



FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

PERRY CITY CORPORATION

FINANCIAL REPORT

JUNE 30, 2023

PERRY CITY CORPORATION

FINANCIAL REPORT

JUNE 30, 2023

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Independent Auditor's Report

To the Mayor and City Council
Perry City, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Perry City as of and for the year ended June 30, 2023, and the related notes to the financial statements. We were not engaged to audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise Perry City's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Disclaimer
General Fund	Unmodified
Debt Service	Unmodified
Capital Projects	Unmodified
Special Revenue RDA	Unmodified
Utility	Unmodified
Sewer	Unmodified
Internal Service Fund	Unmodified

Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

Because of the significance of the matter described in the Basis for Disclaimer of Opinion and Unmodified Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of Perry City. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions on Governmental Activities, Business-type Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information Perry 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 Disclaimer of Opinion and Unmodified 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 Perry 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 unmodified audit opinions.

Matter Giving Rise to Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of Box Elder County & Perry City Flood Control and Box Elder County & Perry City Flood Control Capital Projects Component Unit (CU) have not been audited, and we were not engaged to audit the CU financial statements as part of our audit of Perry City's basic financial statements. CU's financial activities are included in the Perry City's basic financial statements as a part of the aggregate discretely presented component unit and represent 100 percent, 100 percent, and 100 percent of the assets, net position, and revenues, respectively, of the Perry City's aggregate discretely presented component units.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Perry 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 objectives are 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 Perry City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Perry City'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 other required supplementary information on pages 3-11 and 60-65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023 on our consideration of Perry 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Perry City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Perry City's internal control over financial reporting and compliance.

Christensen, Palmer & Ambrose, PC

MANAGEMENT'S

DISCUSSION

&

ANALYSIS

PERRY CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

The following is a discussion and analysis of Perry City's (City) financial performance and activities for the year ended June 30, 2023. Please read it in conjunction with the financial statements that follow.

HIGHLIGHTS

Government-Wide

- The City's combined net position increased \$4,771,343 or 18.5 percent from the prior year. Business-type activities increased \$2,387,039 and governmental activities increased \$2,384,304.

Governmental Fund Level

- Fund balances in the City's governmental funds decreased \$310,301 or -6.3 percent over the prior year's governmental fund balance. Fund balance decreased due to resources expended on parks..

Proprietary Fund Level

- Fund balances in the City's utility fund increased \$1,505,169 over the prior year. The increase was due to consistent operating income and is consistent with the prior year. The utility fund also received another \$310,552 of ARPA money to use for water projects that has not been spent as of year-end. In addition, developers donated water system assets to the City upon completion of the developments. Sewer fund net position increased \$881,870 due primarily to consistent operating income. Impact fees increased during the year in both funds. Both the utility fund and the sewer fund provided program revenues which exceeded program expenses. Total net increase in net position for the proprietary funds was \$2,387,039 over last year.

Long-Term Debt

- The City's long-term debt decreased from \$9,577,086 to \$8,987,247, or -6.2 percent. The reason for the decrease was payments on the City's debt, offset a little by an increase in compensated absences. Total amounts paid on debt were \$605,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City's basic financial statements. The City's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) component unit financial statements, and 4) notes to the financial statements. In addition to the basic financial statements, this report also contains other supplementary information concerning budgetary comparisons, combining statements for the capital project funds, and retirement related supplementary information.

Government-Wide Statements – Reporting the City as a Whole

The statement of net position and the statement of activities comprise the government-wide financial statements. These statements provide a broad overview with a long-term focus of the City's finances as a whole and are prepared using the full-accrual basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the City's net position - the difference between total assets and total liabilities - and how they have changed from the prior year. Over time, increases and decreases in net position measure whether the City's overall financial condition is getting better or worse. In evaluating the government's overall condition, however, additional nonfinancial factors should be considered such as the City's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The government-wide statements distinguish the programs of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities include general administration, judicial, public safety, streets, mass transit passthrough, parks, community development, and interest on long-term debt. The City has two business-type activities, utility and sewer.

PERRY CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

Fund Financial Statements - Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about individual major funds and not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds are divided into three types, each of which uses a different accounting approach:

Governmental Funds - The majority of the City's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide statements. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year end that are available for future spending. This short-term view of the City's financial position helps determine whether the City has sufficient resources to cover expenditures for its basic services in the near future.

Proprietary Funds - The City uses enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The City has two enterprise funds, the utility fund and the sewer fund. The City also operates an internal service fund to account for the City's fleet operations.

Component Units – The City's financial statements include information for two discretely presented component units, the Box Elder County & Perry City Flood Control component unit and the Box Elder County & Perry City Flood Control Capital Projects component unit. These component units are legally separate entities from the City, yet the City remains financially accountable for them. These component units will be presented discretely on the financial statements.

Reconciliation Between Government-Wide and Fund Statements

The financial statements include schedules that reconcile the amounts reported for governmental activities on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual accounting, short-term focus). Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Long-term debt proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.
- Net pension assets and liabilities as well as deferred inflows and outflows related to defined benefit plan pensions are required to be reported on a government-wide basis but are not reported on the governmental fund statements.

Notes to the Financial Statements

The notes provide additional schedules and information that are essential for a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information

The City adopts an annual budget for its governmental funds as well as its proprietary funds. A budgetary comparison schedule for the City's general fund is included.

PERRY CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

A large component of the City's net position, 69 percent, reflects investments in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

The City's net position increased \$4,771,343 or 18 percent as a whole. Net position of governmental activities increased \$2,384,304 over last year, or 17 percent. Net position of business-type activities increased in the amount of \$2,387,039 or 20 percent.

Restricted net position comprised 9 percent of total net position and is subject to external restrictions on how it may be used. The remaining 22 percent of net position is unrestricted and may be used by the City to meet ongoing obligations to citizens and creditors.

A summary of the net position of the City is as follows:

Perry City Corporation Net Position June 30, 2023						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 7,038,121	\$ 7,036,724	\$ 5,217,516	\$ 4,755,131	\$ 12,255,637	\$ 11,730,392
Noncurrent assets	<u>15,547,485</u>	<u>12,748,147</u>	<u>15,174,973</u>	<u>13,955,894</u>	<u>30,722,458</u>	<u>26,704,041</u>
Total assets	<u>22,585,606</u>	<u>19,784,871</u>	<u>20,392,489</u>	<u>18,711,025</u>	<u>42,978,095</u>	<u>38,434,433</u>
Deferred outflows	<u>203,566</u>	<u>141,331</u>	<u>82,957</u>	<u>64,917</u>	<u>286,523</u>	<u>206,248</u>
Total assets and deferred outflows	<u>\$ 22,789,172</u>	<u>\$ 19,926,202</u>	<u>\$ 20,475,446</u>	<u>\$ 18,775,942</u>	<u>\$ 43,264,618</u>	<u>\$ 38,640,681</u>
Current and other liabilities	1,621,472	1,326,092	562,985	680,367	2,184,457	1,944,996
Long-term liabilities	<u>3,156,755</u>	<u>3,002,431</u>	<u>5,696,679</u>	<u>6,079,450</u>	<u>8,853,434</u>	<u>9,081,881</u>
Total liabilities	<u>4,778,227</u>	<u>4,328,523</u>	<u>6,259,664</u>	<u>6,759,817</u>	<u>11,037,891</u>	<u>11,026,877</u>
Deferred inflows	<u>1,617,712</u>	<u>1,588,750</u>	<u>2,460</u>	<u>189,842</u>	<u>1,620,172</u>	<u>1,778,592</u>
Total liabilities and deferred inflows	<u>6,395,939</u>	<u>5,917,273</u>	<u>6,262,124</u>	<u>6,949,659</u>	<u>12,658,063</u>	<u>12,805,469</u>
Net Position						
Investment in capital assets, net of related debt	11,994,633	8,363,433	9,122,440	7,361,165	21,117,073	15,724,598
Restricted	566,618	996,547	2,196,174	1,883,853	2,762,792	2,880,400
Unrestricted	<u>3,831,982</u>	<u>4,648,949</u>	<u>2,894,708</u>	<u>2,581,265</u>	<u>6,726,690</u>	<u>7,230,214</u>
Total Net Position	<u>16,393,233</u>	<u>14,008,929</u>	<u>14,213,322</u>	<u>11,826,283</u>	<u>30,606,555</u>	<u>25,835,212</u>
Total liabilities, deferred inflows and net position	<u>\$ 22,789,172</u>	<u>\$ 19,926,202</u>	<u>\$ 20,475,446</u>	<u>\$ 18,775,942</u>	<u>\$ 43,264,618</u>	<u>\$ 38,640,681</u>
Percentage change from prior year:	17%	20%	20%	9%	18%	15%

PERRY CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

Change in Net Position

Total revenues for 2023 increased 26 percent from last year primarily because developers donated water system and street assets to the City upon completion of the development. Of the \$3,753,594 reported as capital grants and contributions, \$2,921,893 was from developer donated infrastructure assets in FY 2023. The remainder was other capital grants and impact fees, both of which decreased by 10% from the prior year. Taxes received and charges for services also increased during the year. The large amount of Other Revenues in the Governmental Activities in 2022 was due to the sale of land. Program expenses increased \$887,860, or 16 percent overall. All departments had increases in spending during the year. Most of the increases were related to repairs and maintenance, or increases in wages and benefits.

Below is a table comparing the City's sources of revenues and expenses for fiscal year 2023:

Perry City Corporation
Change in Net Position
For the Year Ended June 30, 2023

	Governmental Activities		Business-Type Activities		Total		Total Percent Change
	2023	2022	2023	2022	2023	2022	
Revenues:							
General revenues:							
Taxes	\$ 3,564,333	\$ 3,318,400	\$ -	\$ -	\$ 3,564,333	\$ 3,318,400	7%
Other Revenues	320,715	1,269,766	187,579	39,669	508,294	1,309,435	-61%
Program revenues:							
Charges for services	344,839	353,879	2,178,903	2,063,834	2,523,742	2,417,713	4%
Operating grants and contributions	706,924	789,697	-	-	706,924	789,697	-10%
Capital grants and contributions	1,791,670	440,278	1,961,924	517,263	3,753,594	957,541	292%
Total revenues	<u>6,728,481</u>	<u>6,172,020</u>	<u>4,328,406</u>	<u>2,620,766</u>	<u>11,056,887</u>	<u>8,792,786</u>	26%
Expenses:							
Judicial	20,000	19,225	-	-	20,000	19,225	4%
Administration	744,984	646,957	-	-	744,984	646,957	15%
Public safety	1,117,407	898,802	-	-	1,117,407	898,802	24%
Streets	966,973	923,441	-	-	966,973	923,441	5%
Mass transit passthrough	679,536	671,326	-	-	679,536	671,326	1%
Parks	174,779	134,133	-	-	174,779	134,133	30%
Community development	214,725	164,806	-	-	214,725	164,806	30%
Interest on long-term debt	115,221	8,180	-	-	115,221	8,180	1309%
Water utility	-	-	1,130,672	893,960	1,130,672	893,960	26%
Sewer utility	-	-	1,121,247	1,036,854	1,121,247	1,036,854	0%
Total expenses	<u>4,033,625</u>	<u>3,466,870</u>	<u>2,251,919</u>	<u>1,930,814</u>	<u>6,285,544</u>	<u>5,397,684</u>	16%
Increase (decrease) before transfers	2,694,856	2,705,150	2,076,487	689,952	4,771,343	3,395,102	
Transfers in (out)	<u>(310,552)</u>	<u>(310,552)</u>	<u>310,552</u>	<u>310,552</u>	<u>-</u>	<u>-</u>	
Increase (decrease) in net position	2,384,304	2,394,598	2,387,039	1,000,504	4,771,343	3,395,102	41%
Net position beginning	<u>14,008,929</u>	<u>11,689,412</u>	<u>11,826,283</u>	<u>10,825,779</u>	<u>25,835,212</u>	<u>22,515,191</u>	15%
Adjustment to beginning net position	<u>-</u>	<u>(75,081)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,081)</u>	
Net position ending	<u>\$ 16,393,233</u>	<u>\$ 14,008,929</u>	<u>\$ 14,213,322</u>	<u>\$ 11,826,283</u>	<u>\$ 30,606,555</u>	<u>\$ 25,835,212</u>	18%

PERRY CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

Governmental Activities

The table below shows the extent to which the City's governmental activities relied on taxes and other general revenue to cover all of their costs. For 2023, these programs generated \$2,115,224, or 52 percent of their total expenses through charges for services and grants. Taxes and other general revenues provided an additional \$1,918,401 for program expenses, which was \$706,711 more than was required last year.

General fund tax collections increased from \$3,318,400 to \$3,564,333, or 7 percent, and other revenues decreased 75 percent from \$1,269,766 to \$320,715 in 2023 due to the sale of land in the Pointe Perry RDA in the prior year. The major contributor to the increase in general fund tax collections was due to increased sales and property taxes. Charges for services decreased \$9,040 primarily due to services related to building activities. Operating grants decreased \$82,773 in 2023.

General governmental expenditures increased \$566,755 or 16 percent during fiscal year 2023 over 2022. There was fluctuation in many of the departments during the year. The Administration Department increased by \$98,027 or 15 percent over the prior year, including increases in wages, benefits, utilities at the new city hall building, professional and technical and insurance expenses. The Public Safety Department increased by \$218,605 or 16 percent, mostly due to market wage increases which were given to keep the city competitive in the market. The Highways and Streets Department increased by \$43,532 or 5 percent due to increases in wages and benefits, more road repairs and increased use of road salt during the winter. Community Development increased by \$49,919 or 30 percent due to timing of inspection services and holiday events.

Perry City Corporation
Net Cost of Governmental Activities
For the Year Ended June 30, 2023

	Total Program Expenses	Less Program Revenues	Net Program Costs		Program Revenues as a Percentage of Total Expenses	
	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Governmental activities						
Judicial	\$ 20,000	\$ 52,903	\$ (32,903)	\$ (23,717)	265%	223%
Administration	744,984	362,270	382,714	153,157	49%	76%
Public safety	1,117,407	64,927	1,052,480	828,126	6%	8%
Streets	966,973	597,481	369,492	291,965	62%	68%
Mass transit passthrough	679,536	679,536	-	-	100%	100%
Parks	174,779	136,356	38,423	29,479	78%	78%
Community development	214,725	221,751	(7,026)	(75,500)	103%	146%
Interest on long-term debt	<u>115,221</u>	<u>-</u>	<u>115,221</u>	<u>8,180</u>	0%	0%
 Total governmental activities	 \$ <u>4,033,625</u>	 \$ <u>2,115,224</u>	 \$ <u>1,918,401</u>	 \$ <u>1,211,690</u>	 52%	 65%

PERRY CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

Business-Type Activities

Total business-type activity revenues for 2023 were \$4,328,406, an increase of \$1,707,640 or 65 percent over last year; 50 percent of total revenues were charges for services. Impact and connection fees accounted for 10 percent and investment earnings and other income make up the other 40 percent. Capital contributions from developers are not included in operating revenues and accounted for \$1,514,151 of the increase. Total expenditures increased by \$321,105 or 17 percent, and business type activities showed income of \$2,387,039, an increase of \$1,386,535 over last year. Most of this positive change was due the capital contributions from developers. Expenditures increased due to garbage increases, maintenance of storm drains, increase to wages across all utility fund departments and repairs. Charges for services increased during the year due to a 3% automatic annual increase to water rates and a storm water rate increase of \$2 per month to cover operating expenses related to new storm water compliance requirements. Capital grants and contributions were received from developers as mentioned previously. Utility fund expenses were \$1,130,672 and sewer fund expenses were \$1,121,247. Both the utility department and the sewer department were able to cover their share of program expenses with charges for services, without relying on other sources of revenue. Impact fees in all departments increased this year from \$480,383 in 2022 to \$447,773 in 2023, an increase of 7 percent.

Perry City Corporation
Net Cost of Business-Type Activities
For the Year Ended June 30, 2023

	Total Program Expenses	Less Program Revenues	Net Program Costs	Program Revenues as a Percentage of Total Expenses	
	<u>2023</u>	<u>2023</u>	<u>2023</u> <u>2022</u>	<u>2023</u> <u>2022</u>	
Business-type activities					
Utility	\$ 1,130,672	\$ 1,182,332	\$ (51,660) \$ (225,373)	105% 125%	
Sewer	<u>1,121,247</u>	<u>1,444,344</u>	<u>(323,097)</u> <u>(424,910)</u>	129% 141%	
Total business-type activities	<u>\$ 2,251,919</u>	<u>\$ 2,626,676</u>	<u>\$ (374,757)</u> <u>\$ (650,283)</u>	117% 134%	

PERRY CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

In governmental activities during fiscal year 2023, the city was primarily focused on purchasing a building for a new city hall and some parks projects. Capital assets also increased due to donations from developers.

In business-type activities, expenses were made for sewer and water line extensions on US 89, as well as some other smaller fixed assets. Capital assets also increased due to donations from developers.

The City holds \$30,304,697 in net capital assets. Of those, \$15,129,724 or 50 percent is held in governmental activity net capital assets. Business-type activities hold \$15,174,973 or 50 percent of total net capital assets. More information about capital assets is included in Note 5.

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Construction in progress	\$ 4,555,008	\$ 3,446,480	\$ 99,338	\$ 641,577	\$ 4,654,346	\$ 4,088,057
Land	1,098,567	1,098,567	394,738	394,738	1,493,305	1,493,305
Buildings	310,477	310,477	8,198,036	8,198,036	8,508,513	8,508,513
Improvements	1,192,965	1,157,269	26,754	26,754	1,219,719	1,184,023
Infrastructure	12,597,732	10,930,353	13,156,570	10,793,514	25,754,302	21,723,867
Machinery and equipment	310,139	310,139	2,119,422	2,049,934	2,429,561	2,360,073
Leased vehicles	510,184	510,184	-	-	510,184	510,184
Vehicles	415,764	380,738	239,999	239,999	655,763	620,737
Accumulated depreciation/amortization	<u>(5,861,112)</u>	<u>(5,540,606)</u>	<u>(9,059,884)</u>	<u>(8,490,854)</u>	<u>(14,920,996)</u>	<u>(14,031,460)</u>
Net capital assets	<u>\$ 15,129,724</u>	<u>\$ 12,603,601</u>	<u>\$ 15,174,973</u>	<u>\$ 13,853,698</u>	<u>\$ 30,304,697</u>	<u>\$ 26,457,299</u>

Long-Term Debt

The 2020 Sewer Revenue Bond was refinanced for \$7,345,533 in 2020 and had a balance as of June 30, 2023 of \$6,052,533. Principal payments of \$440,000 were made during the year and \$450,000 would be due for the next payment. This loan has a rate of 2% interest and a 15 year term.

In March, 2022 the City bonded for \$3,020,000 to purchase the Lodge adjacent to Maddox for a new city hall. As of June 30, 2023, the loan has a balance of \$2,855,000. Principal payments of \$165,000 were made during the year and \$168,000 will be due for the next payment. The loan has a rate of 2.95% interest and a 15 year term.

Compensated absences had a balance of \$79,714. As a whole, long-term liabilities decreased from \$9,577,086 in 2022 to \$8,987,247 in 2023, down by \$589,839 or 6 percent.

PERRY CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

Long-term liabilities consisted of the following at June 30:

Perry City Corporation
Long-Term Liabilities
June 30, 2023

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022 - 2023</u>
Bonds payable	\$2,855,000	\$ 3,020,000	\$ 6,052,533	\$ 6,492,533	\$ 8,907,533	\$ 9,512,533	-6%
Compensated absences	<u>52,425</u>	<u>37,636</u>	<u>27,289</u>	<u>26,917</u>	<u>79,714</u>	<u>64,553</u>	23%
Total	<u>\$ 2,907,425</u>	<u>\$ 3,057,636</u>	<u>\$ 6,079,822</u>	<u>\$ 6,519,450</u>	<u>\$ 8,987,247</u>	<u>\$ 9,577,086</u>	-6%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Fund Balances

At June 30, 2023, the City's governmental funds reported combined fund balances of \$4,639,020. Of that amount, \$142,867 was reserved for park impact fees, \$184,293 for Class C roads, and \$184,660 for a tourism grant. The fund balance of the internal service fund (fleet) is \$4,888 but is made up entirely of capital assets held in that fund. The general fund's unassigned fund balance closed with a balance of \$1,926,015, up \$455,286 from last year.

The following chart presents the City's 2023 ending fund balances:

Perry City Corporation
Fund Balances/Net Position
June 30, 2023

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>RDA Fund</u>	<u>Utility Fund</u>	<u>Sewer Fund</u>	<u>Internal Service Fund</u>	<u>Component Units</u>	<u>Total</u>
Invested in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 5,194,081	\$ 3,928,359	\$ 136,588	\$ 602,949	\$ 9,861,977
Reserved/restricted	349,660	-	202,160	-	1,338,294	857,880	-	492,271	3,240,265
Unreserved/unassigned	<u>1,926,015</u>	<u>1,486</u>	<u>1,908,602</u>	<u>251,097</u>	<u>1,467,015</u>	<u>1,427,693</u>	<u>(131,700)</u>	<u>102,298</u>	<u>6,952,506</u>
Total	<u>\$ 2,275,675</u>	<u>\$ 1,486</u>	<u>\$ 2,110,762</u>	<u>\$ 251,097</u>	<u>\$ 7,999,390</u>	<u>\$ 6,213,932</u>	<u>\$ 4,888</u>	<u>\$ 1,197,518</u>	<u>\$ 20,054,748</u>
Percent change from prior yr	2%	5%	-15%	N/A	23%	17%	-70%	0%	11%

PERRY CITY, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

General Fund Budgetary Highlights

The City prepares its budget according to state statutes. The most significant budgeted fund is the general fund. The City amended the general fund budget during the year to meet the needs of the programs as issues arose.

Actual general fund revenues were \$5,013,104, or 2 percent above the original budget, and \$55,533, or 1 percent above the final budget. Actual expenditures were \$3,888,085, or 17 percent below the original budget, and \$618,229, or 14 percent below the final budget.

Debt Service Fund

The fund balance in the debt service fund increased \$75, or 5 percent during fiscal year 2023 due to earnings on investments.

Capital Projects Funds

The intent of the capital projects fund is to put aside money to help with the construction of various projects, including 1) City Hall Public Safety Building, 2) road projects for 1200 W South, 3) road projects for 1200 W North 4) Parks Equipment Improvements, 5) Hwy 89 SR126 to Perry F-00189 (456)423 Project and 6) 1200 W Central Trail Project. During the year ended June 30, 2023, \$394,538 was transferred to the capital projects funds, including \$319,832 to City Hall Public Safety Building, \$34,706 to 1200 W North, and \$40,000 to Parks Equipment Improvements.. Capital outlay for the City Hall Public Safety Building was \$824,586. Total ending fund balance of capital projects funds was \$1,793,335.

Utility Fund

The utility fund has total net position of \$7,999,390, which showed an increase of \$1,505,169 or 23 percent during 2023. Total operating revenues of \$988,291 were higher than last year by \$81,285 or 9 percent, and were not sufficient to cover operating expenses of \$1,130,672, which increased by \$236,715 or 26 percent relative to the prior year.

Sewer Fund

The sewer fund has total net position of \$6,213,932, which showed an increase of \$881,870 or 17 percent during 2023. Total operating revenues of \$1,190,612 were higher than last year by \$33,784 or 3 percent, and were sufficient to cover operating expenses of \$992,836, which increased by \$93,204 or 10 percent relative to the prior year.

Internal Service Fund

The internal service fund maintains and allocates expenses for City vehicles to other funds. During 2023, the fund balance decreased to \$4,888 a decrease of \$11,273 primarily due to the calculations of lease amortization expense.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of Perry City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the City's finances should be addressed to the Perry City Director of Finance, 1950 South Highway 89, Perry, Utah 84302.

**BASIC
FINANCIAL
STATEMENTS**

PERRY CITY CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Unit (Unaudited)
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 4,513,910	\$ 2,717,567	\$ 7,231,477	\$ 594,569
Accounts receivable (net of allowance)	140,461	224,918	365,379	-
Lease receivable, current portion	96,477	-	96,477	-
Intergovernmental receivables				
Taxes receivable	1,086,534	-	1,086,534	-
Due from other governmental agencies	456,061	-	456,061	-
Deposits	32,716	-	32,716	-
Land held for resale	127,764	-	127,764	-
Restricted cash	584,198	2,196,174	2,780,372	-
Internal balances*	-	78,857	-	-
<i>Total current assets</i>	<u>7,038,121</u>	<u>5,217,516</u>	<u>12,255,637</u>	<u>594,569</u>
Noncurrent assets				
Lease receivable	417,761	-	417,761	-
Capital assets				
Construction in progress	4,555,008	99,338	4,654,346	-
Land	<u>1,098,567</u>	<u>394,738</u>	<u>1,493,305</u>	<u>170,000</u>
Capital assets not being depreciated	5,653,575	494,076	6,147,651	170,000
Buildings	203,637	5,622,478	5,826,115	-
Improvements	312,734	4,459	317,193	-
Infrastructure	8,480,802	8,398,794	16,879,596	432,949
Machinery and equipment	62,795	624,165	686,960	-
Vehicles	<u>57,783</u>	<u>31,001</u>	<u>88,784</u>	<u>-</u>
Capital assets, net of accumulated depreciation	9,117,751	14,680,897	23,798,648	432,949
Right of use assets, net of accumulated amortization	<u>358,398</u>	<u>-</u>	<u>358,398</u>	<u>-</u>
<i>Total capital assets</i>	<u>15,129,724</u>	<u>15,174,973</u>	<u>30,304,697</u>	<u>602,949</u>
<i>Total noncurrent assets</i>	<u>15,547,485</u>	<u>15,174,973</u>	<u>30,722,458</u>	<u>602,949</u>
<i>Total assets</i>	<u>22,585,606</u>	<u>20,392,489</u>	<u>42,978,095</u>	<u>1,197,518</u>
Deferred outflows of resources				
Deferred outflows of resources related to pensions	<u>203,566</u>	<u>82,957</u>	<u>286,523</u>	<u>-</u>
<i>Total deferred outflows of resources</i>	<u>203,566</u>	<u>82,957</u>	<u>286,523</u>	<u>-</u>
<i>Total assets and deferred outflows</i>	<u>22,789,172</u>	<u>20,475,446</u>	<u>43,264,618</u>	<u>1,197,518</u>

*Amounts have been eliminated in total column

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
STATEMENT OF NET POSITION (Continued)
JUNE 30, 2023

	Primary Government			Component Unit (Unaudited)
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 532,471	\$ 37,125	\$ 569,596	\$ -
Accrued liabilities	35,995	7,177	43,172	-
Customer deposits	696,749	48,508	745,257	-
Lease liability	92,909	-	92,909	-
Internal balances*	78,857	-	78,857	-
Current portion of long-term debt	168,000	450,000	618,000	-
Accrued interest	16,491	20,175	36,666	-
<i>Total current liabilities</i>	<u>1,621,472</u>	<u>562,985</u>	<u>2,184,457</u>	<u>-</u>
Long-term liabilities:				
Revenue bond payable	2,687,000	5,602,533	8,289,533	-
Lease liability	186,684	-	186,684	-
Net pension liability	230,646	66,855	297,501	-
Compensated absences	52,425	27,291	79,716	-
<i>Total noncurrent liabilities</i>	<u>3,156,755</u>	<u>5,696,679</u>	<u>8,853,434</u>	<u>-</u>
<i>Total liabilities</i>	<u>4,778,227</u>	<u>6,259,664</u>	<u>11,037,891</u>	<u>-</u>
Deferred inflows of resources				
Deferred inflows related to pensions	8,490	2,460	10,950	-
Deferred inflows related to leases	522,688	-	522,688	-
Unavailable revenue	1,086,534	-	1,086,534	-
<i>Total deferred inflows of resources</i>	<u>1,617,712</u>	<u>2,460</u>	<u>1,620,172</u>	<u>-</u>
<i>Total liabilities and deferred inflows</i>	<u>6,395,939</u>	<u>6,262,124</u>	<u>12,658,063</u>	<u>-</u>
Net position				
Invested in capital assets, net of related debt	11,994,633	9,122,440	21,117,073	602,949
Restricted for:				
Debt service	-	857,880	857,880	-
Park impact fees	142,867	-	142,867	-
Utility impact fees	40,000	717,190	757,190	-
Capital projects	-	-	-	492,271
Restricted grants	199,458	621,104	820,562	-
Class "C" road funds	184,293	-	184,293	-
Unrestricted	3,831,982	2,894,708	6,726,690	102,298
<i>Total net position</i>	<u>\$ 16,393,233</u>	<u>\$ 14,213,322</u>	<u>\$ 30,606,555</u>	<u>\$ 1,197,518</u>
<i>Total liabilities, deferred inflows and net position</i>	<u>\$ 22,789,172</u>	<u>\$ 20,475,446</u>	<u>\$ 43,264,618</u>	<u>\$ 1,197,518</u>

*Amounts have been eliminated in total columns

The accompanying notes are an integral part of these statements.

**PERRY CITY CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

		Program Revenue			Changes in Net Position Primary Government			Component Units (Unaudited)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
	Expenses							
Governmental activities:								
Administration	\$ 744,984	\$ 31,718	\$ 330,552	\$ -	\$ (382,714)	\$ -	\$ (382,714)	\$ -
Judicial	20,000	52,903	-	-	32,903	-	32,903	-
Public safety	1,117,407	36,619	17,851	10,457	(1,052,480)	-	(1,052,480)	-
Streets	966,973	-	310,013	1,695,213	1,038,253	-	1,038,253	-
Mass transit passthrough	679,536	-	-	-	(679,536)	-	(679,536)	-
Parks	174,779	1,848	48,508	86,000	(38,423)	-	(38,423)	-
Community development	214,725	221,751	-	-	7,026	-	7,026	-
Interest on long-term debt	115,221	-	-	-	(115,221)	-	(115,221)	-
<i>Total governmental activities</i>	<u>4,033,625</u>	<u>344,839</u>	<u>706,924</u>	<u>1,791,670</u>	<u>(1,190,192)</u>	<u>-</u>	<u>(1,190,192)</u>	<u>-</u>
Business-type activities:								
Utility	1,130,672	988,291	-	1,217,252	-	1,074,871	1,074,871	-
Sewer	1,121,247	1,190,612	-	744,672	-	814,037	814,037	-
<i>Total business-type activities</i>	<u>2,251,919</u>	<u>2,178,903</u>	<u>-</u>	<u>1,961,924</u>	<u>-</u>	<u>1,888,908</u>	<u>1,888,908</u>	<u>-</u>
<i>Total primary government activities</i>	<u>\$ 6,285,544</u>	<u>\$ 2,523,742</u>	<u>\$ 706,924</u>	<u>\$ 3,753,594</u>	<u>(1,190,192)</u>	<u>1,888,908</u>	<u>698,716</u>	<u>-</u>
Component Units:								
Box Elder/Perry Flood Control	95,123	-	-	-	-	-	-	(95,123)
<i>Total component units</i>	<u>95,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,123)</u>
			Revenues					
			Property taxes		1,194,729	-	1,194,729	91,172
			Sales taxes		1,346,442	-	1,346,442	-
			Sales taxes - mass transit passthrough		679,536	-	679,536	-
			Franchise, lodging and energy taxes		343,626	-	343,626	-
			Gain/loss on sale of fixed assets		(18,482)	3,500	(14,982)	-
			Rental income		93,616	-	93,616	-
			Miscellaneous		437	150	587	-
			Investment earnings		245,144	183,929	429,073	526
			Total general revenues and transfers		<u>3,574,496</u>	<u>498,131</u>	<u>4,072,627</u>	<u>91,698</u>
			Change in net position		<u>2,384,304</u>	<u>2,387,039</u>	<u>4,771,343</u>	<u>(3,425)</u>
			Net position - beginning		14,008,929	11,826,283	25,835,212	1,200,943
			Net position - ending		<u>\$ 16,393,233</u>	<u>\$ 14,213,322</u>	<u>\$ 30,606,555</u>	<u>\$ 1,197,518</u>

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue RDA</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 2,239,674	\$ 1,486	\$ 2,149,418	\$ 123,333	\$ 4,513,911
Accounts receivable (net of allowance)	112,974	-	26,223	-	139,197
Taxes receivable	1,086,534	-	-	-	1,086,534
Due from other governments	456,061	-	-	-	456,061
Deposits	32,716	-	-	-	32,716
Due from other funds	-	-	-	-	-
Land held for resale	-	-	-	127,764	127,764
Restricted cash and cash equivalents	<u>382,038</u>	<u>-</u>	<u>202,160</u>	<u>-</u>	<u>584,198</u>
<i>Total assets</i>	<u>4,309,997</u>	<u>1,486</u>	<u>2,377,801</u>	<u>251,097</u>	<u>6,940,381</u>
Liabilities					
Accounts payable	\$ 155,044	\$ -	\$ 267,039	\$ -	\$ 422,083
Accrued liabilities	35,995	-	-	-	35,995
Customer deposits	<u>756,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>756,749</u>
<i>Total liabilities</i>	<u>947,788</u>	<u>-</u>	<u>267,039</u>	<u>-</u>	<u>1,214,827</u>
Deferred inflows of resources					
Unavailable revenue	<u>1,086,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,086,534</u>
<i>Total deferred inflows of resources</i>	<u>1,086,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,086,534</u>
Fund balances					
Restricted for:					
Storm drain impact fees	-	-	40,000	-	40,000
Park impact fees	142,867	-	-	-	142,867
Restricted grants	22,500	-	162,160	-	184,660
Class "C" roads	184,293	-	-	-	184,293
Unassigned fund balance	<u>1,926,015</u>	<u>1,486</u>	<u>1,908,602</u>	<u>251,097</u>	<u>4,087,200</u>
<i>Total fund balances</i>	<u>2,275,675</u>	<u>1,486</u>	<u>2,110,762</u>	<u>251,097</u>	<u>4,639,020</u>
<i>Total liabilities and fund balances</i>	<u>\$ 4,309,997</u>	<u>\$ 1,486</u>	<u>\$ 2,377,801</u>	<u>\$ 251,097</u>	<u>\$ 6,940,381</u>

The accompanying notes are an integral part of these statements.

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

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

Total fund balance - governmental fund types	\$ 4,639,020
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	14,713,544
Certain other long-term assets are not available to pay current period expenditures and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the statement of Net Position.	515,502
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the statement of Net Position.	4,888
GASB 68 requires net pension assets and liabilities, as well as deferred inflows and outflows of resources related to the City's participation in the Utah Retirement Systems are required to be reported on a government wide basis.	(35,571)
Some liabilities, (such as notes payable, capital lease contract payable, long-term compensated absences and bonds payable) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.	<u>(3,444,150)</u>
<i>Net position of governmental activities in the statement of net position</i>	<u>\$ 16,393,233</u>

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue RDA</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes					
Property taxes	\$ 1,160,302	\$ -	\$ -	\$ 34,427	\$ 1,194,729
Sales and use	1,868,952	-	-	157,026	2,025,978
Other	329,106	-	-	-	329,106
Licenses and permits	221,751	-	-	-	221,751
Intergovernmental	1,002,775	-	27,856	-	1,030,631
Charges for services	18,766	-	-	-	18,766
Impact fees	96,457	-	-	-	96,457
Earnings on investments	112,742	75	109,504	-	222,321
Fines and forfeitures	52,903	-	-	-	52,903
Miscellaneous	149,349	-	-	6,287	155,636
<i>Total revenues</i>	<u>5,013,103</u>	<u>75</u>	<u>137,360</u>	<u>197,740</u>	<u>5,348,278</u>
Expenditures:					
Current					
Administration	759,410	-	-	-	759,410
Judicial	20,000	-	-	-	20,000
Public safety	1,125,882	-	-	-	1,125,882
Streets	915,131	-	31,722	-	946,853
Mass transit passthrough	679,536	-	-	-	679,536
Parks	176,402	-	348,767	-	525,169
Community development	211,723	-	-	3,500	215,223
Debt service			-		
Principal	-	165,000	-	-	165,000
Interest and other charges	-	86,368	-	-	86,368
Capital outlay	-	-	824,586	-	824,586
<i>Total expenditures</i>	<u>3,888,084</u>	<u>251,368</u>	<u>1,205,075</u>	<u>3,500</u>	<u>5,348,027</u>
Excess (deficiency) of revenues over expenditures	<u>1,125,019</u>	<u>(251,293)</u>	<u>(1,067,715)</u>	<u>194,240</u>	<u>251</u>
Other financing sources (uses):					
Transfers in	188,490	251,368	904,437	-	1,344,295
Transfers out	(1,262,950)	-	(203,407)	(188,490)	(1,654,847)
<i>Total other financing sources (uses)</i>	<u>(1,074,460)</u>	<u>251,368</u>	<u>701,030</u>	<u>(188,490)</u>	<u>(310,552)</u>
<i>Net change in fund balances</i>	50,559	75	(366,685)	5,750	(310,301)
Fund balances - beginning	<u>2,225,116</u>	<u>1,411</u>	<u>2,477,447</u>	<u>245,347</u>	<u>4,949,321</u>
Fund balances - ending	<u>\$ 2,275,675</u>	<u>\$ 1,486</u>	<u>\$ 2,110,762</u>	<u>\$ 251,097</u>	<u>\$ 4,639,020</u>

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE STATEMENT OF ACTIVITIES
JUNE 30, 2023

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

Net change in fund balances - total governmental funds:	\$ (310,301)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

This is the amount by which depreciation of \$305,516 was less than capital outlays of \$1,427,277 in the current period.	1,121,761
---	-----------

Amount of capital contributions from developers	1,407,745
---	-----------

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.

	(23,419)
--	----------

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure; the Statement of Activities treats such repayment as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.

	165,000
--	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Net difference due to Lessor accounting	(7,186)
---	---------

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 governmental funds. These activities consist of accrued bond interest, amortization of deferred amounts, and increase in compensated absences.

	(14,789)
--	----------

Accrued interest not reflected on governmental funds	(14,037)
--	----------

The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown on the fund statements.	70,803
---	--------

Internal service funds are used by management to charge the costs of certain activities such as fleet maintenance and information technology to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

	(11,273)
--	----------

<i>Change in net position of governmental activities</i>	<u>\$ 2,384,304</u>
--	---------------------

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
PROPRIETY FUND FINANCIAL STATEMENTS
JUNE 30, 2023

Utility Fund

This enterprise fund accounts for the provision of water, garbage and storm drain services to City residents. All activities necessary to provide such service are accounted for in this fund, including: administration, operation, maintenance, billing and collecting.

Sewer Fund

This enterprise fund accounts for the provision of sewer services to City residents. All activities necessary to provide such service are accounted for in this fund, including: administration, operation, maintenance, billing and collecting.

Internal Service Fund

This internal service fund accounts for the purchase and maintenance of the City's fleet of vehicles, and tracks the usage of those vehicles for the City's various departments and funds.

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

Business-Type Activities – Enterprise Funds

	Business-Type Activities - Enterprise Funds			Governmental Activities
	<u>Utility</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal Service Fund</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,393,014	\$ 1,324,552	\$ 2,717,566	\$ -
Accounts receivable (net of allowance)	54,234	170,684	224,918	-
Restricted cash and cash equivalents	1,338,294	857,880	2,196,174	-
Due from other funds	<u>78,857</u>	<u>-</u>	<u>78,857</u>	<u>-</u>
<i>Total current assets</i>	<u>2,864,399</u>	<u>2,353,116</u>	<u>5,217,515</u>	<u>-</u>
Noncurrent assets:				
Construction in progress	41,838	57,500	99,338	-
Land	159,579	235,159	394,738	-
Buildings	11,767	5,610,711	5,622,478	-
Land improvements	-	4,459	4,459	-
Infrastructure	4,899,132	3,499,663	8,398,795	-
Machinery and equipment	81,765	542,400	624,165	-
Leased vehicles	-	-	-	358,398
Vehicles	<u>-</u>	<u>31,000</u>	<u>31,000</u>	<u>57,783</u>
<i>Net capital assets</i>	<u>5,194,081</u>	<u>9,980,892</u>	<u>15,174,973</u>	<u>416,181</u>
<i>Total assets</i>	<u>8,058,480</u>	<u>12,334,008</u>	<u>20,392,488</u>	<u>416,181</u>
Deferred outflows of resources:				
Deferred outflows related to pensions	<u>40,873</u>	<u>42,084</u>	<u>82,957</u>	<u>-</u>
<i>Total deferred outflows of resources</i>	<u>40,873</u>	<u>42,084</u>	<u>82,957</u>	<u>-</u>
<i>Total assets and deferred outflows</i>	<u>8,099,353</u>	<u>12,376,092</u>	<u>20,475,445</u>	<u>416,181</u>

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023
(Continued)

Business-Type Activities – Enterprise Funds (Continued)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	<u>Utility</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal Service Fund</u>
Liabilities				
Current liabilities:				
Accounts payable	29,833	7,292	37,125	50,389
Accrued liabilities	3,753	3,424	7,177	-
Customer deposits	23,310	25,197	48,507	-
Accrued interest payable	-	20,175	20,175	2,454
Due to other funds	-	-	-	78,857
Noncurrent liabilities - due in less than one year	-	450,000	450,000	-
Lease liability	-	-	-	92,909
<i>Total current liabilities</i>	<u>56,896</u>	<u>506,088</u>	<u>562,984</u>	<u>224,609</u>
Noncurrent liabilities:				
Compensated absences	14,663	12,628	27,291	-
Net pension liability	27,396	39,459	66,855	-
Lease liability	-	-	-	186,684
Noncurrent liabilities - due in more than one year	-	5,602,533	5,602,533	-
<i>Total noncurrent liabilities</i>	<u>42,059</u>	<u>5,654,620</u>	<u>5,696,679</u>	<u>186,684</u>
<i>Total liabilities</i>	<u>98,955</u>	<u>6,160,708</u>	<u>6,259,663</u>	<u>411,293</u>
Deferred inflows of resources				
Deferred inflows related to pensions	<u>1,008</u>	<u>1,452</u>	<u>2,460</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>1,008</u>	<u>1,452</u>	<u>2,460</u>	<u>-</u>
<i>Total liabilities and deferred inflows of resources</i>	<u>99,963</u>	<u>6,162,160</u>	<u>6,262,123</u>	<u>411,293</u>
Net position				
Investment in capital assets, net of related debt	\$ 5,194,081	\$ 3,928,359	\$ 9,122,440	\$ 136,588
Restricted for debt service	-	857,880	857,880	-
Restricted grants	621,104	-	621,104	-
Restricted for impact fees	717,190	-	717,190	-
Unrestricted	<u>1,467,015</u>	<u>1,427,693</u>	<u>2,894,708</u>	<u>(131,700)</u>
<i>Total net position</i>	<u>7,999,390</u>	<u>6,213,932</u>	<u>14,213,322</u>	<u>4,888</u>
<i>Total liabilities, deferred inflows and net position</i>	<u>\$ 8,099,353</u>	<u>\$ 12,376,092</u>	<u>\$ 20,475,445</u>	<u>\$ 416,181</u>

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Business-Type Activities – Enterprise Funds

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Utility</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating revenues				
Charges for services	\$ 946,391	\$ 1,188,566	\$ 2,134,957	\$ -
Miscellaneous operating revenues	<u>41,900</u>	<u>2,046</u>	<u>43,946</u>	<u>108,254</u>
<i>Total operating revenues</i>	<u>988,291</u>	<u>1,190,612</u>	<u>2,178,903</u>	<u>108,254</u>
Operating expenses				
Wages and benefits	248,222	241,994	490,216	-
Fees and services	378,681	32,923	411,604	-
Materials and supplies	29,709	24,220	53,929	-
Utilities	46,761	75,283	122,044	-
Repairs and maintenance	269,658	126,977	396,635	-
Lease expense	20,190	31,461	51,651	-
Insurance claims and expenses	-	22,660	22,660	-
Miscellaneous	-	250	250	-
Depreciation and amortization	<u>137,451</u>	<u>437,068</u>	<u>574,519</u>	<u>108,254</u>
<i>Total operating expenses</i>	<u>1,130,672</u>	<u>992,836</u>	<u>2,123,508</u>	<u>108,254</u>
<i>Operating income (loss)</i>	<u>(142,381)</u>	<u>197,776</u>	<u>55,395</u>	<u>-</u>
Nonoperating revenues (expenses)				
Impact fees	194,041	253,732	447,773	-
Investment earnings	119,595	64,334	183,929	-
Interest	-	(128,384)	(128,384)	(14,816)
Miscellaneous revenues (expenses)	<u>151</u>	<u>(28)</u>	<u>123</u>	<u>-</u>
<i>Total nonoperating revenue (expenses)</i>	<u>313,787</u>	<u>189,654</u>	<u>503,441</u>	<u>(14,816)</u>
<i>Income (loss) before contributions and transfers</i>	<u>171,406</u>	<u>387,430</u>	<u>558,836</u>	<u>(14,816)</u>
Capital contributions from developers	1,023,211	490,940	1,514,151	-
Transfers in (out)	310,552	-	310,552	-
Gain (loss) on sale of assets	<u>-</u>	<u>3,500</u>	<u>3,500</u>	<u>3,543</u>
<i>Change in net position</i>	<u>1,505,169</u>	<u>881,870</u>	<u>2,387,039</u>	<u>(11,273)</u>
Net position - beginning	<u>6,494,221</u>	<u>5,332,062</u>	<u>11,826,283</u>	<u>16,161</u>
Net position - ending	<u>\$ 7,999,390</u>	<u>\$ 6,213,932</u>	<u>\$ 14,213,322</u>	<u>\$ 4,888</u>

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Enterprise Fund <u>Utility</u>	Enterprise Fund <u>Sewer</u>	Total Enterprise <u>Funds</u>	Governmental <u>Activities - ISF</u>
Cash flows from operating activities:				
Receipts from customers	\$ 945,539	\$ 1,131,235	\$ 2,076,774	\$ 108,254
Payments to suppliers	(872,847)	(311,835)	(1,184,682)	50,389
Payments to employees	<u>(243,846)</u>	<u>(246,004)</u>	<u>(489,850)</u>	<u>-</u>
<i>Net cash provided by (used in) operating activities</i>	<u>(171,154)</u>	<u>573,396</u>	<u>402,242</u>	<u>158,643</u>
Cash flows from noncapital financing activities:				
Loans from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,394</u>
<i>Net cash provided by (used in) noncapital financing activities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,394</u>
Cash flows from capital and related financing activities:				
Payment on revenue bonds	-	(440,000)	(440,000)	-
Payment on lease liabilities	-	-	-	(149,011)
Acquisition of capital assets	(249,167)	(132,478)	(381,645)	(35,026)
Other revenues / (expenses)	151	(28)	123	-
Interest paid on revenue bonds	-	(129,850)	(129,850)	-
Proceeds from impact fees	<u>194,041</u>	<u>253,732</u>	<u>447,773</u>	<u>-</u>
<i>Net cash provided by (used in) capital and related financing activities</i>	<u>255,577</u>	<u>(448,624)</u>	<u>(193,047)</u>	<u>(184,037)</u>
Cash flows from investing activities:				
Proceeds from sale of capital assets	-	3,500	3,500	8,000
Change in pension liabilities/assets	(16,122)	(20,247)	(36,369)	-
Interest and dividends received	<u>119,595</u>	<u>64,334</u>	<u>183,929</u>	<u>-</u>
<i>Net cash provided by (used in) investing activities</i>	<u>103,473</u>	<u>47,587</u>	<u>151,060</u>	<u>8,000</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	187,896	172,359	360,255	-
Cash and cash equivalents - beginning	<u>2,543,412</u>	<u>2,010,073</u>	<u>4,553,485</u>	<u>-</u>
Cash and cash equivalents - ending	<u>\$ 2,731,308</u>	<u>\$ 2,182,432</u>	<u>\$ 4,913,740</u>	<u>\$ -</u>
Cash and cash equivalents	\$ 1,393,014	\$ 1,324,552	\$ 2,717,566	\$ -
Restricted cash and investments	<u>1,338,294</u>	<u>857,880</u>	<u>2,196,174</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 2,731,308</u>	<u>\$ 2,182,432</u>	<u>\$ 4,913,740</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

	<u>Utility</u>	<u>Sewer</u>	<u>Funds</u>	<u>Activities - ISF</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (142,381)	\$ 197,776	\$ 55,395	\$ -
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	137,451	437,068	574,519	108,254
Change in assets and liabilities:				
Change in accounts receivable	(25,358)	(59,377)	(84,735)	-
Change in due from other funds	(17,394)	-	(17,394)	-
Change in deposits payable	(2,999)	(2,404)	(5,403)	-
Change in accounts payable	(124,849)	4,344	(120,505)	50,389
Change in wages payable and compensated absences	<u>4,376</u>	<u>(4,011)</u>	<u>365</u>	<u>-</u>
<i>Net cash provided by (used in) operating activities</i>	<u>\$ (171,154)</u>	<u>\$ 573,396</u>	<u>\$ 402,242</u>	<u>\$ 158,643</u>

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
COMPONENT UNIT FINANCIAL STATEMENTS
JUNE 30, 2023

Box Elder County & Perry City Flood Control

This organization was created to allow Box Elder County and Perry City to work together on flood control projects that benefit both the City and the County.

Box Elder County & Perry City Flood Control Capital Projects

This organization was created to allow Box Elder County and Perry City to work together on flood control projects that benefit both the City and the County, specifically in relation to capital projects.

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2023

	Component Units (Unaudited)		
	<u>Box Elder</u> <u>County & Perry</u> <u>City Flood</u> <u>Control</u>	<u>Box Elder</u> <u>County & Perry</u> <u>City Flood</u> <u>Control Capital</u> <u>Projects</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ <u>77,718</u>	\$ <u>516,851</u>	\$ <u>594,569</u>
<i>Total assets</i>	<u>77,718</u>	<u>516,851</u>	<u>594,569</u>
Net position			
Restricted for capital projects	\$ -	\$ 516,851	\$ 516,851
Unrestricted	<u>77,718</u>	<u>-</u>	<u>77,718</u>
<i>Total net position</i>	<u>\$ 77,718</u>	<u>\$ 516,851</u>	<u>\$ 594,569</u>

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
STATEMENT OF ACTIVITIES
COMPONENT UNITS
JUNE 30, 2023

Perry City
Statement of Revenues, Expenditures and Changes in Fund Balances
Component unit (Unaudited)
For the Year Ended June 30, 2023

	Box Elder County & Perry Flood Control	Box Elder County & Perry Flood Control Capital Project	Total
Expenses:	\$ 67,118	\$ -	\$ 67,118
Program Revenues:			
Taxes			
Property taxes	\$ 91,172	\$ -	\$ 91,172
Earnings on investments	526	-	526
<i>Total revenues</i>	<u>91,698</u>	<u>-</u>	<u>91,698</u>
Net (Expenses) Revenues	<u>24,580</u>	<u>-</u>	<u>24,580</u>
Other financing sources (uses):			
Transfers	<u>(24,580)</u>	<u>24,580</u>	<u>-</u>
<i>Change in net position</i>	-	24,580	24,580
Net position - beginning	<u>77,718</u>	<u>492,271</u>	<u>569,989</u>
Net position - ending	<u>\$ 77,718</u>	<u>\$ 516,851</u>	<u>\$ 594,569</u>

The accompanying notes are an integral part of these statements.

**NOTES
TO THE
FINANCIAL
STATEMENTS**

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Perry City Corporation (City) conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The City has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the more significant policies and is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The City operates under a traditional form of government and provides the following services: public safety (police and emergency medical), highways and streets, water, sewer, storm sewer, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The criteria set forth by generally accepted accounting principles (GAAP) were used to determine which entities to include in this report. GASB Concepts Statement-1 (Objectives of Financial Reporting) concludes that the basic foundation for governmental financial reporting is accountability. The Concepts Statement asserts that accountability requires governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used. In turn, the concept of accountability becomes the basis for defining the financial reporting entity. Under GASB-14 (The Financial Reporting Entity) the financial reporting entity consists of the following:

1. The primary government.
2. Organizations for which the primary government is financially accountable.
3. Other organizations that, because of the nature and significance of their relationship with the primary government exclusion from the reporting entity would render the financial statements misleading or incomplete.

Blended component units, although legally separate entities, are, in substance, part of the government's operations. They are reported as part of the primary government and blended with the appropriate funds. The City has no blended component units.

Discretely presented component units are reported in a separate column and/or rows in each of the government-wide statements to emphasize that they are legally separate from the City. The Box Elder County & Perry City Flood Control component unit and the Box Elder County & Perry City Flood Control Capital Projects component unit are the only discretely presented component units.

B. Government-Wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-Wide Financial Statements

The government-wide statements present information on all nonfiduciary activities of the primary government. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the City's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is restricted when constraints placed upon it are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The financial transactions of the City are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Separate statements are provided for governmental and proprietary funds. For governmental and proprietary funds, the emphasis is on major funds, with each displayed in a separate column. Internal service funds, even though primarily benefiting governmental activities, are reported on the proprietary fund financial statements.

The City reports the following major governmental funds:

- **General Fund** - This fund is the principal operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund.
- **Debt Service Fund** – The debt service fund is used to account for the bond for the purchase and remodel of the new city hall.
- **Capital Projects Fund** – The capital projects fund is to be used to put aside money to help with the construction of various projects, including: 1) City Hall Public Safety Building, 2) 1200 W South project 3) 1200 W North project 4) Parks Equipment Improvements, 5) Hwy 89 SR 126 Project and 6) 1200 W Central Trail Project.
- **Special Revenue RDA Fund** – The RDA fund is used to account for the receipt of tax increment and expenses associated with the Point Perry Project.

The City reports the following proprietary funds:

- **Utility Fund** – The utility fund is used to account for revenue and expenses for the City's water, garbage and storm sewer.
- **Sewer Fund** – The sewer fund is used to account for revenue and expenses for the City's sanitary sewer system.
- **Internal Service Fund** – The internal service fund is used to account for charges to the other funds for the use of the City fleet. In the government-wide financial statements, the internal service fund is included with the governmental activities.

The City reports the following component units:

- **Box Elder County & Perry City Flood Control** – This is a separate legal entity from the City that provides the County and the City the opportunity to work on flood control projects together.
- **Box Elder County & Perry City Flood Control Capital Projects** – This is a separate legal entity from the City that provides the County and the City the opportunity to work on flood control capital projects together.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The proprietary fund statements are also prepared using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating items, such as interest expense and investment earnings, result from nonexchange transactions or ancillary activities.

For business-type activities and enterprise funds, the City follows all GASB pronouncements and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those standards conflict with a GASB pronouncement.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred. Exceptions to this general rule include principal and interest on long-term debt as well as expenditures related to compensated absences, which are recognized when payment is due.

Property taxes are recorded when levied. Property taxes which have not been collected within 60 days and, therefore, do not meet the “available” criterion, are not reported until collected. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Sales and excise taxes, restaurant taxes and franchise taxes, are considered “available” and recognized as revenue when received by merchants and will be remitted to the City in time to be used to pay current obligations. Grant revenue is recognized when qualified expenditures are incurred and a contractual claim exists with the grantor agency. All other revenue items are considered to be measurable and available only when cash is received by the City.

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at the fiscal year end. Project-length financial plans are adopted for capital projects funds. Encumbrance accounting is not used by the City.

Summary of City Budget Procedures and Calendar:

1. The City council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance.
2. Budgets are required by the state of Utah for the general, debt service, proprietary and capital improvements funds.
3. Each year the City publishes a separate budget document prepared according to this legal level of control.
4. The City’s budget is a financial plan of all estimated revenues and all appropriations for expenditures. Revenues and expenditures must balance for the funds required by the state code as indicated in item 2 above.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. A tentative budget is presented by the mayor to the City council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the council no later than June 30.
6. The tentative budget is a public record and is available for inspection at the City offices for at least ten days prior to adoption of the final budget.
7. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing.
8. The public hearing on the tentatively adopted budget is held no later than June 30. Final adjustments are made to the tentative budget by the council after the public hearing.
9. Occasionally, the City council will exercise their option to open the budget to indicate additional financing sources that become available.
10. The final budget is adopted by ordinance before June 30 and a copy of the budget certified by the budget officer is filed with the state auditor within thirty days of adoption.
11. In connection with budget adoption:
 - a. An annual tax ordinance establishing the property tax rate is adopted before June 22.
 - b. The city treasurer is to certify the property tax rate to the county auditor before June 22.
12. Budgets for the general, debt service, capital improvements and proprietary funds are adopted on a basis consistent with GAAP.

Summary of Action Required for Budget Changes

The council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution. Fund budgets may be increased by resolution after a public hearing.

E. Assets, Liabilities and Fund Balances/Net Position

The following are the City's significant policies regarding recognition and reporting of certain assets, liabilities and fund balances/net position:

Pooled Cash and Temporary Investments

Unrestricted and restricted cash balances of both funds are combined to form a pool of cash which is managed by the City treasurer. Utah state statutes allow for investments in the Utah Public Treasurer's Investment Fund and Utah Money Management Act (UMMA) approved financial institutions. The UMMA provides for a committee to evaluate financial institutions and provide a list of those qualified as depositories for public funds, including the amount they are authorized to maintain over and above insured amounts. The city treasurer invests unrestricted and restricted cash with the Utah Public Treasurer's Investment Fund and with local financial institutions. Investments in the pooled cash fund consist primarily of certificates of deposit, repurchase agreements and time deposits and are carried at cost which approximates market value. Interest income earned as a result of pooling is distributed to the appropriate funds based on month end balances of cash. The City considers all highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Inventories

No significant inventories are maintained by the City. Therefore, none are reflected in these statements.

Restricted Assets

Certain resources set aside as reserves in accordance with council resolutions and state statutes are classified as restricted assets on the balance sheet because their use is limited.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, leasehold improvements, furniture, fixtures and equipment, vehicles, infrastructure (roads, bridges, lighting and flood control and similar items) and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital acquisition and construction are reflected as expenditures in governmental funds. All purchased fixed assets are valued at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Individual assets with a cost greater than \$5,000 with a useful life of at least one year are capitalized.

Infrastructure capital assets which are newly constructed are capitalized. When the City has sewer system, parks and public works construction costs, they are recorded as construction in progress. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Improvements to streets, storm drainage, land drain and sanitary sewer that have been received from developers are depreciated over their expected useful lives.

Capital assets are depreciated. Depreciation of buildings, improvements, infrastructure and equipment is computed using the straight-line method. Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide statement of activities. Fixed assets are reported on proprietary fund and government-wide statements of net position net of accumulated depreciation. Depreciation has been provided over the estimated useful lives. The estimated useful lives are as follows:

Buildings	10-40 years
Improvements.....	5-40 years
Equipment	5-20 years
Vehicles.....	5-10 years
Infrastructure	20-80 years

Long-Term Obligations

In the government-wide statements and proprietary fund statements, long-term debt is reported as a liability. Bond premiums and discounts, defeasance costs, (the difference between the carrying amount of the defeased debt and its reacquisition price in bond refundings), as well as issuance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental funds 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 in the governmental fund financial statements. 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 actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

The difference between assets and liabilities is *net position* on the government-wide statements and *fund balance* on the governmental fund statements. Net position is divided into invested in capital assets (net of related debt), restricted and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In February 2009, GASB issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2011. The statement applies only to fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The fund balances may be classified as follows:

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Nonspendable – Fund balances that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted fund balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors or contributors.
3. Committed fund balance – Fund balances are reported as committed when the council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City council likewise formally changes the use.
4. Assigned fund balance – Fund balances are reported as assigned when the City council or management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
5. Unassigned fund balance – Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City council has provided otherwise in its commitment or assignment actions.

F. Revenues and Expenditures

The following are the City's significant policies related to recognition and reporting of certain revenues, expenditures and interfund activity:

Revenue Availability

Under the modified accrual basis of accounting, revenues are considered to be "available" when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available if they are collected within 60 days after the end of the current year. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues, including sales taxes, are considered to be available if they are collected within 60 days after year-end.

Statement of Governmental Accounting Standards (SGAS) No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a nonexchange transaction as one in which "a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange."

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the City generally uses restricted resources first, then unrestricted resources.

G. Contributions

Certain proprietary fund types receive contributions for aid in construction from various sources. With the adoption of GASB No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as nonoperating revenue.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

I. 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.

J. Compensated Absences

City policy provides for vested or accumulated vacation and compensated leave. The balance at June 30, 2023, was \$52,425 in the governmental funds and \$27,290 in the proprietary funds.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits and investments for the City are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

A. 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 City funds to be in a *qualified depository*, defined 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 Council.

The City's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City's bank balance at June 30, 2023, was \$286,540. This balance is over the FDIC insurance limit of \$250,000 in the amount of \$36,540.

Investments. Custodial credit risk for investments is the risk that in the event of the 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. The City does not have a formal policy for custodial credit risk of investments.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction 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 & Poors; 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; and shares in a money market fund as defined in the Act.

The City is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF) managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC 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. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the City's investments at June 30, 2023:

Investment Type	Fair Value	Maturity	Quality Rating
U.S. Treasury obligations held by trustee	\$ -	N/A	N/A
Utah Public Treasurer's Investment Fund	9,845,598	< 1 Year	Not rated
	<u>\$ 9,845,598</u>		

C. 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 mainly 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. Maturities of the City's investments are noted in the previous table.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF.

Perry City Corporation
Cash Investments

	<u>2023</u>	<u>2022</u>
Total cash and investments		
Deposits at 06/30	\$ 171,896	\$ 906,043
Investments	9,839,913	8,926,800
Cash on hand	<u>40</u>	<u>40</u>
	#####	<u>\$9,832,883</u>
As reported in the financial statements:		
Cash and cash equivalents	\$ 7,231,477	\$7,010,744
Restricted cash and cash equivalents	<u>2,780,372</u>	<u>2,822,139</u>
	#####	<u>\$9,832,883</u>

The PTIF is an external deposit and investment pool that governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The Fund investments must comply with the provisions of the Utah Money Management Act. The Fund is not SEC registered. The fair value of the City's position in the fund is the same as the value of the fund shares.

NOTE 3. RECEIVABLES

Receivables at June 30, 2023, consist of the following:

	<u>Taxes</u>	<u>Governments</u>	<u>Accounts</u>	<u>Interest</u>	<u>Total</u>
Governmental activities:					
General fund	\$1,086,534	\$456,061	\$ 112,974	\$ 97,741	\$ 1,753,310
<i>Total governmental receivables</i>	<u>\$1,086,534</u>	<u>\$456,061</u>	<u>\$ 112,974</u>	<u>\$ 97,741</u>	<u>\$ 1,753,310</u>
Business-type activities:					
Utility fund, net of allowance \$2,402	\$ -	\$ -	\$ 54,234	\$ -	\$ 54,234
Sewer fund, net of allowance \$1,000	<u>-</u>	<u>-</u>	<u>170,685</u>	<u>-</u>	<u>170,685</u>
<i>Total business-type receivables</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,919</u>	<u>\$ -</u>	<u>\$ 224,919</u>

NOTE 4. DEFERRED INFLOWS / OUTFLOWS OF RESOURCES

The City implemented the provisions of GASB 63 for the year ended June 30, 2013. These provisions provide that deferred outflows or inflows of resources be reported separately on the financial statements. In prior years, the City had reported deferred revenue for property taxes due in November on the governmental fund financial statements and on the government-wide financial statements. Under GASB 63, these items are called unavailable revenue under the deferred inflows of resources heading.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4. DEFERRED INFLOWS / OUTFLOWS OF RESOURCES (Continued)

For the year ended June 30, 2023 unavailable revenue in the governmental funds consist of \$1,086,534 for property taxes due in November that aren't considered available. Due to the implementation of GASB 68, deferred inflows and outflows related to pension reporting are included in this category as well. Deferred inflows – pensions is \$8,490 and deferred outflows – pensions is \$203,566 for the year ended June 30, 2023. There are also deferred inflows related to leases receivable. Deferred inflows – leases is \$522,688.

Unavailable revenue in the business-type activities consisted of deferred outflows – pensions of \$40,873 and deferred inflows – pensions is \$1,008 in the Utility fund in 2023. Deferred outflows – pensions is \$42,084 and deferred inflows – pensions for the Sewer fund is \$1,452.

NOTE 5. CAPITAL ASSETS

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

In governmental activities during fiscal year 2023, the city had some capital expenses for the new city building, park equipment, and corridor preservation. There were also some developer donations of streets and sidewalks after the developments were completed.

In business-type activities, expenses were made for sewer and water line extensions on 1200 W and US 89, as well as a few equipment purchases. There were also some developer donations of sewer lines, storm drains and water lines after the developments were completed.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5. CAPITAL ASSETS (Continued)

Perry City Corporation
Capital Assets

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,098,567	\$ -	\$ -	\$ 1,098,567
Construction in progress	3,446,480	1,207,252	98,724	4,555,008
<i>Total capital assets not being depreciated</i>	<u>4,545,047</u>	<u>1,207,252</u>	<u>98,724</u>	<u>5,653,575</u>
Capital assets being depreciated/amortized:				
Buildings	310,477	-	-	310,477
Improvements	1,157,269	35,696	-	1,192,965
Infrastructure	10,930,353	1,690,798	23,419	12,597,732
Furniture, machinery and equipment	310,139	-	-	310,139
Leased vehicles	510,184	-	-	510,184
Vehicles	380,738	35,026	-	415,764
<i>Capital assets being depreciated/amortized</i>	<u>13,599,160</u>	<u>1,761,520</u>	<u>23,419</u>	<u>15,337,261</u>
Less accumulated depreciation/amortization for:				
Buildings	98,999	7,841	-	106,840
Improvements	836,382	43,849	-	880,231
Infrastructure	3,881,649	235,281	-	4,116,930
Furniture, machinery and equipment	228,797	18,547	-	247,344
Leased vehicles	151,786	-	-	151,786
Vehicles	342,993	14,988	-	357,981
<i>Total accumulated depreciation/amortization</i>	<u>5,540,606</u>	<u>320,506</u>	<u>-</u>	<u>5,861,112</u>
<i>Total capital assets being depreciated, net</i>	<u>8,058,554</u>	<u>1,441,014</u>	<u>23,419</u>	<u>9,476,149</u>
<i>Governmental activities capital assets - net</i>	<u>\$ 12,603,601</u>	<u>\$ 2,648,266</u>	<u>\$ 122,143</u>	<u>\$ 15,129,724</u>

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5. CAPITAL ASSETS (Continued)

Perry City Corporation
Capital Assets

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 394,738	\$ -	\$ -	\$ 394,738
Construction in progress	641,577	99,338	641,577	99,338
<i>Total capital assets not being depreciated</i>	<u>1,036,315</u>	<u>99,338</u>	<u>641,577</u>	<u>494,076</u>
Capital assets being depreciated:				
Buildings	8,198,036	-	-	8,198,036
Improvements	26,754	-	-	26,754
Infrastructure	10,793,514	2,363,056	-	13,156,570
Furniture, machinery and equipment	2,049,934	74,978	5,490	2,119,422
Vehicles	239,999	-	-	239,999
<i>Capital assets being depreciated</i>	<u>21,308,237</u>	<u>2,438,034</u>	<u>5,490</u>	<u>23,740,781</u>
Less accumulated depreciation for:				
Buildings	2,370,442	205,116	-	2,575,558
Improvements	20,511	1,784	-	22,295
Infrastructure	4,531,176	226,600	-	4,757,776
Furniture, machinery and equipment	1,372,126	128,621	5,490	1,495,257
Vehicles	196,599	12,399	-	208,998
<i>Total accumulated depreciation</i>	<u>8,490,854</u>	<u>574,520</u>	<u>5,490</u>	<u>9,059,884</u>
<i>Total capital assets being depreciated, net</i>	<u>12,817,383</u>	<u>1,863,514</u>	<u>-</u>	<u>14,680,897</u>
<i>Business-type activities capital assets - net</i>	<u>\$ 13,853,698</u>	<u>\$ 1,962,852</u>	<u>\$ 641,577</u>	<u>\$ 15,174,973</u>

Depreciation and lease amortization expense for 2023 was charged to functions as follows:

Perry City Corporation
Capital Assets

	Governmental Activities	Business-Type Activities	Total
Administration	\$ 8,240	\$ -	\$ 8,240
Parks	34,073	-	34,073
Public safety	26,145	-	26,145
Streets	237,060	-	237,060
Fleet lease	14,988	-	14,988
Sewer	-	437,069	437,069
Water	-	115,884	115,884
Storm drain	-	21,567	21,567
<i>Total depreciation/amortization expense</i>	<u>\$ 320,506</u>	<u>\$ 574,520</u>	<u>\$ 895,026</u>

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6. LONG-TERM DEBT

The changes in long-term debt for governmental and business-type activities during 2023 were as follows:

	Balance June 30, <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2023</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 3,020,000	\$ -	\$(165,000)	\$ 2,855,000	168,000
Compensated absences	<u>37,636</u>	<u>-</u>	<u>-</u>	<u>52,425</u>	<u>-</u>
<i>Total governmental activities</i>	<u>\$ 3,057,636</u>	<u>\$ -</u>	<u>\$(165,000)</u>	<u>\$ 2,907,425</u>	<u>\$ 168,000</u>
Business-type activities					
Sewer bond payable	\$ 6,492,533	\$ -	\$(440,000)	\$ 6,052,533	450,000
Compensated absences	<u>26,917</u>	<u>-</u>	<u>-</u>	<u>27,289</u>	<u>-</u>
<i>Total business-type activities</i>	<u>\$ 6,519,450</u>	<u>\$ -</u>	<u>\$(440,000)</u>	<u>\$ 6,079,822</u>	<u>\$ 450,000</u>

Annual requirements to amortize the long-term debt as of June 30, 2023, were as follows:

The Sales Tax Revenue Bonds, Series 2022 was issued on May 12, 2022 and was used to purchase the Lodge adjacent to Maddox to be used for a new city hall for the City. The original amount of the bond is \$3,020,000 and matures on May 1, 2037; the bonds bear interest at a rate of 2.95 percent.

2022 Sales Tax Revenue Bond
Governmental Activities

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2024	168,000	84,223	252,223	2.95%
2025	173,000	79,267	252,267	2.95%
2026	178,000	74,163	252,163	2.95%
2027	183,000	68,912	251,912	2.95%
2028	188,000	63,514	251,514	2.95%
2029-2033	1,027,000	231,015	1,258,015	2.95%
2034-2037	<u>938,000</u>	<u>70,210</u>	<u>1,008,210</u>	2.95%
<i>Total principal and interest</i>	<u>\$ 2,855,000</u>	<u>\$ 671,304</u>	<u>\$ 3,526,304</u>	

The Sewer Revenue Bond Series 2020, issued on October 1, 2020, paid off the 2008 bond and set new terms. The original amount of the bond was \$7,345,533 and matures on May 1, 2035; the bonds bear interest at a rate of 2.00 percent.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6. LONG-TERM DEBT (Continued)

2020 Sewer Revenue Bond
Business-type Activities

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2024	450,000	121,051	571,051	2.00%
2025	459,000	112,051	571,051	2.00%
2026	468,000	102,871	570,871	2.00%
2027	478,000	93,511	571,511	2.00%
2028	489,000	83,951	572,951	2.00%
2029-2033	2,598,000	269,032	2,867,032	2.00%
2034-2035	<u>1,110,533</u>	<u>33,380</u>	<u>1,143,913</u>	2.00%
<i>Total principal and interest</i>	<u>\$ 6,052,533</u>	<u>\$ 815,847</u>	<u>\$ 6,868,380</u>	

The remaining long-term debt consists of compensated absences in the amount of \$79,716.

NOTE 7. LEASES

Lessor Agreements – City Hall Office Space

The City, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. As lessor, the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of the minimum lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

The City owns office space in its new City Hall Building that it leases out to a private company. In accordance with GASB No. 87, the City recorded a lease receivable and deferred inflow of resources of \$616,304 on July 1, 2022 related to these leases. For the year ended June 30, 2023, the City reported lease revenue of \$93,616 and interest revenue of \$16,537 related to lease payments received.

GASB No. 87 – Leases for the year ended June 30, 2023 are summarized as follows:

Lease-related Revenue	Year Ending 2023
Lease Revenue	
Office Space	(93,616)
Total Lease Revenue	(93,616)
Interest Revenue	(16,537)
Variable & Other Revenue	-
Total	<u>(110,153)</u>

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7. LEASES (Continued)

The City's total future receipts are as follows:

Year ended June 30,	Principal	Interest	Total Receipts
2024	(96,477)	(13,746)	(110,223)
2025	(83,183)	(11,216)	(94,398)
2026	(88,540)	(8,690)	(97,230)
2027	(94,143)	(6,003)	(100,146)
2028	(100,005)	(3,147)	(103,152)
Thereafter	(51,891)	(447)	(52,338)
Total Future Receipts	(514,238)	(43,249)	(557,487)

Lessee Agreements

The City leases vehicles at various interest rates ranging from 5.37 to 6.20 percent. The intent of the leases is to use the vehicles over the life of the lease then exchange them for new vehicles with new leases. Lease terms also include any options to extend that are reasonably certain will be exercised.

In the government-wide financials statements and proprietary fund financial statements, leased assets and a corresponding lease liability are recorded at the inception of the lease at the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed. In the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

Total lease expenses for the year ending June 30, 2023 were calculated as follows:

Lease Expense	<u>2022</u>
Amortization expense by class	
of underlying assets:	
Vehicles	\$ 93,266
Total amortization expense	93,266
Interest on lease liabilities	11,336
Variable lease expense	-
Total	\$ <u>104,602</u>

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7. LEASES (Continued)

The City's leases are classified as follows:

	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Lease Assets						
Vehicles	\$ 306,858	\$ 218,183	\$ (14,857)	\$ -	\$ 510,184	
	306,858	218,183	(14,857)	-	510,184	
Less: Acc. Amortization						
Vehicles	(68,920)	(93,266)	-	10,400	(151,786)	
	(68,920)	(93,266)	-	10,400	(151,786)	
Total Lease Assets, net	<u>\$ 237,938</u>	<u>\$ 124,917</u>	<u>\$ (14,857)</u>	<u>\$ 10,400</u>	<u>\$ 358,398</u>	
Lease Liabilities	<u>\$ 196,464</u>	<u>\$ 218,183</u>	<u>\$ -</u>	<u>\$ (135,053)</u>	<u>\$ 279,594</u>	<u>\$ 92,909</u>

Future minimum lease commitments for leases are as follows:

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2024	\$ 92,909	\$ 19,058	\$ 111,967
2025	67,547	12,912	80,459
2026	72,146	8,312	80,458
2027	46,992	3,397	50,389
2028	-	-	-
Total future payments	<u>\$ 279,594</u>	<u>\$ 43,679</u>	<u>\$ 323,273</u>

NOTE 8. RESTRICTIONS OF FUND BALANCE AND NET POSITION

Restricted for park impact fees – This represents the excess of park impact fee funds received over the amount spent.

Restricted for police impact fees – This represents the excess of police impact fee funds received over the amount spent.

Restricted for fire impact fees – This represents the excess of fire impact fee funds received over the amount spent.

Restricted for debt service – This represents funds set aside for the repayment of debt.

Restricted for capital projects – This represents amounts in the component units that are set aside for capital projects.

Restricted for restricted grants – This represents grants received that are restricted for certain purposes that haven't been spent for those purposes yet.

Restricted net position-proprietary funds – This represents the excess of water, sewer, and storm drain impact fees over the amount spent.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9. 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; and natural disasters for which the City carries commercial insurance and participate in a public entity risk pool – the Utah Government Trust. The City maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include automobile, general liability, property bond (employee dishonesty), treasurer, public officials and officers, excess liability and workman's compensation. As of June 30, 2023, there was no anticipation of unpaid claims. Therefore, a liability is not accrued.

NOTE 10. RETIREMENT PLANS

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 employee retirement system.
- 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 employee retirement system;
- 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 State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

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

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10. RETIREMENT PLANS (Continued)

Summary of Benefits by System

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

Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
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 upon employer
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% 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	1.50% per year to June 30, 2020 2.00% per year July 1, 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.

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:

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10. RETIREMENT PLANS (Continued)

	Employee	Employer	Employer 401 (k)
Contributory System			
111 - Local Governmental Div - Tier 2	-	16.01%	0.18%
Noncontributory System			
15 - Local Governmental Div - Tier 1	-	17.97%	-
Public Safety Retirement System			
Contributory			
23 - Other Div A with 2.5% COLA	12.29%	22.79%	-
122 - Tier 2 DB Hybrid Public Safety	2.59%	25.83%	-
Noncontributory			
43 - Other Div A with 2.5% COLA	-	34.04%	-
Tier 2 DC Only			
211 Local Government	-	6.19%	10.00%
222 Public Safety	-	11.83%	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 employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 42,423	-
Public Safety System	85,151	-
Tier 2 Public Employees System	64,451	-
Tier 2 Public Safety and Firefighter	30,920	3,311
Tier 2 DC Only System	5,391	-
Tier 2 DC Public Safety and Firefighter	13,052	-
Total Contributions	\$ 241,388	\$ 3,311

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

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10. RETIREMENT PLANS (Continued)

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

At June 30, 2023, we reported a net pension asset of \$0 and a net pension liability of \$297,502.

	(Measurement Date): December 31, 2022				
	Net Pension	Net Pension	Proportionate	Proportionate	Change
	Asset	Liability	Share	Share 12/31/21	(Decrease)
Noncontributory System	\$ -	\$ 65,022	0.0379633%	0.0410834%	-0.0031201%
Public Safety System	-	212,179	0.1640889%	0.1576213%	0.0064676%
Tier 2 Public Employees System	-	16,846	0.0154707%	0.0107783%	0.0046924%
Tier 2 Public Safety and Firefighter System	-	3,455	0.0414117%	0.0625290%	-0.0211173%
	<u>\$ -</u>	<u>\$ 297,502</u>			

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

For the year ended June 30, 2023, we recognized pension expense of \$133,937.

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	\$ 30,350	\$ 1,814
Changes in assumptions	\$ 24,001	\$ 649
Net difference between projected and actual earnings on pension plan investments	\$ 102,445	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 7,862	\$ 8,488
Contributions subsequent to the measurement date	\$ 121,865	\$ -
	<u>\$ 286,523</u>	<u>\$ 10,951</u>

The \$121,865 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	\$ (45,589)
2024	\$ (4,916)
2025	\$ 41,934
2026	\$ 154,356
2027	\$ 1,516
Thereafter	\$ 6,407

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10. RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2023, we recognized pension expense of \$29,524.

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	\$ 22,054	\$ -
Changes in assumptions	\$ 10,656	\$ 260
Net difference between projected and actual earnings on pension plan investments	\$ 42,889	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ 3,115
Contributions subsequent to the measurement date	\$ 19,572	\$ -
	<u>\$ 95,171</u>	<u>\$ 3,375</u>

The \$19,572 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	\$ (11,908)
2024	\$ 1,041
2025	\$ 17,227
2026	\$ 65,864
2027	\$ -
Thereafter	\$ -

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

For the year ended June 30, 2023, we recognized pension expense of \$57,273

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

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10. RETIREMENT PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 939	\$ -
Changes in assumptions	\$ 5,691	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 49,180	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 4,387	\$ 2,844
Contributions subsequent to the measurement date	\$ 43,347	\$ -
	<u>\$ 103,544</u>	<u>\$ 2,844</u>

The \$43,347 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	\$ (34,823)
2024	\$ (8,546)
2025	\$ 20,501
2026	\$ 80,221
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 \$32,234.

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	\$ 5,690	\$ 668
Changes in assumptions	\$ 5,469	\$ 43
Net difference between projected and actual earnings on pension plan investments	\$ 6,792	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 2,541	\$ 662
Contributions subsequent to the measurement date	\$ 36,758	\$ -
	<u>\$ 57,250</u>	<u>\$ 1,373</u>

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10. RETIREMENT PLANS (Continued)

The \$36,758 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	\$	906
2024	\$	1,976
2025	\$	3,175
2026	\$	6,070
2027	\$	1,393
Thereafter	\$	5,600

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 \$14,906.

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	\$ 1,667	\$ 1,146
Changes in assumptions	\$ 2,185	\$ 346
Net difference between projected and actual earnings on pension plan investments	\$ 3,584	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 933	\$ 1,867
Contributions subsequent to the measurement date	\$ 22,188	\$ -
	<u>\$ 30,557</u>	<u>\$ 3,359</u>

The \$22,188 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:

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10. RETIREMENT PLANS (Continued)

Year Ended December 31,	Net Deferred Outflows (inflows) of Resources
2023	\$ 236
2024	\$ 613
2025	\$ 1,031
2026	\$ 2,201
2027	\$ 124
Thereafter	\$ 807

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 developed 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 the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teacher, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2022, valuation were 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:

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

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10. RETIREMENT PLANS (Continued)

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

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

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 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:

	1% Decrease 5.85%	Discount Rate 6.85%	1% Increase 7.85%
System			
Noncontributory System	\$ 409,788	\$ 65,022	\$ (223,049)
Public Safety System	\$ 683,324	\$ 212,179	\$ (170,973)
Tier 2 Public Employees System	\$ 73,608	\$ 16,846	\$ (26,882)
Tier 2 Public Safety and Firefighter	\$ 27,654	\$ 3,455	\$ (15,778)
Total	\$ 1,194,374	\$ 297,502	\$ (436,682)

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

Defined Contribution Savings Plans

The 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.

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

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

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10. RETIREMENT PLANS (Continued)

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

	2023	2022	2021
401(k) Plan			
Employer Contributions	\$ 59,165	\$ 41,997	\$ 16,510
Employee Contributions	\$ 31,479	\$ 26,048	\$ 24,403
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 4,900	\$ 3,800	\$ 6,600
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 11,750	\$ 5,400	\$ 5,210

NOTE 11. PROPERTY TAX CALENDAR

Lien date	January 1
Budget officer of the entity prepares and files with the City council a tentative budget for the next fiscal year	1 st scheduled Council meeting in May
County auditor sends valuation certified tax rate and levy worksheets to each taxing entity	June 8
Taxing entity must adopt a proposed tax rate, certified the rate and levy, and submit it to the county auditor.....	Before June 22
Taxing entity adopts a final tax rate if there is no increase in the certified tax rate	June 22
Taxing entity adopts final budget if there is no increase in the certified tax rate	June 22
Copy of the budget is submitted to the state auditor within 30 days of adoption, payment and delinquency date.....	July 22

NOTE 12. BUDGET COMPLIANCE AND ACCOUNTABILITY

The general fund ended fiscal year 2023 with a positive unassigned fund balance of \$2,559,846. All funds and departments were within budget as of June 30, 2023.

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13. SEGMENT INFORMATION FOR THE UTILITY ENTERPRISE FUND

The City maintains two enterprise funds. The Sewer Fund provides sewer services and is the only segment in that fund. The Utility Fund provides water, garbage and storm drain. Segment information for the Utility Fund for the year ended June 30, 2023, was as follows:

	Business-Type Activities - Enterprise Funds			
	<u>Water</u>	<u>Garbage</u>	<u>Storm Drain</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,062,911	\$ 44,869	\$ 285,234	\$ 1,393,014
Accounts receivable (net of allowance)	741	39,701	13,792	54,234
Restricted cash and cash equivalents	943,964	-	394,330	1,338,294
Due from other funds	<u>78,857</u>	<u>-</u>	<u>-</u>	<u>78,857</u>
<i>Total current assets</i>	<u>2,086,473</u>	<u>84,570</u>	<u>693,356</u>	<u>2,864,399</u>
Noncurrent assets:				
Construction in progress	41,838	-	-	41,838
Land	122,079	-	37,500	159,579
Buildings	11,767	-	-	11,767
Infrastructure	3,847,172	-	1,051,960	4,899,132
Machinery and equipment	<u>81,765</u>	<u>-</u>	<u>-</u>	<u>81,765</u>
<i>Net capital assets</i>	<u>4,104,621</u>	<u>-</u>	<u>1,089,460</u>	<u>5,194,081</u>
<i>Total assets</i>	<u>6,191,094</u>	<u>84,570</u>	<u>1,782,816</u>	<u>8,058,480</u>
Deferred outflows of resources:				
Deferred outflows related to pensions	<u>32,698</u>	<u>-</u>	<u>8,175</u>	<u>40,873</u>
<i>Total deferred outflows of resources</i>	<u>32,698</u>	<u>-</u>	<u>8,175</u>	<u>40,873</u>
<i>Total assets and deferred outflows</i>	<u>\$ 6,223,792</u>	<u>\$ 84,570</u>	<u>\$ 1,790,991</u>	<u>\$ 8,099,353</u>

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13. SEGMENT INFORMATION FOR THE UTILITY ENTERPRISE FUND (Continued)

	Business-Type Activities - Enterprise Funds			
	<u>Water</u>	<u>Garbage</u>	<u>Storm Drain</u>	<u>Total</u>
Liabilities				
Current liabilities:				
Accounts payable	29,833	-	-	29,833
Accrued liabilities	2,970	-	783	3,753
Customer deposits	<u>23,750</u>	<u>(414)</u>	<u>(26)</u>	<u>23,310</u>
<i>Total current liabilities</i>	56,553	(414)	757	56,896
Noncurrent liabilities:				
Compensated absences	11,730	-	2,933	14,663
Net pension liability	<u>21,917</u>	<u>-</u>	<u>5,479</u>	<u>27,396</u>
<i>Total noncurrent liabilities</i>	<u>33,647</u>	<u>-</u>	<u>8,412</u>	<u>42,059</u>
<i>Total liabilities</i>	<u>90,200</u>	<u>(414)</u>	<u>9,169</u>	<u>98,955</u>
Deferred inflows of resources				
Deferred inflows related to pensions	<u>806</u>	<u>-</u>	<u>202</u>	<u>1,008</u>
<i>Total deferred inflows of resources</i>	<u>806</u>	<u>-</u>	<u>202</u>	<u>1,008</u>
<i>Total liabilities and deferred inflows of resources</i>	<u>91,006</u>	<u>(414)</u>	<u>9,371</u>	<u>99,963</u>
Net position				
Investment in capital assets, net of related debt	\$ 4,104,621	\$ -	\$ 1,089,460	\$ 5,194,081
Restricted for capital projects	621,104	-	-	621,104
Restricted for impact fees	322,860	-	394,330	717,190
Unrestricted	<u>1,084,201</u>	<u>84,984</u>	<u>297,830</u>	<u>1,467,015</u>
<i>Total net position</i>	<u>\$ 6,132,786</u>	<u>\$ 84,984</u>	<u>\$ 1,781,620</u>	<u>\$ 7,999,390</u>
<i>Total liabilities, deferred inflows and net position</i>	<u>\$ 6,223,792</u>	<u>\$ 84,570</u>	<u>\$ 1,790,991</u>	<u>\$ 8,099,353</u>

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13. SEGMENT INFORMATION FOR THE UTILITY ENTERPRISE FUND (Continued)

	<u>Water</u>	<u>Garbage</u>	<u>Storm Drain</u>	<u>Total</u>
Operating revenues (expenses):				
Charges for services	\$ 496,352	\$ 325,960	\$ 124,079	\$ 946,391
Miscellaneous operating revenues	13,300	-	28,600	41,900
Operating expenses, excluding depreciation	(618,344)	(264,848)	(110,029)	(993,221)
Depreciation	<u>(115,884)</u>	<u>-</u>	<u>(21,567)</u>	<u>(137,451)</u>
<i>Operating income (expenses)</i>	(224,576)	61,112	21,083	(142,381)
Nonoperating revenues (expenses):				
Impact fees	139,045	-	54,996	194,041
Interest income	105,492	-	14,103	119,595
Misc nonoperating revenue	<u>151</u>	<u>-</u>	<u>-</u>	<u>151</u>
<i>Nonoperating revenues (expenses)</i>	<u>244,688</u>	<u>-</u>	<u>69,099</u>	<u>313,787</u>
Capital contributions from developers	590,824	-	432,387	1,023,211
Transfers	<u>1,710,552</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>310,552</u>
<i>Change in Net Position</i>	2,321,488	(638,888)	(177,431)	1,505,169
Beginning Net Position	<u>3,811,298</u>	<u>723,872</u>	<u>1,959,051</u>	<u>6,494,221</u>
Ending Net Position	<u>\$ 6,132,786</u>	<u>\$ 84,984</u>	<u>\$ 1,781,620</u>	<u>\$ 7,999,390</u>

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14. RECONCILIATION OF DUE TO/DUE FROM BALANCES

The following table provides a reconciliation of all due to/due from accounts between the City's funds:

	<u>General</u> <u>Fund</u>	<u>Utility</u> <u>Fund</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>	<u>1200 W</u> <u>South Capital</u> <u>Projects Fund</u>	<u>Total</u> <u>Due To</u>	<u>Total</u> <u>Due From</u>
Due from internal service fund	\$ -	\$ 78,857	\$ -	\$ -	\$ -	\$ 78,857
Due to utility fund	-	-	78,857	-	78,857	-
	<u>\$ -</u>	<u>\$ 78,857</u>	<u>\$ 78,857</u>	<u>\$ -</u>	<u>\$ 78,857</u>	<u>\$ 78,857</u>

These balances represent funds loaned from fund to fund to cover cash shortfalls.

NOTE 15. TRANSFERS

Transfers between funds for the year ending June 30 were as follows:

<u>Transfer</u> <u>From</u>	<u>Transfer</u> <u>To</u>	<u>Amount</u>
RDA Fund	General Fund	\$ <u>34,427</u>
General fund	Capital projects funds - City Hall	\$ <u>319,832</u>
General fund	Capital projects funds - Parks	\$ <u>346,492</u>
Capital Projects 1200 W South	Capital Projects - 1200 W North	\$ <u>203,407</u>
General fund	Capital Projects - 1200 W North	\$ <u>34,706</u>
General Fund	Debt Service Fund	\$ <u>251,368</u>
General Fund	Utility Fund	\$ <u>310,552</u>
Flood Control General	Flood Control Capital Projects	\$ <u>24,580</u>

PERRY CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16. CONTINGENT LIABILITIES – UTOPIA

The City is a member of Utah Telecommunication Open Infrastructure Agency (UTOPIA), an interlocal, nonprofit agency. UTOPIA was formed under the Utah Interlocal Cooperation Act by its eighteen founding cities, of which the City is one of the eleven pledged members. This agency has the assignment to design, finance, build, operate and maintain a fiber-to-home and fiber-to-business fiber optic communication network. UTOPIA will build the infrastructure, but private companies will deliver the services over the network. UTOPIA acts as the wholesaler, not the retailer.

In July 2004, UTOPIA issued an \$85,000,000 revenue bond. In June 2008, UTOPIA issued \$185,000,000 in new revenue bonds to pay and cancel the 2004 revenue bonds, pay and cancel other related debt, pay outstanding unfunded construction commitments, provide two years of capitalized interest and LOC payments, provide approximately \$10,000,000 in operational and construction funds, and to pay the costs of issuing the 2008 bonds.

On July 1, 2007, the City deposited \$32,716 into the UTOPIA Series 2004 Bond Debt Service Reserve Fund as required by its agreement with UTOPIA. These funds will remain on deposit until the sooner of the bonds being retired, or 20 years from July 1, 2007.

In December 2011, UTOPIA refinanced the existing 2008 variable rate bonds and replaced them with a long-term relatively fixed rate debt structure (SWAP arrangement). The new debt structure eliminated the letter of credit fee and will result in an estimated savings of \$117 million over the life of the bonds. The new 2011 revenue bonds still have principal payments due quarterly commencing in December 2013 and continuing through June 2040 with interest payments due monthly commencing in January 2012 and continuing through June 2040.

Net revenues from the communication network will reimburse a debt service reserve fund for payments on the bond debt. To the extent that there are insufficient net revenues to pay the debt service, the eleven pledged members are required to reimburse the UTOPIA debt service reserve fund of any shortfall by their respective percentages up to a specific dollar amount. Each member city has pledged sales tax revenues to pay their respective percentage of any shortfall amount. None of the pledge requirements were modified by the 2011 bond refinancing. Any bonds or debt issued or incurred by UTOPIA will not constitute debt of the City.

The City sales tax was pledged up to a maximum amount of \$105,494 for the fiscal year 2013 and increasing each fiscal year by 2% through June 30, 2040. During the year ended June 30, 2023, the City paid \$95,495 to replenish the pledge amount. The pledged members have been notified by the trustee that they will continue to reimburse the UTOPIA debt service reserve fund during the fiscal year 2024 due to insufficient net revenues to make payments.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

PERRY CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 1,072,218	\$ 1,077,826	\$ 1,160,302	\$ 82,476
Sales and use taxes	2,003,702	2,081,793	1,868,952	(212,841)
Franchise and energy taxes	369,800	361,903	329,106	(32,797)
Licenses and permits	232,830	168,481	221,751	53,270
Intergovernmental	900,546	947,130	1,002,775	55,645
Charges for services	21,800	18,578	18,766	188
Impact fees	77,000	64,603	96,457	31,854
Earnings on investments	33,000	44,000	112,742	68,742
Fines and forfeitures	40,000	48,670	52,903	4,233
Miscellaneous	143,556	144,587	149,350	4,763
<i>Total revenues</i>	<u>4,894,452</u>	<u>4,957,571</u>	<u>5,013,104</u>	<u>55,533</u>
Expenditures				
Current:				
Administration	1,086,062	838,198	759,410	78,788
Judicial	23,000	23,000	20,000	3,000
Public safety	1,345,776	1,345,785	1,125,882	219,903
Streets	1,092,303	1,109,883	915,131	194,752
Mass transit passthrough	740,392	740,392	679,536	60,856
Parks	170,820	230,056	176,402	53,654
Community development	205,736	219,000	211,724	7,276
<i>Total expenditures</i>	<u>4,664,089</u>	<u>4,506,314</u>	<u>3,888,085</u>	<u>618,229</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>230,363</u>	<u>451,257</u>	<u>1,125,019</u>	<u>673,762</u>
Other financing sources (uses)				
Transfers in	(197,143)	(197,143)	188,490	(385,633)
Transfers out	<u>(923,921)</u>	<u>(923,921)</u>	<u>(1,262,950)</u>	<u>339,029</u>
Total other financing sources (uses)	<u>(1,121,064)</u>	<u>(1,121,064)</u>	<u>(1,074,460)</u>	<u>(46,604)</u>
<i>Net change in fund balances</i>	<u>(890,701)</u>	<u>(669,807)</u>	<u>50,559</u>	<u>627,158</u>
Fund balances beginning	<u>2,225,116</u>	<u>2,225,116</u>	<u>2,225,116</u>	<u>-</u>
<i>Fund balances ending</i>	<u>\$ 1,334,415</u>	<u>\$ 1,555,309</u>	<u>\$ 2,275,675</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**PERRY CITY CORPORATION
COMBINING BALANCE SHEET
COMBINING CAPITAL PROJECTS FUNDS
JUNE 30, 2023**

	City Hall/ Public Safety Bldg	1200 W North	1200 W South	Parks Equipment Improvements	Hwy 89 SR 126 Project	1200 W Central Trail Project	Total Capital Projects Funds
Assets							
Cash and cash equivalents	\$1,541,733	\$ 499,153	\$ 5,435	\$ 126,611	\$ (2,883)	\$ (20,631)	\$ 2,149,418
Accounts receivable (net of allowance)	-	-	-	-	3,053	23,170	26,223
Restricted cash and cash equivalents	202,160	-	-	-	-	-	202,160
<i>Total assets</i>	<u>1,743,893</u>	<u>499,153</u>	<u>5,435</u>	<u>126,611</u>	<u>170</u>	<u>2,539</u>	<u>2,377,801</u>
Liabilities							
Accounts payable	\$ 263,709	\$ -	\$ -	\$ 621	\$ 170	\$ 2,539	\$ 267,039
<i>Total liabilities</i>	<u>263,709</u>	<u>-</u>	<u>-</u>	<u>621</u>	<u>170</u>	<u>2,539</u>	<u>267,039</u>
Fund balances							
Restricted for:							
Storm drain impact fees	40,000	-	-	-	-	-	40,000
ARPA projects	162,160	-	-	-	-	-	162,160
Unassigned fund balance	1,278,024	499,153	5,435	125,990	-	-	1,908,602
<i>Total fund balances</i>	<u>1,480,184</u>	<u>499,153</u>	<u>5,435</u>	<u>125,990</u>	<u>-</u>	<u>-</u>	<u>2,110,762</u>
<i>Total liabilities and fund balances</i>	<u>\$1,743,893</u>	<u>\$ 499,153</u>	<u>\$ 5,435</u>	<u>\$ 126,611</u>	<u>\$ 170</u>	<u>\$ 2,539</u>	<u>\$ 2,377,801</u>

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
COMBINING STATEMENT OF ACTIVITIES
CAPITAL PROJECT FUNDS
JUNE 30, 2023

	City Hall/ Public Safety Bldg	1200 W North	1200 W South	Parks Equipment Improvements	Hwy 89 SR 126 Project	1200 W Central Trail Project	Total Governmental Funds
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 3,192	\$ 24,664	\$ 27,856
Earnings on investments	84,682	19,387	5,435	-	-	-	109,504
<i>Total revenues</i>	<u>84,682</u>	<u>19,387</u>	<u>5,435</u>	<u>-</u>	<u>3,192</u>	<u>24,664</u>	<u>137,360</u>
Expenditures:							
Current							
Streets	-	3,866	-	-	3,192	24,664	31,722
Parks	-	-	-	348,767	-	-	348,767
Capital outlay	824,586	-	-	-	-	-	824,586
<i>Total expenditures</i>	<u>824,586</u>	<u>3,866</u>	<u>-</u>	<u>348,767</u>	<u>3,192</u>	<u>24,664</u>	<u>1,205,075</u>
Excess (deficiency) of revenues over expenditures	<u>(739,904)</u>	<u>15,521</u>	<u>5,435</u>	<u>(348,767)</u>	<u>-</u>	<u>-</u>	<u>(1,067,715)</u>
Other financing sources (uses):							
Transfers in	319,832	238,113	-	346,492	-	-	904,437
Transfers out	-	-	(203,407)	-	-	-	(203,407)
<i>Total other financing sources (uses)</i>	<u>319,832</u>	<u>238,113</u>	<u>(203,407)</u>	<u>346,492</u>	<u>-</u>	<u>-</u>	<u>701,030</u>
<i>Net change in fund balances</i>	<u>(420,072)</u>	<u>253,634</u>	<u>(197,972)</u>	<u>(2,275)</u>	<u>-</u>	<u>-</u>	<u>(366,685)</u>
Fund balances - beginning	<u>1,900,256</u>	<u>245,519</u>	<u>203,407</u>	<u>128,265</u>	<u>-</u>	<u>-</u>	<u>2,477,447</u>
Fund balances - ending	<u>\$ 1,480,184</u>	<u>\$ 499,153</u>	<u>\$ 5,435</u>	<u>\$ 125,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,110,762</u>

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2023
LAST 10 FISCAL YEARS (PROSPECTIVE FROM DATE OF IMPLEMENTATION)

		6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	12/31/2016	12/31/2015
Noncontributory Retirement System										
Proportion of the net pension liability (asset)		0.0379633%	0.0410834%	0.0420495%	0.0428588%	0.0390854%	0.0396145%	0.0405899%	0.0407121%	0.0368301%
Proportionate share of the net pension liability (asset)		\$ 65,022	\$ (235,289)	\$ 21,569	\$ 161,529	\$ 287,814	\$ 173,563	\$ 260,637	\$ 230,369	\$ 159,925
Covered employee payroll		\$ 259,163	\$ 347,080	\$ 373,690	\$ 383,726	\$ 349,017	\$ 379,368	\$ 348,566	\$ 341,356	\$ 319,606
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll		25.09%	-67.79%	5.77%	42.09%	82.46%	45.75%	74.77%	67.49%	50.00%
Plan fiduciary net position as a percentage of the total pension liability		97.50%	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	87.80%	90.20%
Public Safety Retirement System										
Proportion of the net pension liability (asset)		0.1640889%	0.1576213%	0.1691887%	0.1711111%	0.1835199%	0.1730358%	0.1267633%	0.1131310%	0.0898855%
Proportionate share of the net pension liability (asset)		\$ 212,179	\$ (128,011)	\$ 140,467	\$ 274,739	\$ 472,121	\$ 271,434	\$ 257,238	\$ 202,646	\$ 113,038
Covered employee payroll		\$ 225,656	\$ 195,539	\$ 230,801	\$ 233,713	\$ 258,460	\$ 255,942	\$ 189,124	\$ 156,444	\$ 180,570
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll		94.03%	-65.47%	60.86%	117.55%	182.67%	106.05%	136.02%	129.53%	62.60%
Plan fiduciary net position as a percentage of the total pension liability		93.60%	104.20%	95.50%	90.90%	84.70%	90.20%	86.50%	87.10%	90.50%
Tier 2 Public Employees System										
Proportion of the net pension liability (asset)		0.0154707%	0.0107783%	0.0112492%	0.0111009%	0.0105870%	0.0065537%	0.0117065%	0.0107532%	0.0029850%
Proportionate share of the net pension liability (asset)		\$ 16,846	\$ (4,562)	\$ 1,618	\$ 2,497	\$ 4,534	\$ 578	\$ 1,306	\$ (23)	\$ (90)
Covered employee payroll		\$ 337,073	\$ 200,097	\$ 179,816	\$ 154,237	\$ 123,180	\$ 64,163	\$ 96,003	\$ 69,484	\$ 14,784
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll		5.00%	-2.28%	0.90%	1.62%	3.68%	0.90%	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability		92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%	103.50%
Tier 2 Public Safety and Firefighters System										
Proportion of the net pension liability (asset)		0.0414117%	0.0625290%	0.0694341%	0.0734125%	0.0637599%	0.0393088%	0.0187578%	0.0770085%	0.0479793%
Proportionate share of the net pension liability (asset)		\$ 3,455	\$ (3,160)	\$ 6,228	\$ 6,905	\$ 1,598	\$ (455)	\$ (163)	\$ (1,125)	\$ (710)
Covered employee payroll		\$ 127,415	\$ 149,531	\$ 139,197	\$ 120,984	\$ 85,364	\$ 41,445	\$ 15,498	\$ 45,807	\$ 19,963
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll		2.71%	-2.11%	4.47%	5.71%	1.87%	-1.10%	-1.05%	-2.46%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability		96.40%	102.80%	93.10%	89.60%	95.60%	103.00%	103.60%	110.70%	120.50%

The accompanying notes are an integral part of these statements.

PERRY CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2023
LAST 10 FISCAL YEARS*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 60,753	\$ 60,753	\$ -	\$ 358,352	16.95%
	2015	\$ 59,487	\$ 59,487	\$ -	\$ 325,120	18.30%
	2016	\$ 61,920	\$ 61,920	\$ -	\$ 341,678	18.12%
	2017	\$ 62,448	\$ 62,448	\$ -	\$ 358,663	17.41%
	2018	\$ 61,849	\$ 61,849	\$ -	\$ 363,309	17.02%
	2019	\$ 64,693	\$ 64,693	\$ -	\$ 370,728	17.45%
	2020	\$ 66,701	\$ 66,701	\$ -	\$ 385,258	17.31%
	2021	\$ 62,830	\$ 62,830	\$ -	\$ 367,237	17.11%
	2022	\$ 54,491	\$ 54,491	\$ -	\$ 301,336	18.08%
	2023	\$ 42,423	\$ 42,423	\$ -	\$ 236,078	17.97%
Public Safety System	2014	\$ 42,163	\$ 42,163	\$ -	\$ 197,673	21.33%
	2015	\$ 48,546	\$ 48,546	\$ -	\$ 164,678	29.48%
	2016	\$ 52,547	\$ 52,547	\$ -	\$ 154,369	34.04%
	2017	\$ 77,856	\$ 77,856	\$ -	\$ 228,719	34.04%
	2018	\$ 92,038	\$ 92,038	\$ -	\$ 270,383	34.04%
	2019	\$ 82,263	\$ 82,263	\$ -	\$ 241,931	34.00%
	2020	\$ 80,677	\$ 80,677	\$ -	\$ 237,005	34.04%
	2021	\$ 71,154	\$ 71,154	\$ -	\$ 209,031	34.04%
	2022	\$ 69,310	\$ 69,310	\$ -	\$ 203,612	34.04%
	2023	\$ 85,151	\$ 85,151	\$ -	\$ 249,282	34.16%
Tier 2 Public Employees System*	2014	\$ 1,420	\$ 1,420	\$ -	\$ 10,147	13.99%
	2015	\$ 6,567	\$ 6,567	\$ -	\$ 43,956	14.94%
	2016	\$ 13,776	\$ 13,776	\$ -	\$ 92,394	14.91%
	2017	\$ 11,153	\$ 11,153	\$ -	\$ 74,803	14.91%
	2018	\$ 12,516	\$ 12,516	\$ -	\$ 82,970	15.08%
	2019	\$ 22,399	\$ 22,399	\$ -	\$ 144,141	15.54%
	2020	\$ 26,447	\$ 26,447	\$ -	\$ 168,885	15.66%
	2021	\$ 30,170	\$ 30,170	\$ -	\$ 190,951	15.80%
	2022	\$ 40,890	\$ 40,890	\$ -	\$ 254,447	16.07%
	2023	\$ 64,451	\$ 64,451	\$ -	\$ 402,570	16.01%
Tier 2 Public Safety and Firefighter System *	2014	\$ 559	\$ 559	\$ -	\$ 2,681	20.85%
	2015	\$ 9,482	\$ 9,482	\$ -	\$ 42,049	22.55%
	2016	\$ 5,062	\$ 5,062	\$ -	\$ 22,496	22.50%
	2017	\$ 5,837	\$ 5,837	\$ -	\$ 25,944	22.50%
	2018	\$ 16,048	\$ 16,048	\$ -	\$ 71,033	22.59%
	2019	\$ 22,276	\$ 22,276	\$ -	\$ 96,389	23.11%
	2020	\$ 32,607	\$ 32,607	\$ -	\$ 140,974	23.13%
	2021	\$ 36,476	\$ 36,476	\$ -	\$ 141,553	25.77%
	2022	\$ 37,577	\$ 37,577	\$ -	\$ 145,478	25.83%
	2023	\$ 30,920	\$ 30,920	\$ -	\$ 115,534	26.76%
Tier 2 Public Employees DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	\$ -	\$ -	\$ -	\$ -	0.00%
	2017	\$ -	\$ -	\$ -	\$ -	0.00%
	2018	\$ -	\$ -	\$ -	\$ -	0.00%
	2019	\$ -	\$ -	\$ -	\$ -	0.00%
	2020	\$ -	\$ -	\$ -	\$ -	0.00%
	2021	\$ 2,279	\$ 2,279	\$ -	\$ 34,073	6.69%
	2022	\$ 5,384	\$ 5,384	\$ -	\$ 80,477	6.69%
	2023	\$ 5,391	\$ 5,391	\$ -	\$ 87,226	6.18%
Tier 2 Public Safety and Firefighter DC Only System *	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	\$ -	\$ -	\$ -	\$ -	0.00%
	2017	\$ -	\$ -	\$ -	\$ -	0.00%
	2018	\$ -	\$ -	\$ -	\$ -	0.00%
	2019	\$ -	\$ -	\$ -	\$ -	0.00%
	2020	\$ -	\$ -	\$ -	\$ -	0.00%
	2021	\$ 2,935	\$ 2,935	\$ -	\$ 24,806	11.83%
	2022	\$ 5,694	\$ 5,694	\$ -	\$ 48,127	11.83%
	2023	\$ 13,052	\$ 13,052	\$ -	\$ 108,172	12.07%

*Amounts presented were determined as of calendar year January 1 – December 31. Employers will be required to prospectively develop this table in future years to show 10-years of information.

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

**INDEPENDENT
AUDITORS'
REPORTS**



Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With Government Auditing Standards

To the Mayor and City Council
Perry City, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Perry City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Perry City's basic financial statements, and have issued our report thereon dated December 18, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Perry City's internal control over financial reporting 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 Perry City's internal control. Accordingly, we do not express an opinion on the effectiveness of Perry 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 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 that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered 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 Perry City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Christensen, Palmer & Ambrose, PC

December 18, 2023
Ogden, UT



Independent Auditor's Report on Compliance and Report on Internal
Control over Compliance as Required by the *State Compliance Audit Guide*

To the Mayor and City Council
Perry City, UT

REPORT ON COMPLIANCE

We have audited Perry City's compliance with the general program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2023.

State compliance requirements were tested for the year ended Perry City in the following areas:

Budgetary Compliance
Fund Balance
Restricted Taxes and Related Revenues
Fraud Risk Assessment
Government Fees
Tax Revenue Reconciliation
Open and Public Meeting Act

Opinion on Compliance

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Perry City and to meet our other ethical responsibilities, in accordance with 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 opinion. Our audit does not provide a legal determination of Perry City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Perry City's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Perry City's compliance based on our audit. 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 GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Perry City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Perry City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Perry City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Perry City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and recommendations as items 2023-1. Our opinion on compliance is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the Perry City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and recommendations. The Perry City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 to 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of 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.

Christensen, Palmer & Ambrose, PC

Perry City
SCHEDULE OF FINDINGS
June 30, 2023

Instances of Noncompliance with State Code

2023-01: State Compliance – Fund Balance

Criteria 1. Entities unrestricted general fund balance are not to exceed 35% of the total revenue of the general fund for the fiscal year.

Condition: The general fund's unrestricted balance exceeds 35% of the total revenue.

Cause: Year-end adjustments were greater than what was expected.

Effect: Fund balance is greater than what is required by State Law.

Management's Response: Management needs in other departments and will make the appropriate transfers.