ 3,217,758	\$ 882,687	\$ 6,603,845	\$ 19,972
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	871,354	486,944	910,393	977,171	3,245,862	57,115
(Increase) decrease in accounts receivable	(72,187)	(70,189)	(202,203)	35,351	(309,228)	-
(Increase) decrease deferred outflows of resources	(25,311)	(75,885)	(24,268)	(51,396)	(176,860)	(16,478)
Increase (decrease) in net pension liability	84,351	546,587	80,874	171,276	883,088	54,907
Increase (decrease) in accounts payable	(4,295)	444,308	17,554	95,151	552,718	76,682
Increase (decrease) in customer deposits	-	(20,393)	-	-	(20,393)	-
Increase (decrease) in deferred inflows of resources	(237,778)	(712,864)	(227,975)	(482,809)	(1,661,426)	(154,779)
Increase (decrease) in accrued salaries and benefits	(32,029)	19,541	881	13,353	1,746	1,634
Increase (decrease) in water share payable	(11,921)	-	-	-	(11,921)	-
Increase (decrease) deferred charge on refunding	(35,135)	-	-	-	(35,135)	-
Increase (decrease) lease payable	(41,451)	(25,137)	-	531,197	464,609	11,032
Increase (decrease) other liabilities	254,464	(1,372)	153,873	134,672	541,637	(49,205)
Increase (decrease) interest payable	4,096	-	(15,022)	-	(10,926)	-
Increase (decrease) in due to other entities	-	(33,971)	-	(15,481)	(49,452)	-
Increase (decrease) in compensated absences	(12,357)	(84,731)	(47,757)	(99,041)	(243,886)	9,312
Increase (decrease) in deposits	-	-	-	(1,944)	(1,944)	-
Total adjustments	<u>741,801</u>	<u>472,838</u>	<u>646,350</u>	<u>1,307,500</u>	<u>3,168,489</u>	<u>(9,780)</u>
Net Cash provided (used) by Operating Activities	<u>\$ 2,375,203</u>	<u>\$ 1,342,836</u>	<u>\$ 3,864,108</u>	<u>2,190,187</u>	<u>9,772,334</u>	<u>\$ 10,192</u>
Non Cash Investing Capital and Financial Activities						
Contributed Assets	\$ 2,828,631	\$ -	\$ 1,224,053	\$ 1,593,007	\$ 5,645,691	-



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 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.



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

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 operations. 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.



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

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

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.

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.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 roads 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, 2023, the total liability for compensated absences was \$1,703,576.

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.

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.



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

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, 2023 for the 2022-2023 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, 2023, 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, 2023 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*.

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:



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

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.

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.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 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 \$118,453,203. All amounts not covered by federal depository insurance at June 30, 2023 totaled \$117,435,203. 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, 2023, the deposits were as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2023</u>
Checking Account	Insured	\$ 3,647,777
Xpress bill Pay	Insured	542,232
PTIF	Uninsured	109,719,647
Moreton Investment Account	Uninsured	4,525,547
Total Deposits		\$ 118,435,203

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.

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.



NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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, 2023, 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)	\$ 109,719,647	\$ -	\$ -	\$ -	\$ -	\$ 109,719,647
Morten Asset Management Account						
Agency CD	3,000,544	-	393,078	191,875	2,173,460	242,130
Corporate	1,478,892	-	-	1,478,892	-	-
Currency	180	-	-	-	-	180
MMM Fund	45,931	-	-	-	-	45,931
Total	4,525,547	-	393,078	1,670,767	2,173,460	288,241
	<u>\$ 114,245,194</u>	<u>\$ -</u>	<u>\$ 393,078</u>	<u>\$ 1,670,767</u>	<u>\$ 2,173,460</u>	<u>\$ 110,007,888</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.
- 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.



NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

On June 30, 2023, 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	6/30/2023	Fair Value Measurements		
		Level 1	Level 2	Level 3
Moreton Investments				
Agency CD	\$ 3,343,820	\$ -	\$ 3,343,820	\$ -
Corporate Bonds LT	1,135,616	-	1,135,616	-
Curency	180	180	-	-
MM Fund	45,931	45,931	-	-
Total Accrual-based investments	<u>4,525,547</u>	<u>46,111</u>	<u>4,479,436</u>	<u>-</u>
Total FMV of Investments	<u>4,525,547</u>	<u>46,111</u>	<u>4,479,436</u>	<u>-</u>
Utah Public Treasurer's Investment Fund (PTIF)	<u>109,719,647</u>	<u>-</u>	<u>109,719,647</u>	<u>-</u>
Total investments by fair value	<u>\$ 114,245,194</u>	<u>\$ -</u>	<u>\$ 109,765,758</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, 2023, 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.

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.



NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

- 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, 2023, 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)	\$ 109,719,647	\$ -	\$ -	\$ -	109,719,647
Morten Asset Management Account					
CD Agency	682,972	2,035,896	624,951	-	3,343,819
Corporate	251,857	883,759	-	-	1,135,616
Cash	180	-	-	-	180
MMM Fund	45,931	-	-	-	45,931
	<u>980,940</u>	<u>2,919,655</u>	<u>624,951</u>	<u>-</u>	<u>4,525,546</u>
Total	<u>\$ 110,700,587</u>	<u>\$ 2,919,655</u>	<u>\$ 624,951</u>	<u>\$ -</u>	<u>\$ 114,245,193</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	77,741	1,476,662	\$ 594,233	\$ 1,095,175	587,630	\$ 1,010,407	\$ 4,841,848
Taxes	3,549,275	-	-	-	-	-	3,549,275
Other	285,368	-	-	-	-	-	285,368
	<u>\$ 3,912,384</u>	<u>\$ 1,476,662</u>	<u>\$ 594,233</u>	<u>\$ 1,095,175</u>	<u>\$ 587,630</u>	<u>\$ 1,010,407</u>	<u>\$ 8,676,491</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.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES TRANSFERS AND DEFERRED INFLOWS (continued)

As of June 30, 2023, Payson City had the following transfers:

Source:	Transfers In		Transfers (out)					Total	
	General		Solid Waste	Electric Power	Water	Sewer	Ambulance		Storm Drain
Transfer In:									
General	\$2,583,332		\$ (295,139)	\$ (1,276,704)	(447,639)	\$ (397,170)	\$ (90,900)	\$ (75,780)	\$ (2,583,332)
Golf Course	-	-	-	-	-	-	-	-	-
Capital	2,416,690	(2,416,690)	-	-	-	-	-	-	-
Payson Comm. Theater	7,000	(7,000)	-	-	-	-	-	-	-
Water	405,900	(405,900)	-	-	-	-	-	-	-
Peteetmeet	-	-	-	-	-	-	-	-	-
Sewer	-	-	-	-	-	-	-	-	-
RDA Business Park	-	-	-	-	-	-	-	-	-
Park Impact Fees	-	-	-	-	-	-	-	-	-
Total Transfers:	<u>\$5,412,922</u>	<u>\$(2,829,590)</u>	<u>\$ (295,139)</u>	<u>\$ (1,276,704)</u>	<u>\$ (447,639)</u>	<u>\$ (397,170)</u>	<u>\$ (90,900)</u>	<u>\$ (75,780)</u>	<u>\$ (2,583,332)</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:

	Unavailable	Unearned
Property taxes receivable (general fund)	\$ -	\$ 2,389,840
Delinquent Property Taxes (general fund)	47,172	
Total deferred/unearned revenue for govnm'tl funds	<u>\$ 47,172</u>	<u>\$ 2,389,840</u>

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NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

Primary Government	Beginning				Ending
Governmental activities:	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Land (Including ROW)	\$ 3,231,751	\$ -	\$ -	\$ (147,646)	3,084,105
Infrastructure	33,576,282	4,027,108	-	-	37,603,390
Construction in Progress	169,478	276,592	-	-	446,070
Total capital assets not being depreciated	36,977,511	4,303,700	-	(147,646)	41,133,565
Capital assets being depreciated:					
Buildings	9,618,846	390,000	-	-	10,008,846
Improvements other than buildings	17,670,276	52,961	-	-	17,723,237
Leased Equipment	551,557	485,823	-	(173,103)	864,277
Machinery and Equipment	3,707,115	619,689	-	(20,895)	4,305,909
Vehicles	2,219,748	530,619	-	(351,969)	2,398,398
Total capital assets being depreciated	33,767,542	2,079,092	-	(545,967)	35,300,667
Less accumulated depreciation for:					
Buildings	(4,053,034)	(226,879)	-	-	(4,279,913)
Improvements other than buildings	(6,521,424)	(229,726)	-	-	(6,751,150)
Machinery and Equipment	(2,472,603)	(458,077)	-	-	(2,930,680)
Leased Equipment	(315,162)	(194,486)	-	123,610	(386,038)
Vehicles	(1,252,798)	(314,860)	-	-	(1,567,658)
Total accumulated depreciation	(14,615,021)	(1,424,028)	-	123,610	(15,915,439)
Total capital assets, being depreciated, net	19,152,521	655,064	-	(422,357)	19,385,228
Governmental activities capital assets, net	\$ 56,130,032	\$ 4,958,764	\$ -	\$ (570,003)	\$ 60,518,793
Business-type activities:	Ending				Ending
	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Water Shares	\$ 5,653,188	\$ 70,793	\$ -	\$ -	\$ 5,723,981
Land	8,349,002	-	-	-	8,349,002
Construction in Progress	7,764,875	3,561,219	-	(5,692,447)	5,633,647
Total capital assets not being depreciated	21,767,065	3,632,012	-	(5,692,447)	19,706,630
Capital assets being depreciated:					
Buildings	970,775	-	-	-	970,775
Improvements	110,886,213	17,869,491	-	-	128,755,704
Leased Equipment	456,970	413,772	-	(675,745)	194,997
Machinery, equipment and Vehicles	12,811,848	311,412	-	(1,068,673)	12,054,587
Total capital assets being depreciated	125,125,806	18,594,674	-	(1,744,418)	141,976,062
Less accumulated depreciation for:					
Buildings	(432,047)	(35,754)	-	-	(467,801)
Improvements	(44,935,008)	(5,541,676)	374,688	2,924,202	(47,177,794)
Leases	(119,396)	(189,093)	-	-	(308,489)
Machinery and Equipment	(8,267,654)	(576,057)	-	1,338,171	(7,505,540)
Total accumulated depreciation	(53,754,105)	(6,342,579)	\$ 374,688	4,262,373	(55,459,623)
Total capital assets, being depreciated, net	71,371,701	12,252,095	374,688	2,517,955	86,516,439
Business-type activities capital assets, net	\$ 93,138,766	\$ 15,884,107	\$ 374,688	\$ (3,174,492)	\$ 106,223,069



NOTE 6 – CAPITAL ASSETS (continued)

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

Governmental activities:

General government	\$	266,043
Public Safety		481,186
Highways and Public Improvements		308,252
Parks and Recreation		368,547
Total depreciation expense -	\$	1,424,028

Business-type activities:

Water	\$	1,715,516
Electric		948,879
Sewer		1,774,029
Solid Waste		563,344
Golf Course		383,225
Storm Drain		866,773
Ambulance		90,812
Total depreciation expense	\$	\$6,342,579

Operating Lease liability for the primary government is as follows:

Governmental			
Year Ending	Principal	Interest	
June 30	Payments	Payments	Total
2024	\$ 586,446	\$ 52,805	\$ 639,251
2025	575,504	40,738	616,242
2026	258,294	22,400	280,694
2027	109,415	5,218	114,633
2026	44,622	1,562	46,184
Enterprise			
Year Ending	Principal	Interest	
June 30	Payments	Payments	Total
2021	\$ 595,527	\$ 58,714	\$ 654,241
2022	559,165	41,688	600,853
2024	445,047	26,956	472,003
2025	287,287	16,128	303,415
2026	231,466	29,651	261,117
Leased Equipment Accumulated Depreciation			\$ 352,170



Operating Lease liability for the primary government is as follows:

Governmental			
Year Ending	Principal	Interest	
June 30	Payments	Payments	Total
2024	\$ 523,569	\$ 51,139	\$ 574,708
2025	533,125	40,738	573,863
2026	221,429	20,667	242,096
2027	87,104	4,437	91,541
2026	22,311	781	23,092
Enterprise			
Year Ending	Principal	Interest	
June 30	Payments	Payments	Total
2021	\$ 595,527	\$ 58,714	\$ 654,241
2022	559,165	41,688	600,853
2024	445,047	26,956	472,003
2025	287,287	16,128	303,415
2026	231,466	29,651	261,117
Leased Equipment Accumulated Depreciation			\$ 352,170

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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:

<i>Capital Leases, Governmental Funds</i>	Remaining
<i>From Revolving Loan Fund</i>	2023
2020 Admin Vehicle 3.25% Revolving Loan Fund (orig amt \$25,000)	4,424
2020 Admin Vehicle 3.25% Revolving Loan Fund (orig amt \$25,000)	4,424
2020 Cemetery Mower 3.25% Revolving Loan Fund (orig amt \$26,250)	5,800
2020 Parks Seeder 3.25% Revolving Loan Fund (orig amt \$18,500)	3,567
2020 Recreation Groomer 3.25% Revolving Loan Fund (orig amt \$14,000)	2,813
2020 Mow Trailer 3.25% Revolving Loan Fund (orig amt \$7,000)	1,407
2020 Streets Flatbed 3.25% Revolving Loan Fund (orig amt \$55,000)	10,152
2020 Facilities F250 3.25% Revolving Loan Fund (orig amt \$34,000)	7,192
2021 Cemetery F150 3% Revolving Loan Fund (orig amt \$35,500)	14,937
2021 Facilities F150 3% Revolving Loan (orig amt \$35,500)	14,937
2021 Parks Chev Silverado 2500 3% Revolving Loan (orig amt \$42,965)	17,951
2021 Development Services F150 3% Revolving Loan (orig amt \$35,500)	14,833
2021 Inspector F150 3% Revolving Loan (orig amt \$35,500)	14,833
2021 Recreation F150 3% Revolving Loan (orig amt \$35,500)	14,906
2021 Fire SCBBA 3% Revolving Loan (orig amt \$200,000)	83,563
2022 Parks Chevy 3/4 Ton (replacing 2007 Chevy 2500)	21,618
2022 Facilities 3/4 Ton (replacing 2007 Chevy 2500)	24,706
2022 Streets F350 (replacing L48 F350)	30,882
2022 Cemetery F550 (replacing F350 Plow Truck)1 ton dump	46,324
2022 Recreation F150 replacing Ford Ranger)	22,236
2022 MOW CREW 3/4 TON	16,675
2023 Parks, Replace truck 1038 Plow Truck	48,699
2023 Streets Replace Ten wheel dump truck truck #533	178,562
 From Outside Sources	
2020 B&C Motor Grader 3.55% (original amount (\$697,000)	123,671
2022 Camera Ssystem Spillman-Motorolla	135,165
	\$ 864,277



NOTE 7 – LEASE COMMITMENTS (Continued)

Capital lease future debt service requirements are as follows:

<i>From Revolving Loan Fund</i>	2023
<i>Capital Leases, Enterprise Funds</i>	Remaining
<i>From Revolving Loan Fund</i>	2023
2019 Golf RV Park 3.25% Revolving Loan Fund (orig. amt \$150,000)	117,126
2020 Electric F150 3.25% Revolving Loan (orig. amt \$47,900)	10,202
2020 Golf Mower 3.25% Revolving Loan (orig. amt. \$62,850)	12,494
2020 Electric Fork Lift 3.25% Revolving Loan Fund (orig amt \$62,793)	13,374
2020 Golf Mules 3.25% Revolving Loan Fund (orig amt \$15,000)	3,074
2020 Water Ford F-150 3.25% Revolving Loan Fund (orig amt \$35,743)	7,649
2020 Golf Ford F-150 3.25% Revolving Loan Fund (orig amt \$35,743)	7,649
2022 Electric Golf Carts 3% (Original amount \$267,035)	164,931
2022 Landfill F150 (replacing F150) 3% (Original Amount (\$40,000)	24,706
2021 Water SCBBA 3% Revolving Loan Fund (orig amt \$64,849)	27,095
2023 Golf Greens Mow Equipment	204,556
2023 Landfill Truck replace 1039	44,640
2023 Storm Drain Replace 545	16,233
2023 Cat Excavator Link Belt	200,822
<i>From Outside Sources</i>	
2019 Shredder for Landfill 3.2% (original amount \$725,500)	65,678
2020 Dozer 3.35% (original amount (\$313,100)	154,108
2021 Water Vac Truck	259,442
2023 Storm Drain Vac Truck	365,274
2020 LoaderWheeler Cat Articulating Truck	295,506
Intangible leases	
	1,994,559

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NOTE 7 – LEASE COMMITMENTS (Continued)

Other lease future debt service requirements are as follows:

Internal Capital leases future debt service requirements		
Lease Arrangements		
Year	Governmental	Business
2024	263,071	272,894
2025	204,785	216,637
2026	112,672	202,476
2027	61,140	135,435
2028+		109,975
Total minimum lease payments	\$ 641,668	\$ 937,417
Amount representing interest	36,227	82,866
Present value of minimum payments	605,441	854,551
Amount due within one year	244,565	246,788
Long term capital lease payable	\$ 360,876	\$ 607,763

External leases future debt service requirements		
Lease Arrangements		
Year	Governmental	Business
2024	76,158	346,313
2025	152,639	349,182
2026	46,632	234,493
2027	-	144,810
2028+	-	151,142
Total minimum lease payments	\$ 275,429	\$ 1,225,940
Amount representing interest	16,593	85,932
Present value of minimum payments	258,836	1,140,008
Amount due within one year	67,998	279,940
Long term capital lease payable	\$ 190,838	\$ 860,068

Two new GASB (Governmental Accounting Standards Board) pronouncements GASB 87 and GASB 96 were recently issued requiring governmental entities to recognize what previously was termed “operational leases.” These leases were expensed as incurred in the funds.

GASB 87 now requires recognition of these leases and identification of amounts that will be required to meet these leases.



NOTE 7 – LEASE COMMITMENTS (Continued)

Current leases that meet the criteria of GASB 87 leases include police and fire vehicle leases and a Information technology server. The term of the lease is generally over 1 year, but the City will not own the vehicle/asset at the end of the term.

GASB 96 requires governmental entities to recognize subscription based information technology arrangements (SBITAs) within identified criteria. Currently the City has three subscription based information technology leases that meet the criteria. These leases are recognized below

Operational (Short-term) Leases

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Enterprise</u>	<u>Principal</u>	<u>Interest</u>
Year 1 2024	273,883	26,139	Year 1 2024	33,849	1,185
Year 2 2025	235,865	22,954	Year 2 2025	33,849	1,185
Year 3 2026	105,578	15,812	Year 3 2026	33,849	1,185
Year 4 2027	50,056	3,437	Year 4 2027	22,386	784
Year 5 2028	44,622	1,562			

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NOTE 8-LONG-TERM DEBT

Bonds payable at June 30, 2023 are comprised of the following:

Revenue Bonds	<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 %. 2023 Payment of \$534,805.	\$ 2,084,784	
\$2,861,000 2016 Water Revenue Refunding Bond, due in bi-annual payments from 2017 to 2032. Interest at .95%-3.80%. 2023 payment of \$221,016.		\$ 1,892,000
\$7,385,000 2013 Water Revenue Refunding Bond, due in bi-annual payments from 2013 to 2029. Interest at 2%-3%. 2023 Payment of \$579,745.		\$ 3,680,000
\$2,977,168 2016 Sewer sales Refunding Bond due in bi-annual payments from 2017 to 2026. Interest at 1.66%. 2023 payment of \$322,254.		\$ 1,256,216
\$2,500,000 2019 Sewer Revenue Bond due in annual payments from 2020 to 2024. Interest at 2.17%. 2023 payment of \$54,250 and a pre-payment of \$354,254.		\$ 1,900,000
Not to exceed \$8,985,000 2019 Water Revenue bond due in annual payments from 2019 to 2040. Interest at 1%. 2023 payment of \$419,269.		\$ 8,284,000
Up to \$13,500,000 Utah Department of Water Quality Sewer bond due in annual payments from 2026 to 2055. Interest at .5%. 2023 payment of \$0.		\$ 13,500,000
\$10,000,000 2023 Sewer Revenue Bonds due in annual payments from 2023 to 2037. Interest at 2.65% - 4.25% 2023 payment of \$175,357.		\$ 10,000,000
\$41,500,000 2023 Sewer Revenue Bonds due in annual payments from 2024 to 2053. Interest at 2.35%-5.35% no 2023 payment.		\$41,500,000
Total	\$ 2,084,784	\$82,012,216



NOTE 8-LONG-TERM DEBT (Continued)

Future annual requirements for all outstanding bond obligations as of June 30, 2023 are as follows:

<u>Fiscal Year</u>	All Bonds		
	Principal	Interest	Total
2024	3,720,000	1,950,951	5,670,951
2025	3,353,000	2,295,794	5,648,794
2026	3,423,000	2,226,064	5,649,064
2027	3,490,000	2,159,470	5,649,470
2028	2,777,000	2,095,626	4,872,626
2029-2033	13,014,000	9,569,633	22,583,633
2034-2038	12,158,000	8,194,484	20,352,484
2039-2043	12,670,000	6,628,188	19,298,188
2044-2055	29,492,000	6,917,994	36,409,994
	\$ 84,097,000	\$ 42,038,204	\$ 126,135,204

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NOTE 8-LONG-TERM DEBT (Continued)

Changes in long-term debt are as follows:

Government Type Activities	2022	Additions	Reductions	2023	Due within One Year
Bonds Payable					
2016 Sales Tax Refunding-Pool	2,580,864	-	496,080	2,084,784	504,192
Total Bonds Payable	2,580,864	-	496,080	2,084,784	504,192
Capital Lease	1,467,857	803,261	696,836	1,574,282	312,563
Accrued Compensated Absences	1,025,365	673,562	597,654	1,101,273	-
Govt Activities Long-Term Debt	\$ 5,074,086	\$ 1,476,823	\$ 1,790,570	\$ 4,760,339	\$ 816,755
					Due within
Business Type Activities	2022	Additions	Reductions	2023	One Year
Bonds Payable					
2016 Sewer Sales Tax Refunding	\$ 1,555,136	\$ -	\$ 298,920	1,256,216	\$ 303,808
2013 Water Refunding Bond	4,155,000	-	475,000	3,680,000	485,000
2016 Water Tank Revenue Refunding	2,060,000	-	168,000	1,892,000	171,000
2019 Water Revenue Bond	7,158,000	1,478,000	352,000	8,284,000	356,000
2019 Sewer Refunding	2,200,000	-	300,000	1,900,000	1,900,000
2022 Sewer Bond DWQ	13,500,000	-	-	13,500,000	-
2022B Sewer Bond	-	10,000,000	-	10,000,000	-
2023 Sewer Bond	-	41,500,000	-	41,500,000	-
Total Bonds Payable	30,628,136	52,978,000	1,593,920	82,012,216	3,215,808
Capital Lease	1,666,651	1,104,655	6,222,213	2,139,924	571,950
Accrued Compensated Absence	846,189	466,063	709,949	602,303	-
Water Share Liability	534,788	52,104	-	586,892	-
Closure and Postclosure Liability	952,107	180,086	-	1,132,193	-
Business activities long-term debt	\$ 34,627,871	\$ 54,780,908	\$ 8,526,082	\$ 86,473,528	\$ 3,787,758

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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.

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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 System	Highest 5 Years	35 years, any age; 20 years, age 60; 10 years, age 62; 4 years age 65	1.5% per year, all years	Up to 2.5%
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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NOTE 9-PENSION PLANS (Continued)

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, 2023 are as follows:

Contribution Rate Summary				
Asset Class		Employee	Employer	Employer 401(k)
Contributory System	111 Local Govern	-	16.01	0.18
Noncontributory System	15 Local Govern	-	17.97	-
Public Safety System				
Contributory	122 Tier 2 DB H;	2.59	25.83	-
Noncontributory	43 other Div A w	-	34.04	-
Firefighters Retirement System	31 Other Division	15.05	3.61	-
	132 Tier 2 DB H;	2.59	14.08	-
Tier 2 DC Only	211 Local Govern	-	6.19	10.00
	222 Public Safety	-	11.83	14.00
	232 Firefighters	-	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, 2023, the employer and the employee contributions to the systems were as follows:

System	Employee Contributions	Employee Contributions
Noncontributory System	\$ 729,449	-
Public Safety System	369,678	-
Firefighters System	6,319	25,435
Tier 2 Public Employees System	395,143	-
Tier 2 Public Safety and Firefighter	169,959	17,086
Tier 2 DC Only System	39,564	-
Total Contributions	\$ 1,710,112	\$ 42,521

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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NOTE 9-PENSION PLANS (Continued)

Contribution Rate Summary (Continued)

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

At June 30, 2023, we reported a net pension asset of \$103,860 and a net pension liability of \$1,890,940.

	(Measurement Date): December 31, 2022			Proportionate	
	Net Pension Asset	Net Pension Liability	Proportion Share	Proportionate Share December 31, 2021	Change (Decrease)
Noncontributory System	\$ -	\$ 824,753	0.4815379 %	0.4572552 %	0.0242827 %
Contributory System	-	-	-	-	-
Public Safety System	-	925,472	0.7157143 %	0.7104677 %	0.0052466 %
Firefighters System	103,860	-	0.3999148 %	0.3174292 %	0.0824856 %
Judges Retirement System	-	-	-	-	-
Governors and Legislators	-	-	-	-	-
Tier 2 Public employees	-	124,461	0.1143006 %	0.0989075 %	0.0153931 %
Tier 2 Public Safety Firefighter	-	16,254	0.1948398 %	0.2131437 %	(0.0183039) %
	\$ 103,860	\$ 1,890,940			

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, 2022, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023 we recognized pension expense of \$1,033,621.

At June 30, 2023, 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	\$ 352,046	\$ 10,859
Changes in assumptions	\$ 223,583	\$ 5,238
Net difference between projected and actual earnings on pension plan and investments	\$ 853,357	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 87,040	\$ 32,182
Contributions subsequent to the measurement date.	\$ 790,855	\$ -
	\$ 2,306,881	\$ 48,279

\$790,855 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, 2022.



NOTE 9-PENSION PLANS (Continued)

Contribution Rate Summary (Continued)

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

Year ended December 31	Net Deferred Outflows (Inflows) of Resources
2023	\$ (229,422)
2024	\$ 15,960
2025	\$ 348,034
2026	\$ 1,272,948
2027	\$ 11,439
Thereafter	\$ 48,787

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

For the year ended June 30, 2023, we recognized pension expense of 424,286.

At June 30, 2023, 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	\$ 279,744	\$ -
Changes in assumptions	\$ 135,166	\$ 3,293
Net difference between projected and actual earnings on pension plan and investments	\$ 544,016	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 50,099	\$ 30
Contributions subsequent to the measurement date.	\$ 334,064	\$ -
	\$ 1,343,089	\$ 3,323

\$334,064 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, 2022.



NOTE 9-PENSION PLANS (Continued)

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

Year ended December 31	Net Deferred Outflows (Inflows) of Resources
2023	\$ (82,614)
2024	\$ 34,362
2025	\$ 218,510
2026	\$ 835,444
2027	\$ -
Thereafter	\$ -

Contribution Rate Summary (Continued)

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

For the year ended June 30, 2023, we recognized pension expense of \$336,464.

At June 30, 2023, 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	\$ 4,097	\$ -
Changes in assumptions	\$ 24,822	\$ -
Net difference between projected and actual earnings on pension plan and investments	\$ 214,510	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 11,443	\$ -
Contributions subsequent to the measurement date.	\$ 170,199	\$ -
	\$ 425,071	\$ -

\$170,199 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, 2022.



NOTE 9-PENSION PLANS (Continued)

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

Year ended December 31	Net Deferred Outflows (Inflows) of Resources
2023	\$ (146,776)
2024	\$ (37,676)
2025	\$ 89,422
2026	\$ 349,902
2027	\$ -
Thereafter	\$ -

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

For the year ended June 30, 2023, we recognized pension expense of (\$36,049).

At June 30, 2023, 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	\$ 18,326	\$ 531
Changes in assumptions	\$ 12,909	\$ -
Net difference between projected and actual earnings on pension plan and investments	\$ 27,787	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 78	\$ 22,942
Contributions subsequent to the measurement date.	\$ 2,781	\$ -
	\$ 61,881	\$ 23,473

\$2,781 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, 2022.

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NOTE 9-PENSION PLANS (Continued)

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

Year ended December 31	Net Deferred Outflows (Inflows) of Resources
2023	\$ (8,470)
2024	\$ 1,156
2025	\$ 11,157
2026	\$ 31,784
2027	\$ -
Thereafter	\$ -

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

For the year ended June 30, 2023, we recognized pension expense of \$238,482.

At June 30, 2023, 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	\$ 42,038	\$ 4,938
Changes in assumptions	\$ 40,406	\$ 317
Net difference between projected and actual earnings on pension plan and investments	\$ 50,179	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 20,998	\$ 4,886
Contributions subsequent to the measurement date.	\$ 201,314	\$ -
	\$ 354,935	\$ 10,141

\$201,314 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, 2022.

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

Year ended December 31	Net Deferred Outflows (Inflows) of Resources
2023	\$ 7,019
2024	\$ 14,925
2025	\$ 23,786
2026	\$ 45,157
2027	\$ 10,547
Thereafter	\$ 42,046



NOTE 9-PENSION PLANS (Continued)

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

For the year ended June 30, 2023, we recognized pension expense of \$70,438.

At June 30, 2023, 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	\$ 7,841	\$ 5,390
Changes in assumptions	\$ 10,280	\$ 1,628
Net difference between projected and actual earnings on pension plan and investments	\$ 16,865	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 4,421	\$ 4,324
Contributions subsequent to the measurement date.	\$ 82,496	\$ -
	\$ 121,903	\$ 11,342

\$82,496 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, 2022.

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

<u>Year ended December 31</u>	Net Deferred Outflows (Inflows) of Resources
2023	\$ 1,419
2024	\$ 3,193
2025	\$ 5,158
2026	\$ 10,661
2027	892
Thereafter	\$ 6,741

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NOTE 9-PENSION PLANS (Continued)

Actuarial Assumptions

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

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

Mortality rates were adopted from 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, 2022, valuation was based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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

	Expected Return Arithmetic Basis		Long Term expected portfolio real rate of return
	Target asset allocation	Real Return Arithmetic Basis	
Equity securities	35.00%	6.58%	2.30%
Debt securities	20.00%	1.08%	22.00%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute Return	15.00%	2.91%	44.00%
Cash and Equivalents	0.00%	-11.00%	0.00%
Totals	100.00%		5.17%
Inflation			2.50%
Expected Arithmetic nominal return			7.67%

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.



NOTE 9-PENSION PLANS (Continued)

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 does not use the Municipal Bond Index rate.

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	1% Increase or 7.85%
Noncontributory System	\$ 5,197,873	6.85%	\$ 824,753 \$(2,829,218)
Public Safety System	\$ 2,980,488	6.85%	\$ 925,472 \$ (745,740)
Firefighters System	\$ 82,778	6.85%	\$ (103,860) \$ (255,321)
Tier 2 Public Employees System	\$ 543,827	6.85%	\$ 124,461 \$ (198,607)
Tier 2 Public Safety and Firefighter	\$ 130,112	6.85%	\$ 16,254 \$ (74,235)
Total	\$ 8,935,078	6.85%	\$ 1,787,080 \$(4,103,121)

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



NOTE 9-PENSION PLANS (Continued)

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

	2023	2022	2021
401(k) Plan			
Employer Contributions	\$ 79,278	\$ 76,795	\$ 67,194
Employee Contributions	\$ 43,506	\$ 39,916	\$ 25,286
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 14,469	\$ 13,407	\$ 8,650
Roth IRA plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 33,503	\$ 28,465	\$ 20,295

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 \$1,132,193 as of June 30, 2023, 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, 2023, the close and post-closure liability was increased by \$180,086.



NOTE 10- ACCRUED CLOSURE AND POSTCLOSURE CARE COSTS (continued)

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 \$498,950. 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-SEWER FUND RESTATEMENT

Payson City received funds from the Federal Government through the American Rescue Plan Act. These funds were receipted into the Capital Projects fund. The assets expended in the Capital Fund were capitalized in the appropriately related enterprise fund. An adjustment was made in the Sewer Fund to represent prior-period receipt of the ARPA funds into the Sewer Fund that was used to offset the capitalization of the sewer assets.

Sewer Fund

The beginning fund balance of the Sewer Fund has been restated on the net position financial statements to record a prior period adjustment to correct grant revenues recorded in prior years. A reconciliation of the prior period ending net position balance to the current year beginning net position balance for the Sewer Fund is as follows:

Beginning Net Position	27,691,178	\$
Adjustment to correct grant revenues	<u>1,194,495</u>	
Beginning fund balance, as restated	<u>28,885,678</u>	\$

The above adjustment had no effect on the current year change in net position balance and had an increased on the prior year change in net position balance by \$1,194,495.



NOTE 16 – 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	34.14%
7 to 8	17.73%
9 to 12	11.22%
13 to 18	13.73%
19 to 20	23.19%
Total	<u>100.01%</u>

Average remaining service life is 11.92

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						
	2023	2022	2021	2020	2019	2018
0 to 6	34.13%	35.00%	42.00%	46.00%	51.00%	18.10%
7 to 8	17.73%	17.80%	23.00%	24.00%	27.00%	22.89%
9 to 12	11.22%	11.20%	12.00%	13.00%	14.00%	50.43%
13 to 18	13.73%	13.90%	5.00%	1.00%	1.00%	1.34%
19 to 20	23.19%	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>	<u>100.00%</u>
RSL	11.92	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>2023</u>	<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	\$ 705,000	\$ 710,000	\$ 642,900	\$ 1,083,265	\$ 725,361	\$ 305,662	\$ 553,588	\$ 595,372	\$ 459,808
Actual	\$ 153,057	\$ 695,903	\$ 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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Revenues (inflows)				
Taxes	\$ 9,149,067	\$ 9,149,067	\$ 9,980,792	\$ 831,725
License and permits	795,980	795,980	526,365	(269,615)
Intergovernmental Grants and funds	290,500	346,817	403,991	57,174
Charges for services	1,814,715	1,814,715	1,953,792	139,077
Other fees and services				-
B&C Revenue	1,394,900	1,394,900	1,509,056	114,156
Fines and forfeitures	234,000	234,000	229,540	(4,460)
Miscellaneous	3,098,752	3,098,752	3,013,357	(85,395)
Donations	20,000	23,904	46,006	22,102
Interest income	131,300	131,300	1,538,611	1,407,311
Sale of Assets	1,000	41,400	45,410	4,010
Use of Fund Reserves	3,040,080	6,331,997	-	(6,331,997)
Total revenues	<u>19,970,294</u>	<u>23,362,832</u>	<u>19,246,920</u>	<u>(4,115,912)</u>
Expenditures (outflows)				
General government	7,616,256	7,854,660	6,022,183	1,832,477
Public safety	6,305,737	6,337,006	5,680,483	656,523
Highways and Streets	2,504,773	2,504,773	1,540,469	964,304
Parks and recreation	4,101,261	4,139,878	3,734,793	405,085
Economic Development	-	-		-
Community Events	703,671	755,071	390,108	364,963
Cemetery	381,128	413,976	394,734	19,242
Debt Service	534,900	534,900	403,651	131,249
Use of Fund Reserves			-	
Total expenditures	<u>22,147,726</u>	<u>22,540,264</u>	<u>18,166,421</u>	<u>4,373,843</u>
Other Financing Sources and Uses				
Transfers in	2,590,332	2,590,332	2,590,332	-
Transfers out	(412,900)	(3,412,900)	(2,829,590)	583,310
Total Other Financing Sources/Uses	<u>2,177,432</u>	<u>(822,568)</u>	<u>(239,258)</u>	<u>583,310</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>841,241</u>	<u>(841,241)</u>
Fund balance at beginning of year	<u>5,878,004</u>	<u>5,878,004</u>	<u>5,878,004</u>	
Restated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance at end of year	<u>5,878,004</u>	<u>\$ 5,878,004</u>	<u>\$ 6,719,245</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

	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
	2023				
Proportion of the net pension liability (asset)	0.4815379%	0.7157143%	0.3999148%	0.1143006%	0.1948398%
Proportionate share of the net pension liability (asset)	\$824,753	\$925,472	(\$103,860)	\$124,461	\$16,254
Covered Payroll	\$4,148,708	\$1,086,832	\$147,414	\$2,492,824	\$599,480
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	19.88%	85.15%	-70.45%	4.99%	2.71%
Plan fiduciary net position as a percentage of its covered-employee payroll	97.50%	93.60%	108.40%	92.30%	96.40%
	2022				
Proportion of the net pension liability (asset)	0.4572552%	0.7104677%	0.3174292%	0.0980908%	0.2131437%
Proportionate share of the net pension liability (asset)	(\$2,618,749)	(\$557,001)	(\$185,130)	(\$41,861)	(\$10,773)
Covered Payroll	\$3,859,623	\$1,011,381	\$105,829	\$1,835,210	\$509,710
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-67.85%	-57.05%	-174.93%	-2.28%	-2.11%
Plan fiduciary net position as a percentage of its covered-employee payroll	108.70%	104.20%	120.10%	103.80%	102.80%

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

	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
	2021				
Proportion of the net pension liability (asset)	0.4316012%	0.6859107%	0.2968693%	0.0979215%	0.2425054%
Proportionate share of the net pension liability (asset)	\$221,387	\$569,471	(\$83,011)	\$14,084	\$21,751
Covered Payroll	\$3,622,555	\$969,064	\$96,851	\$1,565,683	\$484,234
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.11%	58.77%	-85.71%	90.00%	4.49%
Plan fiduciary net position as a percentage of its covered-employee payroll	99.20%	95.50%	110.50%	98.30%	93.10%
	2020				
Proportion of the net pension liability (asset)	0.4304032%	0.6012467%	0.2961964%	0.8545940%	0.2415341%
Proportionate share of the net pension liability (asset)	\$1,622,133	\$965,372	(\$36,734)	\$19,220	\$22,720
Covered Payroll	\$3,687,256	\$830,649	\$94,834	\$1,187,725	\$398,105
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.99%	116.22%	-38.74%	1.62%	5.71%
Plan fiduciary net position as a percentage of its covered-employee payroll	93.70%	90.90%	105.00%	95.50%	89.60%

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

	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
2019					
Proportion of the net pension liability (asset)	0.4344554%	0.5363490%	0.2965966%	0.0938492%	0.2571392%
Proportionate share of the net pension liability (asset)	\$3,199,210	\$1,379,803	\$38,512	\$40,194	\$6,443
Covered Payroll	\$3,652,237	\$722,478	\$91,947	\$1,096,869	\$344,978
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	87.59%	190.98%	41.88%	3.66%	1.87%
Plan fiduciary net position as a percentage of its covered-employee payroll	87.00%	84.70%	94.30%	90.80%	95.60%
2018					
Proportion of the net pension liability (asset)	0.4312374%	0.5283152%	0.3041595%	0.1000834%	0.2745910%
Proportionate share of the net pension liability (asset)	\$1,889,380	\$828,746	(\$18,996)	\$8,824	(\$3,234)
Covered Payroll	\$3,588,586	\$723,310	\$88,982	\$979,520	\$294,965
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.65%	114.58%	-21.35%	0.90%	-1.10%
Plan fiduciary net position as a percentage of its covered-employee payroll	91.90%	90.20%	103.00%	97.40%	103.00%

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

	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
2017					
Proportion of the net pension liability (asset)	0.4339067%	0.5951550%	0.3119508%	0.0993825%	0.2963540%
Proportionate share of the net pension liability (asset)	\$2,786,212	\$1,207,734	(\$2,459)	\$11,086	(\$2,573)
Covered Payroll	\$3,659,970	\$828,538	\$87,610	\$815,018	\$244,852
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	76.13%	145.77%	-2.81%	1.36%	-1.05%
Plan fiduciary net position as a percentage of its covered-employee payroll	87.30%	86.50%	100.40%	95.10%	103.60%
2016					
Proportion of the net pension liability (asset)	0.4454812%	0.5859524%	0.3236973%	0.1187609%	0.2458146%
Proportionate share of the net pension liability (asset)	\$2,520,749	\$1,049,588	(\$5,863)	(\$259)	(\$3,591)
Covered Payroll	\$3,665,108	\$835,281	\$87,008	\$767,296	\$146,293
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.78%	125.66%	-6.74%	-0.03%	-2.45%
Plan fiduciary net position as a percentage of its covered-employee payroll	87.80%	87.10%	101.00%	100.20%	110.70%

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

	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
	2015				
Proportion of the net pension liability (asset)	0.4272226%	0.5165352%	0.3133721%	0.1009340%	0.1614709%
Proportionate share of the net pension liability (asset)	\$1,855,115	\$649,586	(\$17,882)	(\$3,059)	(\$2,389)
Covered Payroll	\$3,577,235	\$837,721	\$82,249	\$495,503	\$66,973
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.86%	77.54%	-21.74%	-0.62%	-3.57%
Plan fiduciary net position as a percentage of its covered-employee payroll	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%
	2023	729,449	729,449	-	4,089,869	17.84%
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%
	2023	369,678	369,678	-	1,088,525	33.96%
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%
	2023	6,319	6,319	-	169,006	3.74%
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%
	2023	395,143	395,143	-	2,469,076	16.00%
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%
	2023	169,959	169,959	-	667,551	25.46%

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%
	2023	39,564	39,564	-	639,151	6.19%

*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



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 Statements
- 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.



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.



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Payson City
General Fund
Statement of Net Position
June 30, 2023

	<u>Total</u>
ASSETS	
Current Assets	
Combined Cash and cash equivalents	-
Unrestricted	13,867,453
Accounts Receivable	
Taxes	3,549,275
Grants and Contributions	715
Other	362,394
Total assets	<u>17,779,837</u>
LIABILITIES	
Accounts payable and accrued liabilities	464,988
Accrued salaries, wages and benefits	614,385
Customer Deposits	7,520,814
Due to other entities	23,393
Total liabilities	<u>8,623,580</u>
DEFERRED INFLOW OF RESOURCES	
Deferred revenue	2,437,012
Total deferred inflow of resources	<u>2,437,012</u>
NET POSITION	
Assigned	1,841,683
Unassigned	4,877,562
Total net position	<u>\$ 6,719,245</u>



Payson City
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual
General Fund
For Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Variance
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
Revenues			
Taxes			
Property taxes	\$ 2,273,767	\$ 2,378,794	\$ 105,027
Sales taxes	5,300,000	5,704,137	404,137
Energy taxes	847,000	897,333	50,333
Franchise taxes	519,900	771,741	251,841
Motor vehicle fees	114,600	132,434	17,834
Telephone tax	69,800	72,389	2,589
Room Tax	24,000	23,965	(35)
Total	<u>9,149,067</u>	<u>9,980,793</u>	<u>831,726</u>
Licenses and permits			
Business licenses, permits, fees	795,980	526,365	(269,615)
	<u>795,980</u>	<u>526,365</u>	<u>(269,615)</u>
Intergovernmental revenue			
State and other grants	346,817	403,991	57,174
Road fund allotments	1,394,900	1,509,056	114,156
Total	<u>1,741,717</u>	<u>1,913,047</u>	<u>171,330</u>
Charges for services			
Planning, Zoning and PW inspections	236,325	89,077	(147,248)
General Services	(4,000)	(5,700)	(1,700)
Total	<u>232,325</u>	<u>83,377</u>	<u>(148,948)</u>



Payson City
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual (Continued)
General Fund
For Year Ended June 30, 2023

	Budgeted Amounts		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues (continued)			
Lease payments and other fees			
Safety contracts	186,490	159,279	(27,211)
Event, Recreation and Program Fees	1,231,800	1,442,621	210,821
Library fees	15,000	23,219	8,219
Court Fees/fines	206,000	199,933	(6,067)
Senior citizens fees	584	(27)	(611)
Parks Fees	5,600	9,545	3,945
Total	1,645,474	1,834,570	189,096
Cemetery fees			
Other Cemetery	128,000	113,934	(14,066)
Total	128,000	113,934	(14,066)
Miscellaneous revenues			
Interest earnings	131,300	1,538,611	1,407,311
Sale of surplus property and equipment	41,400	45,410	4,010
Donations	23,904	46,006	22,102
Other revenue	3,141,668	3,164,807	23,139
Use of beginning Fund Reserves	6,331,997		
Total	9,670,269	4,794,834	1,456,562
Total revenues	23,362,832	19,246,920	1,946,470



Payson City
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual (Continued)
General Fund
For Year Ended June 30, 2023

	Budgeted Amounts		Variance Favorable (Unfavorable)
	Budget	Actual	
Expenditures			
General Government			
Administration	2,301,866	2,090,212	\$ 211,654
Legislative	964,890	830,313	134,577
Legal	520,705	484,411	36,294
Grounds Maintenance	271,443	228,017	43,426
Building Maintenance	956,436	901,159	55,277
Total	5,015,340	4,534,112	481,228
Public safety			
Police department	4,765,766	4,320,043	445,723
Fire/Ambulance	1,283,481	1,085,954	197,527
Victim's Advocate	109,150	102,919	6,231
Animal Control	178,609	171,567	7,042
Total	6,337,006	5,680,483	649,481
Public improvements			
Engineering	708,228	574,157	134,071
Planning and Zoning	1,096,760	789,678	307,082
Streets	1,098,213	866,676	231,537
CDBG	-	-	-
B&C	1,406,560	673,794	732,766
Total	2,903,201	2,904,305	672,690
Parks and recreation			
Parks department	646,676	605,861	40,815
Senior citizens	246,008	164,432	81,576
Youth Sports	591,318	518,386	72,932
Adult Sports	115,007	54,950	60,057
Snack Shack	108,877	110,457	(1,580)
Pool	1,135,668	1,044,847	90,821
Recreation department	807,655	723,019	84,636
Cemetery	413,976	394,734	19,242
Total	4,065,185	3,616,686	448,499



Payson City
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual (Continued)
General Fund
For Year Ended June 30, 2023

	Budgeted Amounts		Variance Favorable (Unfavorable)
	Budget	Actual	
Events			
Events	273,330	210,655	62,675
Salmon Supper	102,600	78,630	23,970
Peteetneet	359,142	84,781	274,361
Payson Community Theater	65,517	55,462	10,055
Total	<u>800,589</u>	<u>429,528</u>	<u>371,061</u>
Other			
Library	686,609	633,011	53,598
Historic Committee	20,000	16,043	
Communities that Care	58,664	52,451	6,213
Justice Court	371,326	300,012	71,314
Miscellaneous	875,784	(210)	875,994
Total	<u>2,012,383</u>	<u>1,001,307</u>	<u>131,125</u>
Total expenditures	<u>22,540,264</u>	<u>18,166,421</u>	<u>5,933,349</u>
Excess of revenues over expenditures	<u>822,568</u>	<u>1,080,499</u>	<u>7,879,819</u>
Other financing sources (uses)			
Transfers in	2,590,332	2,590,332	-
Transfers out	(3,412,900)	(2,829,590)	583,310
Total other financing sources (uses)	<u>(822,568)</u>	<u>(239,258)</u>	<u>583,310</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>841,241</u>	<u>\$ 8,463,129</u>
Fund balance at beginning of year	<u>5,878,004</u>	<u>5,878,004</u>	
Fund balance at end of year	<u>\$ 5,878,004</u>	<u>\$ 6,719,245</u>	



Payson City
Combining Special Revenue Funds
Statement of Net Position
June 30, 2023

	Special Revenue Funds					Total Special Revenue Funds
	RDA Town	RDA Bus Park	Impact Fee Park	Impact Fee Public Safety	PARC Tax	
ASSETS						
Current Assets						
Combined Cash and cash equivalents						
Unrestricted	\$ 145,896	\$ 2,685,685	\$ -	\$ -	\$ 430,796	3,262,377
Accounts Receivable						-
Other	-	-	-	-	77,705	77,705
Total Current Assets	145,896	2,685,685	-	-	508,501	3,340,082
Non Current Assets						
Combined Cash and cash equivalents						
Restricted			2,116,741	1,342,095		3,458,836
Total noncurrent assets	-	-	2,116,741	1,342,095	-	3,458,836
Total assets	145,896	2,685,685	2,116,741	1,342,095	508,501	6,798,918
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	997	-	-	-	50,029	51,026
Total Current Liabilities	997	-	-	-	50,029	51,026
Total liabilities	997	-	-	-	50,029	51,026
NET POSITION						
Redevelopment	144,899	2,685,685	-	-	-	2,830,584
Assigned	-	-	2,116,741	1,342,095	458,472	3,917,308
Unassigned	-	-	-	-	-	-
Total net position	\$ 144,899	\$ 2,685,685	\$ 2,116,741	\$ 1,342,095	\$ 458,472	\$ 6,747,892



Payson City
Schedule of Revenues, Expenses and Changes in Fund Balance
Combined Special Revenue Funds
For Year Ended June 30, 2023

	Special Revenue Funds					Total Special Revenue Funds
	Redevelopment Town	Redevelopment Bus Park	Impact Fee Park	Impact Fee Public Safety	PARC Tax	
Revenues						
PARC Tax	\$ -	\$ -	\$ -	\$ -	\$ 387,756	387,756
Grants and Contributions	-	-	-	-	-	-
Impact Fees	-	-	733,150	219,851	-	953,001
Interest Income	-	-	30,541	12,551	-	43,092
Other	-	12,670	-	-	-	12,670
Other	-	-	-	-	-	-
Sale of Surplus Property	-	1,309,000	-	-	-	1,309,000
Total revenues	<u>-</u>	<u>1,321,670</u>	<u>763,691</u>	<u>232,402</u>	<u>387,756</u>	<u>2,705,519</u>
Operating Expenses						
Operational Expenses and supplies	-	-	-	-	-	-
Professional Expenses	14,750	4,477	-	-	95,795	115,022
Interest	-	-	-	-	-	-
Improvements other than Buildings	-	-	78,187	10,031	119,283	207,501
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	1,580	-	1,580
Bond Interest	-	-	10,456	-	-	10,456
Total expenditures	<u>14,750</u>	<u>4,477</u>	<u>222,585</u>	<u>11,611</u>	<u>215,078</u>	<u>468,501</u>
Excess (deficiency) of revenues over	<u>(14,750)</u>	<u>1,317,193</u>	<u>541,106</u>	<u>220,791</u>	<u>172,678</u>	<u>2,237,018</u>
Beginning Fund Balance	<u>\$ 159,649</u>	<u>\$ 1,368,492</u>	<u>\$ 1,575,635</u>	<u>\$ 1,121,304</u>	<u>\$ 285,794</u>	<u>\$ 7,286,901</u>
Restatement of Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ 144,899</u>	<u>\$ 2,685,685</u>	<u>\$ 2,116,741</u>	<u>\$ 1,342,095</u>	<u>\$ 458,472</u>	<u>\$9,523,919</u>



Payson City
Schedule of Insurance in Force
July 1, 2023, - June 30, 2023

Description	Company	Liability Limit	Effective Date
General Liability	Utah Local Governments Trust	\$5,000,000	7/1/2022
Public Officials E&O	Utah Local Governments Trust	\$5,000,000	7/1/2022
Employee Benefits Liability	Utah Local Governments Trust	\$5,000,000	7/1/2022
Auto Liability	Utah Local Governments Trust	\$5,000,000	7/1/2022
Property (Buildings)	Utah Local Governmets Trust	\$87,664,460	7/1/2022
Contents	Utah Local Governmets Trust	\$29,074,065	7/1/2022
Contractors equipment	Utah Local Governmets Trust	\$5,447,835	7/1/2022
EDP equipment	Utah Local Governmets Trust	\$292,160	7/1/2022
Equipment in the Open	Utah Local Governmets Trust	\$14,079,681	7/1/2022
Valuable Papers	Utah Local Governmets Trust	\$250,000	7/1/2022
Earthquake	Utah Local Governmets Trust	\$220,000,000 shared	7/1/2022
Flood	Utah Local Governmets Trust	\$110,000,000 shared	7/1/2022
Crime	Utah Local Governmets Trust	\$5,000,000 shared	7/1/2022
Auto Physical Damage	Utah Local Governmets Trust	147 Vehicles Insured <3 Years = Replacement Cost >3 Years = Actual Cash Value	7/1/2022
Public Official Treasurer Bond	Not Applicable	Included in Crime Coverage	7/1/2022



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, 2023

	2019	2020	2021	2022	2023
Revenues					
Taxes	\$ 6,228,424	\$ 6,554,275	\$ 7,605,788	\$ 8,459,398	\$ 9,980,792
Licenses and permits	427,332	727,099	698,990	697,313	526,365
Franchise Fees					
Charges for services	1,633,006	1,382,040	1,850,274	1,985,547	1,857,108
Intergovernmental Grants and funds	722,710	1,228,558	930,015	1,087,936	403,991
Fines and forfeitures	225,341	228,237	251,339	258,441	229,540
B&C Revenue	808,213	1,110,990	1,290,854	1,391,093	1,509,056
Donations	34,902	6,709	78,681	74,952	46,006
Interest income	375,621	381,255	162,322	206,622	1,538,504
Other revenues	2,435,773	2,191,844	1,997,403	2,806,798	3,159,423
Total revenues	<u>12,891,322</u>	<u>13,811,007</u>	<u>14,865,666</u>	<u>16,968,100</u>	<u>19,250,785</u>
Expenditures					
General government	3,989,002	4,152,842	4,984,900	5,413,652	6,026,061
Public safety	3,460,737	3,771,199	4,103,520	4,506,631	5,680,483
Public Improvements	1,264,399	1,665,163	1,748,732	1,430,306	1,540,469
Parks and recreation	3,650,994	2,700,568	2,785,235	3,408,238	3,734,793
Community Events	364,126	327,531	303,543	361,978	390,095
Cemetery	357,016	330,715	358,360	370,719	394,734
Miscellaneous	346,736	391,637	606,766	254,488	403,651
Total expenditures	<u>13,433,010</u>	<u>13,339,655</u>	<u>14,891,056</u>	<u>15,746,012</u>	<u>18,170,286</u>
Excess of revenues over expenditures	<u>(541,688)</u>	<u>471,352</u>	<u>(25,390)</u>	<u>1,222,088</u>	<u>1,080,499</u>
Other financing sources (uses)					
Transfers In	2,127,553	2,387,439	2,374,985	2,650,881	2,590,332
Transfers (out)	<u>(1,354,000)</u>	<u>(335,667)</u>	<u>(2,498,623)</u>	<u>(4,264,233)</u>	<u>(2,829,590)</u>
Net operating transfers in (out)	<u>773,553</u>	<u>2,051,773</u>	<u>(123,638)</u>	<u>(1,613,352)</u>	<u>(239,258)</u>
Total other financing sources (uses)	<u>773,553</u>	<u>2,051,773</u>	<u>(123,638)</u>	<u>(1,613,352)</u>	<u>(239,258)</u>
Excess (deficiencies) of revenues and other financing sources over (under) expenditures and other financing uses	231,865	2,523,125	(149,028)	(391,264)	841,241
Fund balances - beginning of year	<u>3,715,829</u>	<u>3,895,173</u>	<u>6,418,298</u>	<u>6,269,268</u>	<u>5,878,004</u>
Restated Fund Balance					
Fund balances - end of year	<u>\$ 3,947,694</u>	<u>\$ 6,418,298</u>	<u>\$ 6,269,268</u>	<u>\$ 5,878,004</u>	<u>\$ 6,719,245</u>

***Compiled using current account structure



**Payson City
General Fund**
Analysis of Expenditures
For the Year Ended June 30, 2023

	2023				
	Salaries, Wages and Benefits	Materials, Supplies, and Core Services	Other Charges	Projects/ Equipment	Total
General Government					
Administration	\$ 1,202,848	\$ 876,076	\$ 911	\$ 10,376	\$ 2,090,211
Council	145,572	684,049	693	-	830,314
Legal	403,446	80,965	-	-	484,411
Grounds Maintenance	154,225	44,180	1,338	24,396	224,139
Buildings	299,980	211,079	546	393,431	905,036
Total	<u>2,206,071</u>	<u>1,896,349</u>	<u>3,488</u>	<u>428,203</u>	<u>4,534,111</u>
Public Safety					
Police department	3,238,861	696,558	2,073	382,551	4,320,043
Animal Control	110,166	61,401	-	-	171,567
Fire	348,974	173,251	9,828	553,900	1,085,953
Victim's Advocate	100,701	2,217	-	-	102,918
Total	<u>3,798,702</u>	<u>933,427</u>	<u>11,901</u>	<u>936,451</u>	<u>5,680,481</u>
Public Improvement					
Engineering	502,383	52,461	-	19,313	574,157
B&C	147,231	-	526,563	-	673,794
Planning	620,254	167,541	1,882	-	789,677
Streets	244,215	233,203	315,562	73,696	866,676
Total	<u>1,514,083</u>	<u>453,205</u>	<u>844,007</u>	<u>93,009</u>	<u>2,904,304</u>
Parks, Recreation and Culture					
Parks department	383,446	146,445	3,687	72,284	605,862
Cemetery	256,768	85,836	2,953	49,177	394,734
Scottish Festival	-	-	-	-	-
Peteetneet	13,376	71,405	-	-	84,781
Salmon Supper	-	78,630	-	-	78,630
Senior citizens	143,507	16,019	-	4,906	164,432
Payson Community Theater	18,645	23,633	13,184	-	55,462
Swimming Pool	384,004	229,258	404,899	26,687	1,044,848
Recreation department	540,646	163,684	1,797	16,894	723,021
Youth Sports	293,251	225,135	-	-	518,386
Adult Sports	38,730	16,220	-	-	54,950
Snack Shack	50,288	60,169	-	-	110,457
Events	91,421	119,234	-	-	210,655
Total	<u>2,214,082</u>	<u>1,235,668</u>	<u>426,520</u>	<u>169,948</u>	<u>4,046,218</u>



**Payson City
General Fund**
Analysis of Expenditures (*continued*)
For the Year Ended June 30, 2023
2023

	Salaries, Wages and Benefits	Materials, Supplies, and Core Services	Other Charges	Projects/ Equipment	Total
Other					
CDBG			-		-
Historic Preservation	-	-	16,043	-	16,043
Justice Court	277,285	12,273	-	10,453	300,011
Library department	444,962	174,144	-	13,906	633,012
Cares Act	-	-	(210)	-	(210)
Communities that Care	48,618	3,833	-	-	52,451
Total	<u>770,865</u>	<u>177,977</u>	<u>15,833</u>	<u>24,359</u>	<u>1,001,307</u>
Transfers			2,829,590		2,829,590
Total Expenditures	<u>\$ 10,503,803</u>	<u>\$ 4,708,899</u>	<u>\$ 4,131,339</u>	<u>\$ 1,651,970</u>	<u>\$ 20,996,011</u>



Combining Financial Statements Governmental Funds and Proprietary Funds



Payson City
Combining Balance Sheet
Non-Major Governmental Funds
For Period Ended June 30, 2023

	RDA Town	RDA Bus Park	Impact Fee Parks	Impact Fee Public Safety	Parc Tax	Perepetual Care	Revolving Loan	Nonmajor Governmental
ASSETS								
Combined Cash and cash equivalents	\$ 145,896	2,685,685	\$ 2,116,741	\$ 1,342,095	430,796	637,052	\$ 1,174,411	\$ 8,532,676
Accounts					77,705		1,398,957	1,476,662
Total assets	<u>\$ 145,896</u>	<u>\$ 2,685,685</u>	<u>\$ 2,116,741</u>	<u>\$ 1,342,095</u>	<u>\$ 508,501</u>	<u>\$ 637,052</u>	<u>\$ 2,573,368</u>	<u>\$ 10,009,338</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	997	-	-	-	50,029		82,450	-
Total liabilities	<u>\$ 997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,029</u>	<u>\$ -</u>	<u>\$ 82,450</u>	<u>\$ 133,476</u>
FUND BALANCES								
Restricted for:								
Impact Fees			2,116,741	1,342,095	-	-	-	3,458,836
Assigned	144,899	2,685,685	-	-	-		2,490,918	5,321,502
Committed			-	-	-	637,052	-	637,052
Unassigned	-	-	-	-	458,472	-	-	458,472
Total fund balances	<u>144,899</u>	<u>2,685,685</u>	<u>2,116,741</u>	<u>1,342,095</u>	<u>458,472</u>	<u>637,052</u>	<u>2,490,918</u>	<u>9,875,862</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 145,896</u>	<u>\$ 2,685,685</u>	<u>\$ 2,116,741</u>	<u>\$ 1,342,095</u>	<u>\$ 508,501</u>	<u>\$ 637,052</u>	<u>\$ 2,573,368</u>	<u>\$ 10,009,338</u>



Payson City
Combining Statement of Revenues Expenses and Changes in Net Position
Non-Major Governmental Funds
For Period Ended June 30, 2023

	Redevelopment Town	Redevelopment Bus Park	Impact Fee Park	Impact Fee Public Safety	PARC Tax	Perpetual Care	Revolving Loan	Nonmajor Governmental
Revenues								
PARC Tax	\$ -	\$ -	\$ -	\$ -	\$ 387,756	\$ -	\$ -	\$ 387,756
Other Fees	-	12,670	-	-	-	22,860	-	35,530
Total operating revenues	<u>-</u>	<u>12,670</u>	<u>-</u>	<u>-</u>	<u>387,756</u>	<u>22,860</u>	<u>-</u>	<u>423,286</u>
Operating Expenses								
Maintenance Operations and Professional	14,750	690	78,187	11,611	215,078	6,790	324,148	651,254
Total Operating Expenses	<u>14,750</u>	<u>690</u>	<u>78,187</u>	<u>11,611</u>	<u>215,078</u>	<u>6,790</u>	<u>324,148</u>	<u>651,254</u>
Operating Income (Loss)	<u>(14,750)</u>	<u>11,980</u>	<u>(78,187)</u>	<u>(11,611)</u>	<u>172,678</u>	<u>16,070</u>	<u>(324,148)</u>	<u>(227,968)</u>
Non-Operating Revenues (Expenses)								
Impact Fees	-	-	733,150	219,851	-	-	-	953,001
Interest Income	-	-	30,541	12,551	-	18,857	69,047	130,996
Sale of Surplus Property gain (loss)	-	1,305,213	-	-	-	-	568,350	1,873,563
Capital Financing	-	-	(133,942)	-	-	-	-	(133,942)
Bond Interest	-	-	(10,456)	-	-	-	-	(10,456)
Other Non operating	-	-	-	-	-	-	3,767	3,767
Totoal Non-Operating Revenues (Expenses)	<u>-</u>	<u>1,305,213</u>	<u>619,293</u>	<u>232,402</u>	<u>-</u>	<u>18,857</u>	<u>641,164</u>	<u>2,816,929</u>
Income before capital contributions and Transfers	<u>(14,750)</u>	<u>1,317,193</u>	<u>541,106</u>	<u>220,791</u>	<u>172,678</u>	<u>34,927</u>	<u>317,016</u>	<u>2,588,961</u>
Changes in Net Position	<u>(14,750)</u>	<u>1,317,193</u>	<u>541,106</u>	<u>220,791</u>	<u>172,678</u>	<u>34,927</u>	<u>317,016</u>	<u>2,588,961</u>
Beginning	\$ 159,649	\$ 1,368,492	\$ 1,575,635	\$ 1,121,304	\$ 285,794	\$ 602,125	\$ 2,173,902	\$ 7,286,901
Restatement of Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Net Position	<u>\$ 144,899</u>	<u>\$ 2,685,685</u>	<u>\$ 2,116,741</u>	<u>\$ 1,342,095</u>	<u>\$ 458,472</u>	<u>\$ 637,052</u>	<u>\$ 2,490,918</u>	<u>\$ 9,875,862</u>



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Combining Financial Statements Non-major Proprietary Funds



Payson City
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2023

	Enterprise funds				Total Nonmajor Funds
	Solid Waste	Ambulance	Golf Course	Storm Drain	
ASSETS					
Current Assets					
Combined Cash and cash equivalents					
Unrestricted	\$ 3,247,402	\$ 1,117,634	\$ 3,030,097	\$ 1,773,848	\$ 9,168,981
Accounts Receivable	352,957	563,725	-	93,726	1,010,408
Total Current Assets	3,600,359	1,681,359	3,030,097	1,867,574	10,179,389
Non Current Assets					
Combined Cash and cash equivalents					
Restricted	633,243	-	-	-	633,243
Net Pension Asset	46,677	-	(15,631)	11,881	42,927
Capital assets					
Intangible Assets	68,035			67,643	135,678
Land	55,123	-	1,258,621	-	1,313,744
Buildings and improvements	2,536,448	72,204	4,911,457	12,228,110	19,748,219
Machinery and equipment	2,992,207	796,870	1,299,568	1,101,201	6,189,846
Construction in progress	1,484,559	-	-	-	1,484,559
Less: accumulated depreciation	(2,213,689)	(738,886)	(4,471,031)	(2,883,734)	(10,307,340)
Total Capital Assets Net	4,922,683	130,188	2,998,615	10,445,577	18,429,028
Total noncurrent assets	5,602,603	130,188	2,982,984	10,525,101	19,240,876
Total assets	9,202,962	1,811,547	6,013,081	12,392,675	29,420,265
DEFERRED OUTFLOW OF RESOURCES					
Deferred Charge on Refunding	-	-	-	-	-
Pension Related	73,984	-	85,189	94,281	253,454
Total deferred outflow of resources	73,984	-	85,189	94,281	253,454
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	111,434	28,939	44,994	37,527	222,894
Accrued salaries, wages and benefits	24,823	18,486	37,489	9,532	90,330
Due to other entities	-	-	8,224	-	8,224
Other long-term liabilities due within one ye	209,185	-	131,671	109,388	450,244
Total Current Liabilities	345,442	47,425	222,378	156,447	771,692
Noncurrent Liabilities					
Net Pension Liability	69,547	-	60,535	41,194	171,276
Compensated Absences	66,049	-	81,091	73,508	220,648
Long term liabilities					
Closure and Postclosure liability	1,132,193	-	-	-	1,132,193
Lease payments due in more than one year	633,117	-	378,160	328,961	1,340,238
Total noncurrent liabilities	1,900,906	-	519,786	443,663	2,864,355
Total liabilities	2,246,348	47,425	742,164	600,110	3,636,047
DEFERRD INFLOW OF RESOURCES					
Deferred inflows relating to pensions	80,382	-	(1,721)	(2,768)	75,893
Total deferred inflow of resources	80,382	-	(1,721)	(2,768)	75,893
NET POSITION					
Net investment in capital assets	4,080,381	130,188	2,488,784	10,007,228	16,706,581
Restricted					
Assigned	633,243	-	-	-	633,243
Unassigned	2,236,592	1,633,934	2,869,043	1,882,386	8,621,955
Total net position	\$ 6,950,216	\$ 1,764,122	\$ 5,357,827	\$ 11,889,614	\$ 25,961,779



Payson City
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2023

	Solid Waste	Ambulance	Golf Course	Storm Drain	Total Nonmajor Enterprise Funds
Revenues					
Charges for Services	3,150,408	\$ 1,043,488	\$ 1,794,400	\$ 974,023	\$ 6,962,319
Other Fees	\$ 43,976	-	-	-	43,976
Total operating revenues	<u>3,194,384</u>	<u>1,043,488</u>	<u>1,794,400</u>	<u>974,023</u>	<u>7,006,295</u>
Operating Expenses					
Costs of Sales and Service	689,936	421,388	501,986	187,004	1,800,314
Maintenance Operations and Professional	2,246,567	289,318	437,082	373,156	3,346,123
Depreciation	289,096	46,603	196,663	444,809	977,171
Total Operating Expenses	<u>3,225,599</u>	<u>757,309</u>	<u>1,135,731</u>	<u>1,004,969</u>	<u>6,123,608</u>
Operating Income (Loss)	<u>(31,215)</u>	<u>286,179</u>	<u>658,669</u>	<u>(30,946)</u>	<u>882,687</u>
Non-Operating Revenues (Expenses)					
Interest Income	23,414	-	-	35,049	58,463
Interest Charges	(28,829)	-	(20,461)	(9,826)	(59,116)
Sale of Surplus Property gain (loss)	(347,956)	-	(72,569)	-	(420,525)
Grants and Contributions	-	4,806	-	-	4,806
Donations	-	-	1,019	-	1,019
Other Non operating	695,779	-	35,154	585	731,518
Total Non-Operating Revenues (Expenses)	<u>342,408</u>	<u>4,806</u>	<u>(56,857)</u>	<u>25,808</u>	<u>316,165</u>
Income before capital contributions and Transfers	<u>311,193</u>	<u>290,985</u>	<u>601,812</u>	<u>(5,138)</u>	<u>1,198,852</u>
Transfer In	-	-	-	-	(461,819)
Transfer Out	(295,139)	(90,900)	-	(75,780)	-
Capital Contributions	-	-	-	1,593,007	1,593,007
Total Revenues (Expenditures)	<u>(295,139)</u>	<u>(90,900)</u>	<u>-</u>	<u>1,517,227</u>	<u>1,131,188</u>
Changes in Net Position	<u>16,054</u>	<u>200,085</u>	<u>601,812</u>	<u>1,512,089</u>	<u>2,330,040</u>
Beginning	<u>6,934,162</u>	<u>1,564,037</u>	<u>4,756,015</u>	<u>10,377,525</u>	<u>23,631,739</u>
Restatement of Net Assets	-	-	-	-	-
Ending Net Position	<u>6,950,216</u>	<u>1,764,122</u>	<u>5,357,827</u>	<u>11,889,614</u>	<u>25,961,779</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.



**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, 2023, 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, 2023.

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, 2023



**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, 2023.

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

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Justice Court
- Restricted Taxes and Related Revenues
- Government Fees
- Open and Public Meetings Act

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, 2023.

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, 2023

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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	\$ 3,109,918
Debt limit (12% of assessed value)	<u>373,190</u>
Total net debt applicable to limit	<u>\$ -</u>
Legal debt margin	<u><u>\$ 373,190</u></u>

	<u>2022</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>
Assessed Value	\$3,109,918	\$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
Debt Limit (12% of assessed value)	<u>373,190</u>	<u>276,959</u>	<u>247,583</u>	<u>220,275</u>	<u>173,523</u>	<u>160,471</u>	<u>147,915</u>	<u>- 134,793</u>	<u>124,455</u>	<u>121,360</u>
Legal Debt margin	<u>\$ 373,190</u>	<u>\$ 276,959</u>	<u>\$ 247,583</u>	<u>\$ 220,275</u>	<u>\$ 173,523</u>	<u>\$ 160,471</u>	<u>\$ 147,915</u>	<u>\$ 134,793</u>	<u>\$ 124,455</u>	<u>\$ 121,360</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%

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>
2022	\$ 70,142	10,529	\$ 738,525,323
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

AGI= Adjusted Gross Income for Tax purposes

<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
2023	\$ 5,181	\$ 2,627	\$ 2,554	\$ 1,083	\$ 215	1.97	\$ 5,933	\$ 596	\$ 221	7.26	\$ 5,704	\$ 886	\$ 52	6.08
2022	4,711	2,586	2,125	980	235	1.75	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
2022	23,869	\$ 738,525,323	30,941	2.3%
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%

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



Payson City
Schedule of Insurance
July 1, 2022-June 30, 2023

<u>Description</u>	<u>Company</u>	<u>Liability Limit</u>	<u>Effective Date</u>
General Liability	Utah Local Governments Trust	\$5,000,000	7/1/2022
Public Officials E&O	Utah Local Governments Trust	\$5,000,000	7/1/2022
Employee Benefits Liability	Utah Local Governments Trust	\$5,000,000	7/1/2022
Auto Liability	Utah Local Governments Trust	\$5,000,000	7/1/2022
Property (Buildings)	Utah Local Governmets Trust	\$87,664,460	7/1/2022
Contents	Utah Local Governments Trust	\$29,074,065	7/1/2022
Contractors equipment	Utah Local Governments Trust	\$5,447,835	7/1/2022
EDP equipment	Utah Local Governments Trust	\$292,160	7/1/2022
Equipment in the Open	Utah Local Governments Trust	\$14,079,681	7/1/2022
Valuable Papers	Utah Local Governments Trust	\$250,000	7/1/2022
Earthquake	Utah Local Governments Trust	\$220,000,000 shared	7/1/2022
Flood	Utah Local Governments Trust	\$110,000,000 shared	7/1/2022
Crime	Utah Local Governmets Trust	\$5,000,000 shared	7/1/2022
Auto Physical Damage	Utah Local Governmets Trust	147 Vehicles Insured <3 Years = Replacement Cost >3 Years = Actual Cash Value	7/1/2022
Public Official Treasurer Bond	Not Applicable	Included in Crime Coverage	7/1/2022



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
2022	\$ 2,368,121	\$ 2,234,988	\$ 104,629	\$ 2,339,617	94.4%	98.8%	0.001193
2021	1,784,339	1,673,666	111,842	1,785,508	93.8%	100.1%	0.001193
2020	1,618,854	1,510,894	92,377	1,603,271	93.3%	99.0%	0.001193
2019	1,533,173	1,428,963	71,572	1,500,535	93.2%	97.9%	0.001156
2018	1,345,297	1,262,778	45,052	1,307,830	93.9%	97.2%	0.001189
2017	1,219,652	1,152,604	54,686	1,207,290	94.5%	99.0%	0.001209
2016	1,129,892	1,063,632	60,112	1,123,744	94.1%	99.5%	0.001279
2015	1,049,251	997,341	76,813	1,074,154	95.1%	102.4%	0.001280
2014	959,130	890,277	54,015	944,292	92.8%	98.5%	0.001268
2013	885,377	822,003	54,662	876,665	92.8%	99.0%	0.001353
2012	878,137	827,108	64,242	891,350	94.2%	101.5%	0.001380
2011	856,359	792,460	45,694	838,154	92.5%	97.9%	0.001323
2010	840,531	782,404	50,273	832,677	87.7%	99.1%	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 2023 and 2013

	2023		2013	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Nebo School District	500-999	1		
Rocky Mountain ATV	500-999	1		
Walmart	250-499	2		
Liberty Safe	250-499	2		
Mountain View Hospital	250-499	2		
Payson High	250-499	2		
Intermountain Nutrition	100-249	3		
Temkin International, Inc.	100-249	3		
Avalon Care Center	100-249	3		
Central Utah Medical Clinic	100-249	3		
Smiths Food and Drug Centers Inc	100-249	3		
Payson Food Corporation Inc	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
Rocky Mountain ATV			250-499	2
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.



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