



Sunset City Corporation

200 West 1300 North • Sunset City, Utah 84015 • 801-825-1628

CITY COUNCIL AGENDA REGULAR MEETING

PUBLIC NOTICE IS HEREBY GIVEN that the Sunset City Council will hold a regular meeting at 6:30 p.m. on Tuesday, December 20, 2022 at the Sunset City Office Building, 200 West 1300 North, Sunset, Utah. Any information or items for the Council's consideration must be furnished at least ten (10) working days prior to the scheduled meeting to give the needed time to study the request. Agenda shall be as follows:

REGULAR SESSION

A. CALL TO ORDER & WELCOME

B. INVOCATION AND PLEDGE OF ALLEGIANCE by Council Member Macfarlane

C. PUBLIC COMMENTS

- 1. Presentation of the Fiscal Year 2022 Annual Financial Report by Auditor Jeff Ambrose**
- 2. Consider Resolution 2022-31 Establishing Planning Commission Pay to Attend Outside Meetings**
- 3. Mayor, Council and Department Head Reports**
- 4. Adjourn Regular Session and move into the Work Session**

WORK SESSION

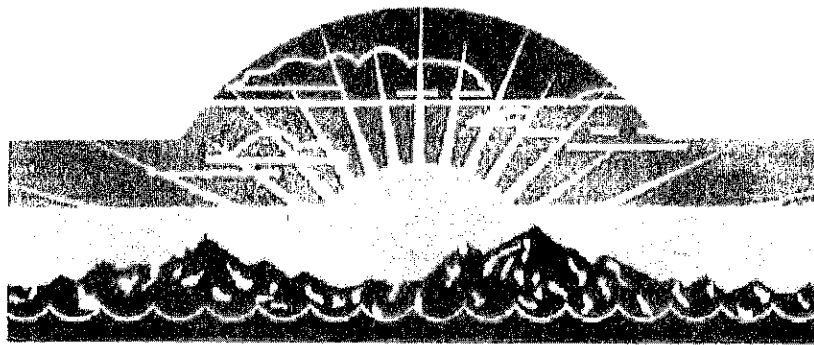
- 1. Discuss Dedication of the Veterans Park**
- 2. Adjourn**

In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this meeting should notify the Sunset City Offices, (801) 825-1628, at least three (3) working days prior to this meeting.

Posted and e-mailed to local newspaper – December 16, 2022

Nicole Supp, Recorder

City of Sunset, Utah Financial Report



Year Ended
June 30, 2022

SUNSET CITY CORPORATION
Comprehensive Annual Financial Report
Year Ended June 30, 2022

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**Christensen,
Palmer & Ambrose**
Certified Public Accountants
Business Advisors

Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

Independent Auditor's Report

To the Mayor and City Council
Sunset 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 Sunset City as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Sunset City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sunset City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Sunset 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 similarly 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 Sunset 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 Sunset 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 3-7 and 44-51 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 November 21, 2022 on our consideration of Sunset 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 Sunset 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 Sunset City's internal control over financial reporting and compliance.

Christensen, Palmer + Ambrose P.C.

November 21, 2022
Ogden, UT

Sunset City, Utah

Management's Discussion and Analysis

for fiscal year ending June 30, 2022

As management of Sunset City, we offer readers of our financial statements this narrative overview and analysis of Sunset City's financial performance and activities for the fiscal year ending June 30, 2022.

FINANCIAL HIGHLIGHTS

- The City's Governmental net position has a net increase of \$635,636 due to fund expenditures being less than revenues received.
- Revenues exceeded expenditures by \$578,595 in the general fund and \$296,745 in total governmental funds.
- Business-type activities net position increased \$376,096 due to generating funds for infrastructure projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to Sunset City's Basic Financial Statements. The Basic Financial Statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes other supplementary information in addition to the Basic Financial Statements.

The government-wide financial statements are designed to provide readers with a broad overview of Sunset City's finances in a manner similar to a private-sector business and consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position presents the overall net position of the City. Over time, increases or decreases in the net position may serve as a useful indicator of the City's financial condition. The Statement of Activities helps to identify functions of the City that are principally supported by taxes and other general revenues (governmental-type activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Sunset City's business-type activities include water, sewer, garbage and storm water operations.

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 maintain control over resources that are kept separate and used for a specific activity or objective. Some funds are required by law to exist, while others are established internally to maintain control over a stated purpose. All of the City's funds are divided into three categories; Governmental funds, Proprietary funds and Agency funds. Each fund uses a different accounting approach.

Governmental Funds - Most 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 financial statements. Governmental fund information helps readers determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. The City has 13 governmental funds. They are the General, CDBG Capital Project, Public Works Capital Project, Economic Development Capital Project, Class C Road, Dispatch/Animal Control Fees, Emergency Preparedness, Liquor Control, DARE, Youth City Council, Miscellaneous Grants, Retirement Insurance Premium, and Local County Option Hwy/Transit funds. The last 9 are reported under the General Fund in the financial statements and are separated internally for tracking purposes.

Proprietary Funds - Sunset City maintains one type of proprietary fund. The Enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water, sewer, garbage and storm water services.

Agency Funds - Sunset City has one agency fund. These funds are being held as a reward for information leading to the arrest and conviction of a suspect in the murder of Rachael Runyan.

Notes to the Financial Statements

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The largest portion of Sunset City's net position, 55%, reflects investments in capital assets (land, buildings, equipment and other improvements) net of outstanding debt that was issued to purchase those assets. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be readily liquidated to pay off the related liabilities.

Restricted net assets comprise 22% of the total net position and are to be used only by their specified activities. The remaining 23% of net position is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

Sunset City Net Position as of June 30

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current & Other Assets	3,833,478	3,232,196	1,332,567	979,381	5,166,045	4,211,577
Capital Assets	3,206,860	3,085,171	1,947,121	1,880,782	5,153,981	4,965,953
Total Assets	7,040,338	6,317,367	3,279,688	2,860,163	10,320,026	9,177,530
Deferred Outflows of Resources - Pension related	183,366	142,207	54,525	42,555	237,891	184,762
Current & Other Liabilities	370,598	427,272	45,733	44,178	416,331	471,450
Long-term Liabilities	0	0	0	0	0	0
Net Pension Liability	0	134,948	0	37,093	0	172,041
Total Liabilities	370,598	562,220	45,733	81,271	416,331	643,491
Deferred Inflows of Resources - Pension related	610,672	290,556	179,412	88,475	790,084	379,031
Net Assets:						
Net Investment in Capital Assets	3,206,860	3,085,171	1,947,121	1,880,782	5,153,981	4,965,953
Restricted	2,058,671	907,650	0	0	2,058,671	907,650
Unrestricted	976,903	1,613,977	1,161,947	852,190	2,138,850	2,466,167
Total Net Position	6,242,434	5,606,798	3,109,068	2,732,972	9,351,502	8,339,770
Percent change from prior year	11.3%	46.4%	13.8%	8.4%	12.1%	30.8%

Changes in Net Position

The City's combined net position increased by \$1,011,732 or 121 % over the prior year. The net position of governmental activities increased \$635,636 or 11.3% while the net position of business-type activities increased \$376,096 or 13.8%. The following charts summarize the City's revenues and expenses relative to each other and to the prior year.

Sunset City Changes in Net Position as of June 30

	Governmental Activities		Business-type Activities		Totals		Total Percent Change '21 to '22
	2022	2021	2022	2021	2022	2021	
Revenues							
General Revenues:							
Taxes	1,659,024	1,456,191	0	0	1,659,024	1,456,191	14%
Other General Revenues	(8,662)	363,649	175,792	53,025	167,130	416,674	(59.9%)
Program Revenues:							
Charges for Services	475,840	495,431	2,060,677	2,057,523	2,536,517	2,552,954	(0.64%)
Operating Grants	683,985	287,112	0	0	683,985	287,112	138.2%
Capital Grants	0	1,950,817	0	0	0	1,950,817	(100%)
Total Revenues	2,810,187	4,553,200	2,236,469	2,110,548	5,046,656	6,663,748	(24.3%)

Changes in Net Position as of June 30 (continued)

	Governmental Activities		Business-type Activities		Totals		Total Percent Change
	2022	2021	2022	2021	2022	2021	'21 to '22
Expenses							
General Government	671,806	703,819	0	0	671,806	703,819	(4.5%)
Public Safety	974,519	942,037	0	0	974,519	942,037	3.4%
Highways & Public Works	463,782	1,004,669	0	0	463,782	1,004,669	(53.8%)
Parks and Recreation	42,081	135,595	0	0	42,081	135,595	(68.9%)
Community Development	22,363	15,354	0	0	22,363	15,354	45.6%
Interest on Long-term Debt	0	0	0	0	0	0	0%
Utility Operations	0	0	1,860,373	1,898,890	1,860,373	1,898,890	(2.0%)
Total Expenses	2,174,551	2,801,474	1,860,373	1,898,890	4,034,924	4,700,364	(14.2%)
 Change in Net Position	 635,636	 1,751,726	 376,096	 211,658	 1,011,732	 1,963,384	 (48.5%)
 Net Position - Beginning	 5,606,798	 3,855,072	 2,732,972	 2,521,314	 8,339,770	 6,376,386	 30.8%
Net Position - Ending	6,242,434	5,606,798	3,109,068	2,732,972	9,351,502	8,339,770	12.1%

Governmental Activities

The activities in the governmental funds resulted in an increase in net position of \$635,636 for the year. Table 1 shows to what extent the City's governmental activities relied on taxes and other general revenue to cover all of their costs. These programs generated revenues of \$3,189,277 or 146.6% of their total expenses through charges for services and grants. The Highway and Public Works line received their reimbursement from Clearfield City for their portion of the 800 North project in the amount of \$38,712.31. In that fund there were expenses equaling \$143,694.18 pertaining to the Veterans Memorial Park Project; \$54,238 in engineering costs.

Table 1

Activities	Total Program Expenses	Less Program Revenues	Net Program Costs	Program Revenues as a Percentage of Total Expense
General Government	671,806	739,675	67,869	34.0%
Public Safety	974,519	101,099	(873,420)	4.6%
Highways and Public Works	463,782	314,402	(149,380)	14.5%
Parks and Recreation	42,081	4,649	(37,432)	0.2%
Community Development	22,363	0	(22,363)	0.0%
Totals	2,174,551	3,189,277	(1,014,726)	53.3%

Table 2 shows by percentage the relative net uses (expenses minus any revenue directly attributed to that particular function) for governmental activities for each of the functions shown on the Statement of Activities.

Table 2

Activities	Net Program Costs	Percentage of each activity in Relation to the total of All Programs
General Government	(67,869)	(6.7%)
Public Safety	873,420	86.1%
Highways and Public Works	149,380	14.7%
Parks and Recreation	37,432	3.7%
Community Development	22,363	2.2%
Totals	1,014,726	100%

Business-type Activities

The business-type activities (water, sewer, garbage and storm sewer) are generating sufficient revenues to cover operating costs.

CAPITAL ASSETS AND LONG-TERM DEBT

Sunset City added \$166,786 in new capital assets in governmental activities during the fiscal year - \$91,922 in general government equipment and buildings and \$74,864 in public safety equipment. In business-type activities, the City added \$151,792 in improvement capital assets during the fiscal year. There was no new borrowing and the City does not have any long term debt.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS**Fund Balances**

As of June 30, 2022, Sunset City's governmental funds reported fund balances of \$3,269,072. Of this amount, \$153,569 or 4.7% is non-spendable, \$675,320 or 20.7% is restricted, \$33,423 or 1.0% is committed and \$1,196,369 or 36.6% is assigned for specific purposes. The remaining \$1,210,401 or 37.0% is unassigned and is to help, if needed, towards continuation of the City's programs.

General Fund

During fiscal year 2022, the fund balance in the general fund increased by \$578,595. Total revenues were up \$274,793. Tax revenue increased \$202,833 or 13.9% from the previous year, the City received \$40,188 or 83.8% more in licenses and permits, there was a \$5,842 or 10.9% increase in charges for services and fines and forfeitures were down \$3,162 or 0.9%. The total general fund expenditures (excluding transfers) were down \$193,842 or 7.7%.

GENERAL FUND REVENUE SOURCES

Taxes	57.3%
Licenses & Permits	3.1 %
Intergovernmental	23.6%
Charges for Services	2.1 %
Fines & Forfeitures	11.3%
Other Revenues	2.6%

GENERAL FUND EXPENDITURES

General Government	30.3%
Public Safety	49%
Highways & Public Works	13.1 %
Parks & Recreation	6.6%
Community Development	1%
Debt Service	0.0%

GENERAL FUNDS BUDGETARY HIGHLIGHTS

During the fiscal year, the City amended the General Fund budget once to increase expenditures by \$217,240 due to increased costs. The actual expenditures (excluding transfers) came in \$711,899 under budget and the actual revenues came in \$127,329 under budget.

Capital Projects Funds

During the fiscal year, the fund balance in the Capital Projects funds decreased \$281,850. The expenditures were as follows: \$8,898 was transferred to the 800 North project, \$54,238 was spent on engineering for the new Veteran's park, and \$91,922 was spent on the rock features and the restroom purchase for the park. \$2,550 was spent on engineering for the 1800 North Project and \$834 was spent on miscellaneous public works projects. The Public Works Fund received \$18,515 from the lease of land to a billboard company, \$12,750 in rental payments on the home purchased in preparation for the 1800 North Project and \$28,468 from the recently adopted culinary water impact fee. \$38,712 was received from Clearfield City for the reimbursement on the 800 North Project and in preparation for the 1300 North Project \$5,237 was spent on engineering.

Enterprise Fund

The change in net position of the enterprise fund shows an increase of \$376,096 or 13.8% from the previous year.

REQUESTS FOR INFORMATION

This financial report is designed to provide readers with a general overview of Sunset City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information in this report should be addressed to:

Nicole Supp
City Recorder
200 W. 1300 N
Sunset, UT 84015
(801) 614-9103

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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SUNSET CITY
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	3,341,357	844,499	4,185,856
Accounts receivable - net	3,358	227,282	230,640
Prepaid expenses	0	163,316	163,316
Land for resale	153,569		153,569
Pension asset	335,194	97,470	432,664
Capital assets, net of depreciation:			
Land	137,491	12,500	149,991
Construction in Progress	115,546	0	115,546
Buildings	1,422,078	585,955	2,008,033
Improvements	95,936	1,237,962	1,333,898
Infrastructure	985,188		985,188
Equipment	450,621	110,704	561,325
Total capital assets	<u>3,206,860</u>	<u>1,947,121</u>	<u>5,153,981</u>
 Total assets	 <u>7,040,338</u>	 <u>3,279,688</u>	 <u>10,320,026</u>
 Deferred Outflows of Resources - pension related	 <u>183,366</u>	 <u>54,525</u>	 <u>237,891</u>
 Liabilities:			
Accounts payable and accrued liabilities	229,212	504	229,716
Compensated absences	141,386	45,229	186,615
Noncurrent liabilities:			
Net pension liability	0	0	0
Due within one year	0		0
Due in more than one year	0		0
 Total liabilities	 <u>370,598</u>	 <u>45,733</u>	 <u>416,331</u>
 Deferred Inflows of Resources - pension related	 <u>610,672</u>	 <u>179,412</u>	 <u>790,084</u>
 Net Position:			
Net investment in capital assets	3,206,860	1,947,121	5,153,981
Restricted for:			
Real Property	153,569		153,569
Capital projects	1,090,843		1,090,843
Class C roads	480,412		480,412
Dispatch fees	33,423		33,423
Emergency Preparedness	13,430		13,430
Liquor control	26,220		26,220
DARE	6,722		6,722
Youth city council	7,712		7,712
Retirement Insurance Premium	77,652		77,652
Local County Option Hwy/Transit	168,688		168,688
Unrestricted	<u>976,903</u>	<u>1,161,947</u>	<u>2,138,850</u>
 Total net position	 <u>6,242,434</u>	 <u>3,109,068</u>	 <u>9,351,502</u>

The notes to the financial statements are an integral part of this statement.

SUNSET CITY
Statement of Activities
June 30, 2022

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	671,806	422,259	317,416	
Public safety	974,519	48,932	52,167	
Highways and public works	463,782		314,402	
Parks and recreation	42,081	4,649		
Community development	22,363			
Interest on long-term debt	0			
Total governmental activities	<u>2,174,551</u>	<u>475,840</u>	<u>683,985</u>	<u>0</u>
Business-type activities:				
Water operational	414,061	790,877		
Sewer collection and disposal	511,261	708,664		
Garbage collection and disposal	337,021	431,444		
Storm sewer collection and disposal	18,777	129,692		
Salaries, wages and benefits	425,780			
Other operational expense	68,020			
Depreciation expense	85,453			
Total business-type activities	<u>1,860,373</u>	<u>2,060,677</u>		

General revenues:

Taxes
Investment earnings
Miscellaneous
Transfers
Total general revenues

Change in net position

Net position - beginning
Net position - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Total Governmental Activities	Business-type Activities	Totals
67,869		67,869
(873,420)		(873,420)
(149,380)		(149,380)
(37,432)		(37,432)
(22,363)		(22,363)
0		0
<u>(1,014,726)</u>		<u>(1,014,726)</u>
	376,816	376,816
	197,403	197,403
	94,423	94,423
	110,915	110,915
	(425,780)	(425,780)
	(68,020)	(68,020)
	(85,453)	(85,453)
	<u>200,304</u>	<u>200,304</u>
1,659,024		1,659,024
19,473		19,473
115,317	32,340	147,657
(143,452)	143,452	0
<u>1,650,362</u>	<u>175,792</u>	<u>1,826,154</u>
635,636	376,096	1,011,732
5,606,798	2,732,972	8,339,770
<u>6,242,434</u>	<u>3,109,068</u>	<u>9,351,502</u>

GOVERNMENTAL FUNDS
STATEMENTS

SUNSET CITY
Balance Sheet
Governmental Funds
June 30, 2022

	General	Public Works Capital Project	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	2,248,879	1,023,896	68,582	3,341,357
Receivables	3,358	0	0	3,358
Prepaid expense	0			0
Land for resale	0		153,569	153,569
Total assets	<u>2,252,237</u>	<u>1,023,896</u>	<u>222,151</u>	<u>3,498,284</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable & accrued liability	227,577	488	1,147	229,212
Total liabilities	<u>227,577</u>	<u>488</u>	<u>1,147</u>	<u>229,212</u>
Fund Balances:				
Nonspendable				
Real Property			153,569	153,569
Restricted for:				
Class C roads	480,412			480,412
Liquor control	26,220			26,220
Miscellaneous grants	0			0
Local County Option Hwy/Transit	168,688			168,688
Committed to:				
Dispatch/Animal Control fees	33,423			33,423
Assigned to:				
Emergency Preparedness	13,430			13,430
DARE	6,722			6,722
Youth city council	7,712			7,712
Retirement Insurance Premium	77,652			77,652
Capital Projects		1,023,408	67,435	1,090,843
Unassigned	1,210,401			1,210,401
Total fund balances	<u>2,024,660</u>	<u>1,023,408</u>	<u>221,004</u>	<u>3,269,072</u>
Total liabilities and fund balances	<u>2,252,237</u>	<u>1,023,896</u>	<u>222,151</u>	<u>3,498,284</u>

The notes to the financial statements are an integral part of this statement.

SUNSET CITY
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2022

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

Total fund balances - governmental fund types:	3,269,072
--	-----------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

	Land	137,491
	Buildings	1,909,494
	Improvements	376,532
	Infrastructure	1,070,217
	Equipment	2,115,781
	Construction in Progress	115,546
	Accumulated depreciation	(2,518,201)
	Total capital assets	3,206,860

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

	Compensated absences	141,386
	Net pension liability	0
	Noncurrent liabilities:	
	Due within one year	0
	Due in more than one year	0
	Total long-term debt	(141,386)

The net pension asset is not an available resource and, therefore, is not reported in the funds	335,194
---	---------

Deferred inflows for pension credits (\$610,672) and deferred outflows for pension charges (\$183,366) are not reflected in the fund statements but are reported as part of the entity-wide statement of activities	(427,306)
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Total net position of governmental activities	6,242,434
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The notes to the financial statements are an integral part of this statement.

SUNSET CITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2022

	General	Public Works Capital Project	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	1,659,024			1,659,024
Licenses and permits	88,136			88,136
Intergovernmental	683,985	0	0	683,985
Charges for services	59,384			59,384
Fines and forfeitures	328,320			328,320
Earnings on investments	19,473			19,473
Sale of assets	7,417	0		7,417
Miscellaneous revenue	48,167	59,733		107,900
Total revenues	<u>2,893,906</u>	<u>59,733</u>	<u>0</u>	<u>2,953,639</u>
Expenditures:				
Current:				
General government	700,814			700,814
Public safety	1,134,477			1,134,277
Highways and public works	303,898			303,898
Parks and recreation	153,959			153,959
Community development	22,363			22,363
Capital projects		159,466	38,665	198,131
Debt service:				
Principal retirement	0			0
Interest and fiscal charges	0			0
Total expenditures	<u>2,315,311</u>	<u>159,466</u>	<u>38,665</u>	<u>2,513,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>578,595</u>	<u>(99,733)</u>	<u>(38,665)</u>	<u>440,197</u>
Other financial sources (uses):				
Lease proceeds	0	0		0
Transfers (out)	0	0	(143,452)	(143,452)
Transfers in	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(143,452)</u>	<u>(143,452)</u>
Net change in fund balances	578,595	(99,733)	(182,117)	296,745
Fund balances - beg. of year	1,446,065	1,123,629	403,121	2,972,815
Fund balances - end of year	<u>2,024,660</u>	<u>1,023,896</u>	<u>221,004</u>	<u>3,269,560</u>

The notes to the financial statements are an integral part of this statement.

SUNSET CITY
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Government Funds to the Statement of Activities
June 30, 2022

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

Net change in fund balance - total governmental funds	296,745
---	---------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount in which depreciation exceeded capital outlays in the current period.

Additions to capital assets	166,786	
Addition to Construction in Progress	115,546	
Deletions to capital assets	0	
Depreciation expense	(160,643)	121,689

Lease payments are accounted for in the general fund as an expenditure. Lease proceeds are accounted for as a revenue. In the statement of activities only the interest expense for the current year is included with the principal reducing the liability on the statement of net assets. Changes in compensated absences are treated as expenses in governmental statements, but are reductions or increases in the liability in the Statement of Net Position.

Lease proceeds	0	
Principal payments on leases	0	
(Increase) decrease in compensated absences	26,017	26,017

GASB Statement 68 entries resulted in a net reduction of pension expenses at the entity-wide level	191,185
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Change in net position of governmental activities	635,636
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The notes to the financial statements are an integral part of this statement.

**PROPRIETARY FUNDS
STATEMENTS**

SUNSET CITY
Statement of Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2022

Assets:

Current assets:

Cash and cash equivalents	844,499
Accounts receivable	227,282
Prepaid items	163,316
Total current assets	<u>1,235,097</u>

Noncurrent assets:

Pension asset	97,470
Land	12,500
Buildings	977,523
Improvements	2,964,557
Equipment	447,139
Less accumulated depreciation	<u>(2,454,598)</u>
Total noncurrent assets	<u>2,044,591</u>
Total assets	<u>3,279,688</u>

Deferred outflows of resources:

Deferred pension charge	<u>54,525</u>
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Liabilities:

Current liabilities:

Accounts payable	504
Due to other funds	<u>0</u>
Total current liabilities	<u>504</u>

Noncurrent liabilities:

Compensated absences	45,229
Obligation under capital lease	0
Net pension liability	<u>0</u>
Total noncurrent liabilities	<u>45,229</u>

Total liabilities

45,733

Deferred inflows of resources:

Deferred pension credit	<u>179,412</u>
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Net Position:

Net investment in capital assets	1,947,121
Restricted	0
Unrestricted	1,161,947
Total net position	<u>3,109,068</u>

The notes to the financial statements are an integral part of this statement.

SUNSET CITY
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

Operating revenue:	
Charges for services	2,093,017
Total operating revenues	<u>2,093,017</u>
Operating expenses:	
Water operational	414,061
Sewer collection and disposal	511,261
Garbage collection and disposal	337,021
Storm sewer collection and disposal	18,777
Salaries, wages and benefits	425,780
Other operational expense	68,020
Depreciation expense	85,453
Total operating expenses	<u>1,860,373</u>
Operating income (loss)	<u>232,644</u>
Transfers in	143,452
Transfers out	<u>0</u>
	143,452
Change in net position	376,096
Total net position - beginning	<u>2,732,972</u>
Total net position - ending	<u><u>3,109,068</u></u>

The notes to the financial statements are an integral part of this statement.

SUNSET CITY
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

Cash flows from operating activities:

Receipts from services provided	2,101,387
Payments to suppliers	(1,355,490)
Payments to employees	(422,071)
Net cash provided (used) by operating activities	<u>323,826</u>

Cash flows from noncapital financing activities:

Transfers from (to) other funds	143,452
Net cash provided (used) by noncapital financing activities	<u>143,452</u>

Cash flow from capital and related financing activities:

Acquisition of capital assets	(151,792)
Proceeds from sale of capital assets	0
Principal paid on capital debt	0
Interest paid on capital debt	0
Pension related items	(55,595)
Net cash provided (used) by capital and related activities	<u>(207,387)</u>

Cash flows from Investing activities:

Interest received	<u>0</u>
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Net increase (decrease) in cash and cash equivalents	259,891
Cash and cash equivalents - beginning	584,608
Cash and cash equivalents (deficit) - ending	<u>844,499</u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	232,644
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	85,453
(Increase) decrease in accounts receivable	8,370
(Increase) decrease in prepaid items	(4,196)
Increase (decrease) in accounts payable	(2,154)
Increase (decrease) in compensated absences	3,709
Total adjustments	<u>91,182</u>
Net cash provided (used) by operating activities	<u>323,826</u>

The notes to the financial statements are an integral part of this statement.

**FIDUCIARY FUND
STATEMENT**

SUNSET CITY
Statement of Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

Assets

Cash and cash equivalents	65,820
Interest receivable	<u>0</u>
Total assets	<u>65,820</u>

Liabilities

Accounts payable	<u>0</u>
Total liabilities	<u>0</u>

Net Position

Held in trust for reward for those instrumental in the capture and prosecution of suspect in Rachel Runyan case	<u>65,820</u>
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The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(1) Summary of Significant Accounting Policies

Sunset City was incorporated September 3, 1935. The City operates under a six member council form of government and provides the following services as authorized by its charter: public safety, public utilities, highways and streets, sanitation, culture-recreation, public improvements, planning and zoning and general administrative services. The financial statements of Sunset City have been prepared in conformity with generally accepted accounting principles (GMP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present Sunset City (the primary government) and organizations for which the primary government is financially accountable.

B. Government-Wide 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 and the fund statements focus on individual funds.

Government-Wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

The Statement of Net Position presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. Net assets are restricted when constraints placed upon them 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 is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate the 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 accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and statutory mandate. The various funds are grouped, in the financial statements in this report, into fund types and categories as follows:

Governmental Fund Types:

The City reports the following major governmental funds:

General Fund- The general fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in other funds. It also includes the financial activities related to most federal and state funds,

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(1) Summary of Significant Accounting Policies - Continued

Special Revenue Fund - This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The City does not have a special revenue fund at this time.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of general major capital facilities.

Proprietary Fund Types:

Enterprise Fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has dedded that periodic determination of income earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City operates its water, sewer, storm water drainage and garbage operations as an enterprise fund.

Fiduciary Fund Types:

Fiduciary Fund - This fund is used to account for assets held by the City, in a trustee capacity for individuals, other governmental units and/or funds.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total position.

All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. That is, revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days in order to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: 1) accumulated unpaid vacation, sick pay and other employee amounts which are not accrued in the individual funds because the current portion of these items cannot be reasonably estimated and 2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(1) Summary of Significant Accounting Policies - Continued

D. Budgets

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act of Utah Cities" by the Sunset City Municipal Council on or before June 30th for the following fiscal year which begins on July 1st. Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are prepared in line-item detail; however, budget amendments by resolution are generally required only if the fund may exceed its total budget appropriation. The City follows Uniform Fiscal Procedures for Cities as adopted by the State Legislature for policies concerning its budgetary accounting. Annual budgets are adopted for all governmental fund types. All annual appropriations lapse at the fiscal year end.

During the year the City made two amendments to the budget. It consisted of a total increase in the amount of \$920,124 in the General Funds, an increase of \$119,245 in the Enterprise Fund and an increase of \$1,770,440 in the Capital Projects Funds.

E. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$500 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	50 years
Wells	50 years
Water distribution system	50 years
Sewer collection system	50 years
Equipment and machinery	5-10 years
Infrastructure improvements	50 years
Other improvements	10-50 years

F. Governmental Fund Balances

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned and Unassigned.

Nonspendable Fund Balance - classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Sunset has a nonspendable fund balance in the form of real property.

Restricted Fund Balance - classified as restricted by (a) externally imposed by creditors, granters, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Sunset reports its Class C, Liquor Control, Miscellaneous Grants and Local County Option Hwy/Transit fund balances as restricted.

Committed Fund Balance - classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Sunset reports its dispatch/animal control fees fund balance as committed.

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(1) Summary of Significant Accounting Policies - Continued

Assigned Fund Balance - classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Sunset reports its Emergency Preparedness, DARE, Youth City Council, Retirement Insurance Premium and Capital Projects as assigned.

Unassigned Fund Balance - classification is the residual classification for the General Fund. This classification represents the fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When an expenditure is incurred for purposes 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 the City Council has provided otherwise in its commitment or assignment actions.

G Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

H Pensions

For the 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) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

I Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Subsequent Events

Management has evaluated subsequent events November 21, 2022, the date the financial statements were available to be issued.

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(2) Deposits and Investments

Deposits and Investments for the City of Sunset are governed by the Utah Money Management Act and by rules of the Utah Money Management Council. Following are discussions of the City's exposure to various risks related to its cash management activities.

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 Utah 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 Commission of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management 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 deposits at June 30, 2022 were \$160,076, none of which were uninsured and uncollateralized.

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 Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories, repurchase agreements, commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations (one of which must be Moody's Investor Services or Standard & Poor's), bankers acceptances, obligations of the U.S. Treasury and U.S. government sponsored enterprises, bonds and notes of political subdivision 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), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC 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.

As of June 30, 2022 the City had investments of \$4,267,629 in the PTIF funds. The PTIF does not have a quality rating. These investments have an average adjusted maturity of 90.8 days.

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 solely in the PTIF and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. The City had no days of maturity to report.

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(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 Utah Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective and Rule 17, which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

(3) Accounts Receivable

Accounts receivable in the General Fund are due from other governmental agencies. Accounts receivable in the enterprise fund are due from customers in the amount of \$228,987, but it is shown net of an allowance for doubtful accounts in the amount of \$1,705 for a total of \$227,282.

(4) Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	137,491	0	0	137,491
Construction in Progress	0	115,546	0	115,546
Total capital assets not being depreciated	137,491	115,546	0	253,037
Capital assets being depreciated:				
Buildings	1,830,572	78,922	0	1,909,494
Improvements	363,532	13,000	0	376,532
Infrastructure	1,070,217	0	0	1,070,217
Equipment	2,040,917	74,864	0	2,115,781
Total capital assets being depreciated	5,305,238	166,786	0	5,472,024
Less accumulated depreciation for:				
Buildings	453,294	34,122	0	487,416
Improvements	273,015	7,581	0	280,596
Infrastructure	63,625	21,404	0	85,029
Equipment	1,567,624	97,536	0	1,665,160
Total accumulated depreciation	2,357,558	160,643	0	2,518,201
Total capital assets being depreciated, net	2,947,680	6,143	0	2,953,823
Governmental activities capital assets, net	3,085,171	121,689	0	3,206,860

SUNSET CITY
Notes to Financial Statements
June 30, 2022

4) Capital Assets - Continued

Capital asset activity for the year ending June 30, 2022 was as follows (continued):

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	12,500	0	0	12,500
Total capital assets not being depreciated	12,500	0	0	12,500
Capital assets being depreciated:				
Buildings	977,523	0	0	977,523
Improvements	2,821,105	143,452	0	2,964,557
Equipment	438,799	8,340	0	447,139
Total capital assets being depreciated	4,237,427	151,792	0	4,389,219
Less accumulated depreciation for:				
Buildings	370,537	21,031	0	391,568
Improvements	1,686,754	39,841	0	1,726,595
Equipment	311,854	24,581	0	336,435
Total accumulated depreciation	2,369,145	85,453	0	2,454,598
Total capital assets being depreciated, net	1,868,282	66,339	0	1,934,621
Business-type activities capital assets, net	1,880,782	66,339	0	1,947,121

Depreciation expense of governmental activities was charged to functions as follows:

Government activities:	
General government	25,737
Public safety	52,622
Highways and public works	66,668
Parks and recreation	21,312
Total	166,339

(5) Long Term Debt

Changes in Long-Term Debt:

During the year ended June 30, 2022 the following activity occurred in liabilities reported as long term debt:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	167,403	0	26,017	141,386	0
Net pension liability	134,948	0	134,948	0	0
Total	302,351	0	160,965	141,386	0
Business-type activities:					
Compensated absences	41,521	3,708	0	45,229	0
Net pension liability	37,093	0	37,093	0	0
Total	78,614	3,708	37,093	45,229	0

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(6) Contributed Capital

The water and sewer fund receives contributions from sub-dividers for the extension of water and sewer lines when private developers construct water and sewer transmission systems at their own cost. Occasionally, the City constructs large trunk lines. When governmental grants are used to construct part of a system the government receipts are recorded as contributed capital.

(7) Compensated Absences, Accumulated Unpaid Vacation, Sick Pay, Compensatory Time

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for the unpaid accumulated sick leave. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The liability for unused vacation and compensatory leave is recorded in the government-wide statement of net assets.

(8) Pension Plans

Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) including additions to and deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources: In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

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:

- * Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple-employer, cost sharing, public employee retirement system.
- * The Public Safety Retirement System (Public Safety System) is a mixed agent and 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.

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(8) Pension Plans - Continued

General Information about the Pension Plan (continued)

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.

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 &/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years, any age 10 years, age 60* 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending on Employer
Tier 2 Public Employees System	Highest 5 years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.5% per year to June 30, 2020 2.0% 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, 2022 are as follows:

	Employee	Employer	Employer 401 (k) Plan
Contributory System			
11 - Local Government Division Tier 1	6.00	14.46	N/A
111 - Local Government Division Tier 2	N/A	16.07	0.62
Noncontributory System			
15 - Local Government Division Tier 1	N/A	18.47	N/A

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(8) Pension Plans - Continued
Contribution Rate Summary (continued)

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401 (k) Plan</u>
Public Safety Retirement System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety	2.27	25.83	N/A
Noncontributory			
43 - Other Division A with 2.5% COLA	N/A	34.04	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69	10.00
222 - Public Safety	N/A	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, 2022, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$74,389	N/A
Public Safety System	\$86,254	-
Tier 2 Public Employees System	\$34,338	-
Tier 2 Public Safety and Firefighter System	\$37,725	-
Tier 2 DC Public Safety and Firefighter System	-	-
Total Contributions	\$232,705	\$ -

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.

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

At June 30, 2022, we reported a net pension asset of \$432,663 and a net pension liability of \$0.

Measurement Date: December 31, 2021

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share Dec. 31, 2020</u>	<u>Change {Decrease}</u>
Noncontributory System	\$285,516	-	0.0498535%	0.0464115%	0.0034420%
Public Safety System	\$139,933	-	0.1723015%	0.1734576%	0.0011561%
Tier 2 Public Employees System	\$4,162	-	0.0098339%	0.0105808%	0.0007469%
Tier 2 Public Safety and Firefighter System	\$3,052	-	0.0603847%	0.0301129%	0.0302718%
	<u>\$432,663</u>				

The net pension asset and liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2022 we recognized pension expense of (\$14,073).

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(8) Pension Plans - Continued

Combined Pension Assets, Liabilities, Expense and Deferred Outflows and Inflows of Resources relating to Pensions (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,452	\$ 1,037
Changes in assumptions	\$ 58,636	\$ 3,879
Net difference between projected and actual earnings on pension plan investments	-	\$782,257
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 16,397	\$ 2,911
Contributions subsequent to the measurement date	<u>\$116,403</u>	<u>-</u>
	<u>\$237,889</u>	<u>\$790,084</u>

\$116,403, reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2022	(\$129,871)
2023	(\$232,959)
2024	(\$189,368)
2025	(\$128,560)
2026	\$1,565
Thereafter	\$10,594

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

For the year ended June 30, 2022 we recognized pension expense of (\$40,674).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$29,905	-
Changes in assumptions	\$26,797	\$ 1,843
Net difference between projected and actual earnings on pension plan investments	-	\$384,409
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 8,450	\$ 1,439
Contributions subsequent to the measurement date	<u>\$33,015</u>	<u>-</u>
	<u>\$98,168</u>	<u>\$387,691</u>

\$33,015 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(8) Pension Plans - Continued

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources (continued)

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2022	(\$60,391)
2023	(\$105,613)
2024	(\$92,664)
2025	(\$63,870)
2026	"
Thereafter	"

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

For the year ended June 30, 2022 we recognized pension expense of (\$4,306).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$11,910	
Changes in assumptions	\$24,533	\$ 1,455
Net difference between projected and actual earnings on pension plan investments	-	\$378,235
Changes in proportion and differences between contributions and proportionate share of contributions	-	\$ 1,428
Contributions subsequent to the measurement date	\$45,327	-
	<u>\$81,770</u>	<u>\$381,118</u>

\$45,327 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2022	(\$65,858)
2023	(\$122,761)
2024	(\$93,349)
2025	(\$62,707)
2026	"
Thereafter	"

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SUNSET CITY
Notes to Financial Statements
June 30, 2022

(8) Pension Plans - Continued

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

For the year ended June 30, 2022 we recognized pension expense of \$14,466.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,022	\$ 536
Changes in assumptions	\$ 3,881	\$ 39
Net difference between projected and actual earnings on pension plan investments	-	\$10,284
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 2,351	-
Contributions subsequent to the measurement date	<u>\$19,375</u>	<u>-</u>
	<u>\$27,629</u>	<u>\$10,859</u>

\$19,375 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2022	(\$ 1,919)
2023	(\$ 2,464)
2024	(\$1,784)
2025	(\$ 1,021)
2026	\$ 823
Thereafter	\$ 3,759

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

For the year ended June 30, 2022 we recognized pension expense of \$16,440.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,615	\$ 501
Changes in assumptions	\$ 3,425	\$ 542
Net difference between projected and actual earnings on pension plan investments	-	\$9,329
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 5,596	\$ 45
Contributions subsequent to the measurement date	<u>\$18,686</u>	<u>-</u>
	<u>\$30,321</u>	<u>\$10,417</u>

\$18,686 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(8) Pension Plans - Continued

Tier 2 Public Safety and Firefighter System Pension Expense, and Deferred Outflows and Inflows of Resources (continued)

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2022	(\$1,703)
2023	(\$2,122)
2024	(\$ 1,572)
2025	(\$ 963)
2026	\$ 742
Thereafter	\$6,835

Actuarial assumptions

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

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

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-201 O Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity securities	37.00%	6.58%	2.43%
Debt securities	20.00%	(0.28)%	0.06%
Real assets	15.00%	5.77%	0.87%
Private equity	12.00%	9.85%	1.18%
Absolute return	16.00%	2.91%	0.47%
Cash and cash equivalents	0.00%	(1.01)%	0.00%
Totals	<u>100.00%</u>		<u>4.89%</u>
		<u>Inflation</u>	<u>2.50%</u>
		<u>Expected arithmetic nominal return</u>	<u>7.39%</u>

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

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(8) Pension Plans - Continued

Actuarial assumptions (continued)

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, 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%) or 1-percentage-point higher (7.85%) than the current rate:

<u>System</u>	<u>1% Decrease (5.85%)</u>	<u>Discount Rate (6.85%)</u>	<u>1% Increase (7.85%)</u>
Noncontributory System	\$153,531	(\$ 285,516)	(\$651,816)
Public Safety System	\$345,122	(\$139,933)	(\$533,832)
Tier 2 Public Employees System	\$ 24,799	(\$ 4,162)	(\$ 26,398)
Tier 2 Public Safety and Firefighter System	\$ 24,485	(\$ 3,052)	(\$ 24,912)
Total	\$547,937	(\$432,663)	(\$1,236,958)

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

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.

Sunset City participates in the 401 (k) Defined Contribution Savings Plan with the Utah Retirement Systems.

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

<u>401(k) Plan</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer Contributions	\$96,302	\$102,907	\$90,127
Employee Contribution	\$56,854	\$55,950	\$40,855

(9) Risk Management

Sunset City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the government carries commercial insurance. Deductibles on claims are paid for out of the department experiencing the damage or loss.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At June 30, 2021 there were no outstanding claims or judgments against the City. Settlements did not exceed insurance coverage for each of the past three years.

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(10) Budgetary Accounting and Tax Calendar

The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. Budgets are required by the State of Utah for the general, special revenue, debt service and capital improvement funds. The legal level of control required by the State of Utah is at the department level. The City's budget is a financial plan of all estimated revenues and all appropriations for expenditures. Revenues and expenditures must balance.

The budget is prepared sometime between the 1st of March and the 1st of May. A tentative budget is presented by the Budget Officer 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 the first meeting in May. The tentative budget is public record and available for inspection at the City Recorder's Office for at least ten days prior to adoption of the final budget. Notice of the public hearing on adoption of the final budget is published seven days prior to the public hearing. The public hearing on the tentatively adopted budget is held prior to final adoption. Final adjustments can be made to the tentative budget by the Council after the public hearing. The final budget is adopted by resolution before June 30th and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.

The government's Department Heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Mayor or designated Budget Officer.

In connection with budget adoption an annual tax resolution establishing the tax rate is adopted before June 22nd and the City Recorder is to certify the tax rate to the County Auditor before June 22nd.

Budgets for the general, special revenue and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GMP).

The preceding procedures are authorized by Utah Code Sections 10-6-109 through 10-6-136.

<u>Property Tax Calendar</u>		
<u>Duties to be Completed</u>	<u>Authorizing Statute</u>	<u>Statute Date</u>
Lien date	59-2-103 59-2-1302	01/01
Taxing districts with June year end notify county commission of date, time and place of public hearing	59-2-919(8)	03/01
County Treasurer to settle taxes charged and collected for previous year	59-2-1365(2)	03/31
Budget Officer shall prepare and file with Council a tentative budget	10-6-111	1 st scheduled Council meeting in May
Tax Commission reports value of Centrally Assessed Property to counties	59-2-802	06/08
County Assessor delivers to County Auditor statement showing aggregate valuation of all taxable property	59-2-924(2)	06/01
County Auditor sends valuation, certified tax rate and levy worksheets to each taxing district	59-2-924(3)	06/08
Taxing district must adopt a proposed tax rate, certify the rate and levy and submit to County Auditor	59-2-912	before 06/22

SUNSET CITY
Notes to Financial Statements
June 30, 2022

(10) Budgetary Accounting and Tax Calendar - continued

<u>Property Tax Calendar</u>		
<u>Duties to be Completed</u>	<u>Authorizing Statute</u>	<u>Statute Date</u>
County to set proposed tax rates	59-2-909	06/22
Taxing districts adopt tentative budgets and notify County of intent to exceed certified tax rate	59-2-924(8)	06/30
County Auditor to submit levy worksheets and supporting documentation to Tax Commission	59-2-913	before 06/22
Copy of final budget to State Auditor within 30 days of adoption	10-6-118	07/30 or 10/01
County Treasurer to mail tax notice	59-2-1317(7)	11/01
County Auditor delivers assessment roll with affidavit to County Treasurer	59-2-326	11/01
Payment and delinquency date	59-2-1331	11/30
Delinquency list published	59-2-1332.5	12/31

(11) Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by those grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

(12) Inter-fund Transfers

\$143,452 was transferred from the CDBG Capital Project Fund to the Utility Fund.

(13) Departments Over Budget

The City had one department that over spent its budget.

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REQUIRED SUPPLEMENTAL INFORMATION

SUNSET CITY
Notes to Required Supplementary Information
June 30, 2022

Budgeting and Budgetary Control

As more fully explained in Note 1 of the "Notes to Financial Statements", annual budgets are prepared and adopted before June 30th for the fiscal year commencing the following July 1st in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general, special revenue and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1st. Final budgets represent the original budget amounts plus any amendments made to the budgets during the year by the City Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Pension Plan

The City implemented GASB Statement 68 seven years ago, which requires the City to provide a 10-year history for certain pension related amounts. The schedule of Proportionate Share of the Net Pension Liability shows the City's net pension liability as a percentage and dollar amount and its net position as a percentage of total pension liability. The Schedule of Contributions shows the City's contractually required contributions, actual amounts contributed and the contributions as a percentage of covered payroll. Both schedules show information only for the current year and six previous years since this is the seventh year of the required information.

Changes in Assumptions: The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

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SUNSET CITY
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2022

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues:				
Taxes:				
Current year property taxes	221,545	235,075	248,878	13,803
Delinquent prior years taxes	12,000	4,100	4,347	247
Fee in lieu	38,000	22,320	25,451	3,131
Sales tax	850,000	1,000,000	1,104,494	104,494
Transient room tax	4,000	4,500	4,909	409
Franchise tax	260,000	260,000	270,945	10,945
Total taxes	1,385,545	1,525,995	1,659,024	133,029
Licenses and permits:				
Business licenses	31,000	26,495	26,856	361
Building permits	25,980	37,660	42,061	4,401
Building plan check fees	12,000	17,790	19,219	1,429
Total licenses and permits	68,980	81,945	88,136	6,191
Intergovernmental				
Class "C" road allotment	190,000	190,000	220,930	30,930
State liquor allotment	8,500	10,665	10,667	2
Davis Co School Dist SRO Reimburse.	35,500	41,500	41,500	0
Davis County Local Option Revenue	60,000	70,000	93,472	23,472
Public Works Grants	40,000	0	0	0
Police grants	0	0	0	0
Court grants	0	0	0	0
CARES Act Funds	474,430	0	0	0
American Rescue Plan Act Funds	0	634,000	317,416	(316,584)
Planning Grant	0	40,000	0	(40,000)
Total intergovernmental	808,430	986,165	683,985	(302,180)
Charges for services:				
Special public safety fees	48,200	48,000	48,932	932
Recreation fees	4,360	4,155	4,648	493
Miscellaneous service fees	1,650	5,295	5,804	509
Total charges for services	54,210	57,450	59,384	1,934
Fines and forfeitures	300,000	300,800	328,320	27,520
Other revenues:				
Earnings on investments	14,200	13,300	19,473	6,173
Sales of assets	1,000	1,000	7,417	6,417
Miscellaneous revenues	50,315	54,580	48,167	(6,413)
Total other revenues	65,515	68,880	75,057	6,177
Total revenues	2,682,680	3,021,235	2,893,906	(127,329)

SUNSET CITY
Schedule of Revenues, Expenditures and changes in Fund Balances
Budget and Actual - General Fund - (Continued)
For the Fiscal Year Ended June 30, 2022

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Expenditures:				
<u>General Government</u>				
Legislative:				
Salaries and benefits	22,255	22,255	22,253	2
Materials, supplies and services	17,580	17,605	18,015	(410)
Capital outlay	0	0	0	0
	<u>39,835</u>	<u>39,860</u>	<u>40,268</u>	<u>(408)</u>
Judicial:				
Salaries and benefits	175,825	173,920	177,749	(3,829)
Materials, supplies and services	60,735	54,010	48,026	5,984
Capital outlay	0	0	0	0
	<u>236,560</u>	<u>227,930</u>	<u>225,775</u>	<u>2,155</u>
Administrative:				
Salaries and benefits	164,590	197,210	197,053	157
Materials, supplies and services	33,240	29,855	25,492	4,363
Capital outlay	300	0	0	0
	<u>198,130</u>	<u>227,065</u>	<u>222,545</u>	<u>4,520</u>
Non-departmental:				
Materials, supplies and services	633,180	725,905	195,326	530,579
City shops, buildings and grounds:				
Materials, supplies and services	21,250	17,665	15,400	2,265
Capital outlay	0	0	1,500	(1,500)
	<u>21,250</u>	<u>17,665</u>	<u>16,900</u>	<u>765</u>
Total general government	<u>1,128,955</u>	<u>1,238,425</u>	<u>700,814</u>	<u>537,611</u>
<u>Public Safety</u>				
Police services:				
Salaries and benefits	890,595	913,355	932,617	(19,262)
Materials, supplies and services	156,630	160,880	150,512	10,368
Capital outlay	11,400	50,385	51,148	(763)
	<u>1,058,625</u>	<u>1,124,620</u>	<u>1,134,277</u>	<u>(9,657)</u>
Emergency Preparedness:				
Materials, supplies and services	2,000	5,000	0	5,000
	<u>2,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total public safety	<u>1,060,625</u>	<u>1,129,620</u>	<u>1,134,277</u>	<u>(4,657)</u>

SUNSET CITY
Schedule of Revenues, Expenditures and changes in Fund Balances
Budget and Actual - General Fund - (Continued)
For the Fiscal Year Ended June 30, 2022

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Expenditures - (continued):				
<u>Highways and Public Works</u>				
Streets and highways:				
Salaries and benefits	100,200	98,795	92,667	6,128
Materials, supplies and services	329,350	309,350	157,941	151,409
Capital outlay	10,000	9,800	53,290	(43,490)
	<u>439,550</u>	<u>417,945</u>	<u>303,898</u>	<u>114,047</u>
Total highways and public works	<u>439,550</u>	<u>417,945</u>	<u>303,898</u>	<u>114,047</u>
<u>Parks and Recreation</u>				
Parks Department:				
Salaries and benefits	89,705	100,975	81,746	19,229
Materials, supplies and services	20,650	20,000	17,410	2,590
Capital outlay	0	0	0	0
	<u>110,355</u>	<u>120,975</u>	<u>99,156</u>	<u>21,819</u>
Recreation:				
Salaries and benefits	27,775	28,905	28,571	334
Materials, supplies and services	19,550	30,115	26,232	3,883
Capital outlay	3,000	0	0	0
	<u>50,325</u>	<u>59,020</u>	<u>54,803</u>	<u>4,217</u>
Total parks and recreation	<u>160,680</u>	<u>179,995</u>	<u>153,959</u>	<u>26,036</u>
<u>Community Development</u>				
Building and zoning:				
Materials, supplies and services	20,160	61,225	22,363	38,862
Total community development	<u>20,160</u>	<u>61,225</u>	<u>22,363</u>	<u>38,862</u>
<u>Debt Service</u>				
Capital lease payments	0	0	0	0
Total debt service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>2,809,970</u>	<u>3,027,210</u>	<u>2,315,311</u>	<u>711,899</u>
Excess (deficiency) of revenue over expenditures	(127,290)	(5,975)	578,595	584,570
<u>Other financing sources (uses):</u>				
Use of Fund Balance	194,395	255,975	0	(255,975)
Transfers (out)	(5,000)	(250,000)	0	250,000
Transfers in	0	0	0	0
Total other financing sources (uses)	<u>189,395</u>	<u>5,975</u>	<u>0</u>	<u>(5,975)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	62,105	0	578,595	578,595
Fund balance - beginning of year	1,446,065	1,446,065	1,446,065	0
Fund balance - end of year	<u>1,508,170</u>	<u>1,446,065</u>	<u>2,024,660</u>	<u>578,595</u>

SUNSET CITY
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems
Fiscal Year Ended June 30, 2015 through June 30, 2022
Last 10 Fiscal Years *

	As of fiscal year ended June 30,	Non- contributory System	Contributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of net pension liability (asset)	2015	0.0477177%	0.1492838%	0.1872477%	*	0.1246257%
	2016	0.0504348%	0.0180151 %	0.1620697%	0.0032813%	0.1014460%
	2017	0.0507814%	0.0000000%	0.1602869%	0.0062992%	0.0935393%
	2018	0.0464390%	0.0000000%	0.1607542%	0.0079233%	0.1076291 %
	2019	0.0477963%	0.0000000%	0.1718187%	0.0112687%	0.0761079%
	2020	0.4662010%	0.0000000%	0.1741143%	0.0112163%	0.0312960%
	2021	0.0464115%	0.0000000%	0.1734576%	0.0105808%	0.0301129%
	2022	0.04985350%	0.0000000%	0.1723015%	0.0098339%	0.0603847%
Proportionate share of net pension liability (asset)	2015	207,201	43,060	235,480	*	(1,844)
	2016	285,385	12,662	287,083	(7)	(1,482)
	2017	326,079	0	325,266	703	(812)
	2018	203,463	0	252,168	699	(1,245)
	2019	351,959	0	442,018	4,826	1,907
	2020	175,705	0	279,561	2,523	2,944
	2021	23,806	0	144,012	1,522	2,701
	2022	(285,516)	0	(139,933)	(4,162)	(3,052)
Covered employee payroll	2015	419,174	79,830	345,015	*	51,647
	2016	441,650	7,676	313,437	21,214	60,342
	2017	450,868	0	328,711	51,658	77,285
	2018	403,220	0	301,821	77,692	113,630
	2019	411,535	0	339,936	131,391	102,326
	2020	409,584	0	373,974	155,938	51,599
	2021	422,130	0	382,363	169,134	58,653
	2022	459,393	0	373,932	182,615	144,404
Proportionate share of net pension liability (asset) as a percentage of its covered employee payroll	2015	49.43%	53.94%	68.25%	*	3.57%
	2016	64.62%	164.96%	91.59%	-0.03%	-2.46%
	2017	72.32%	0.00%	98.95%	1.36%	-1.05%
	2018	50.46%	0.00%	83.55%	0.90%	-1.10%
	2019	85.52%	0.00%	130.03%	3.67%	1.86%
	2020	42.90%	0.00%	74.75%	1.62%	5.71%
	2021	5.64%	0.00%	37.66%	0.90%	4.61%
	2022	-62.15%	0.00%	-37.42%	-2.28%	-2.11 %
Plan fiduciary net position as a percentage of total pension liability	2015	90.2%	94.0%	90.5%	*	120.5%
	2016	87.8%	85.7%	87.1%	100.2%	110.7%
	2017	87.3%	92.9%	86.5%	95.1%	103.6%
	2018	91.9%	98.2%	90.2%	97.4%	103.0%
	2019	87.0%	91.2%	84.7%	90.8%	95.6%
	2020	93.7%	0.0%	90.9%	96.5%	89.6%
	2021	99.2%	0.0%	95.5%	98.3%	93.1%
	2022	108.7%	0.0%	104.2%	103.8%	102.8%

*In accordance with GASB 68, the City will need to disclose a 10-year history of its proportionate share of the Net Pension Liability (Asset).

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Schedule of Contributions
Utah Retirement Systems
Fiscal Year Ended June 30, 2015 through June 30, 2022
Last 10 Fiscal Years

	As of fiscal year ended June 30	Actuarial required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2015	78,460	(78,460)	0	445,868	17.60%
	2016	85,544	(85,544)	0	469,060	18.24%
	2017	77,722	(77,722)	0	420,802	18.47%
	2018	71,493	(71,493)	0	388,393	18.41 %
	2019	78,699	(78,699)	0	434,673	18.11 %
	2020	70,283	(70,283)	0	397,866	17.66%
	2021	79,666	(79,666)	0	450,108	17.70%
	2022	74,389	(74,389)	0	419,654	17.73%
Public Safety System	2015	78,648	(78,648)	0	314,286	25.02%
	2016	73,414	(73,414)	0	320,326	22.92%
	2017	74,066	(74,066)	0	318,662	23.24%
	2018	73,408	(73,408)	0	304,929	24.07%
	2019	84,411	(84,411)	0	368,941	22.88%
	2020	87,092	(87,092)	0	379,256	22.96%
	2021	83,413	(83,413)	0	377,538	22.09%
	2022	86,254	(86,254)	0	367,597	23.46%
Tier 2 Public Employees System *	2015	869	(869)	0	5,819	14.93%
	2016	4,659	(4,659)	0	31,248	14.91 %
	2017	11,681	(11,681)	0	78,343	14.91 %
	2018	14,158	(14,158)	0	93,782	15.10%
	2019	23,548	(23,548)	0	151,531	15.54%
	2020	24,632	(24,632)	0	157,295	15.66%
	2021	28,205	(28,205)	0	178,515	15.80%
	2022	34,338	(34,338)	0	213,674	16.07%
Tier 2 Public Safety and Firefighter System *	2019	17,076	(17,076)	0	73,952	23.09%
	2020	10,406	(10,406)	0	44,990	23.13%
	2021	27,600	(27,600)	0	106,853	25.83%
	2022	37,725	(37,725)	0	146,050	25.83%
Tier 2 Public Safety and Firefighter DC Only System*	2019	1,071	(1,071)	0	9,056	11.83%
	2020	4,934	(4,934)	0	41,710	11.83%
	2021	1,508	(1,508)	0	12,745	11.83%
	2022	0	0	0	0	0.00%

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

Paragraph 81. b of GASB 68 requires the City to prospectively develop this table in future years to show 10 years of information. The schedule above is only for the prior six years and the current year. Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative practices.

OTHER INFORMATION

Budgetary Comparisons - Major Capital Project Funds

SUNSET CITY
Schedule of Revenues, Expenditures and changes in Fund Balances
Budget and Actual - Public Works Capital Project Fund
For the Fiscal Year Ended June 30, 2022

	Public Works Capital Project Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Grants	1,727,370	0		0
Leases	17,000	30,050	59,733	29,683
Sales of assets		312,000		(312,000)
Total revenue	<u>1,744,370</u>	<u>342,050</u>	<u>59,733</u>	<u>(282,317)</u>
Expenditures:				
Highways and Public Works	1,677,825	380,000	159,465	220,535
Parks and Recreation		0	0	0
Total expenditures	<u>1,677,825</u>	<u>380,000</u>	<u>159,465</u>	<u>220,535</u>
Excess (deficiency) of revenue over expenditures	66,545	(37,950)	(99,732)	(61,782)
<u>Other financing sources (uses):</u>				
Use of Fund Balance		37,950		
Transfers in	0	0	0	0
Transfers (out)	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>37,950</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	66,545	0	(99,732)	(99,732)
Fund balance - beginning of year	<u>1,123,141</u>	<u>1,123,141</u>	<u>1,123,141</u>	<u>0</u>
Fund balance - end of year	<u>1,189,686</u>	<u>1,123,141</u>	<u>1,023,409</u>	<u>(99,732)</u>

COMPLIANCE SECTION



**Christensen,
Palmer & Ambrose**
Certified Public Accountants
Business Advisors

Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

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
Sunset 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 Sunset City as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Sunset City's basic financial statements, and have issued our report thereon dated November 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sunset 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 Sunset City's internal control. Accordingly, we do not express an opinion on the effectiveness of Sunset 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 Sunset 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 P.C.

November 21, 2022
Ogden, UT



**Christensen,
Palmer & Ambrose**
Certified Public Accountants
Business Advisors

Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

Independent Auditor's Report on Compliance and on
Internal Controls Over Compliance in Accordance With the
State of Utah Legal Compliance Audit Guide

To the Mayor and City Council
Sunset City, Utah

REPORT ON COMPLIANCE

We have audited Sunset 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, 2022.

The general compliance requirements applicable to Sunset City are identified as follows:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Restricted Taxes and Related Revenues
- Fraud Risk Assessment
- Governmental Fees
- Cash Management
- Tax Levy Revenue Recognition
- Utah Retirement Systems
- Public Treasurer's Bond

Sunset City did not receive any major assistance programs from the State of Utah during the year ended June 30, 2022.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

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

Other Matters

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

Sunset City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and recommendations. Sunset City's responses were not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the responses.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

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 P.C.

November 21, 2022
Ogden, UT

Sunset City
Schedule of Findings and Recommendations
June 30, 2022

Budgetary compliance:

Condition: The city's Police Department overspent its budget.

Criteria: State code requires governmental entities to operate within adopted budgeted amounts.

Cause: The Police Department spent more than anticipated during the year.

Effect: The Police Department spent \$9,657 more than was budgeted during the year.

Recommendation: The City should monitor expenditures in all departments more closely.

City's Response: The City will monitor expenditures more closely to make sure they stay within budget.

Fund Balance:

Condition: The fund balance of the City's General fund is more than the amount allowed by State statute.

Criteria: The unrestricted fund balance of a City's general fund should not exceed 35% of the general fund revenues for the year under audit.

Cause: The City received more revenue than anticipated and was not able to spend it by year end.

Effect: The City's fund balance in the general fund is over the allowed amount by \$1,012,000.

Recommendation: The City needs to increase appropriations during the current year to reduce fund balance.

City's Response: The City has projects scheduled in the current year that should use the excess funds.

RESOLUTION NO. 2022-31

A RESOLUTION ESTABLISHING THE PLANNING COMMISSION BOARD'S PAY TO ATTEND OUTSIDE MEETINGS.

Whereas, the Sunset City Council have reviewed the compensation for the Planning Commission members who serve as a recommendation board for the development of the City, do not receive payment for extra meetings, and

Whereas, the Sunset City Council finds that the Planning Commission will be attending multiple outside meetings to complete a grant awarded by Wasatch Front Regional Council to the City, and

Whereas, the Sunset City Council established the Planning Commission Chair shall receive \$75 for each attended outside meeting and the Planning Commissioners shall receive \$50 for each attended outside meeting, and

Whereas, the Sunset City Council finds it is necessary to cover the costs of the Planning Commission Board's time for said services,

Now, Therefore, be it resolved by the Sunset City Council that the benefit become effective immediately.

Approved and adopted by the Sunset City Council this 20th day of December, 2022.

D Howard Madsen, Mayor

Attest:

Nicole Supp, Recorder