



November 7, 2022

To the Mayor and Town Council of
Huntsville Town

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of Huntsville Town for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 18, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Huntsville Town are described in Note 1 to the financial statements. New accounting policies were adopted and the application of existing policies were changed during the year ending June 30, 2022. We noted no transactions entered into by Huntsville Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Town's financial statements was (were):

Management's estimate of the useful life of capital assets is based on historical averages of replacements.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected

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misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes both material and immaterial misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 7, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Huntsville Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Huntsville Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of Mayor and Council and management of Huntsville Town and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Child Richards CPAs & Advisors

Huntsville Town
6/30/2022

1	70 11-110	Cash Allocation	17,117.97	
	70 18-108	DUE FROM OTHER FUNDS	17,117.97	
	70 36-601	INTEREST EARNINGS		2,760.94
	70 38-202	BURIAL PERMITS		12,200.00
	70 38-404	CEMETERY PLOT SALES		19,275.00
		Correct an JE client made in July incorrectly		
2	10 29-000	FUND BALANCE		12,000.00
	10 40-502	OPERATING SUPPLIES	5,000.00	
	10 40-502	OPERATING SUPPLIES	661.95	
	10 64-301	UTILITIES WATER	917.55	
	10 40-301	UTILITIES- TOWN HALL WATER	66.50	
	10 50-301	UTILITIES: HISTORY WATER	50.00	
	10 54-301	UTILITIES- ROADS WATER	50.00	
	10 11-100	CASH IN COMBINED FUNDS	5,254.00	
	50 11-100	CASH IN COMBINED FUNDS		5,254.00
	50 34-405	WATER SERVICE	1,084.05	
	50 41-305	WASTE AND DISPOSAL	4,169.95	
		Make Fund Balance Tie out from PY		
3	10 11-110	Cash Allocation		31,700.00
	10 18-108	Due from	31,700.00	
	30 21-108	Due from		31,700.00
	30 11-110	Cash Allocation	31,700.00	
		AJE to correct entry made incorrectly when PTIF account was closed out WP 20BA		
4	10 20-245	DEFERRED REVENUES	5,000.00	
	10 11-110	Cash Allocation		5,000.00
	40 36-603	DONATIONS		5,000.00
	40 11-100	CASH ALLOCATION	5,000.00	
	40 29-101	RESERVED FUND BALANCE		5,000.00
	40 29-000	FUND BALANCE	5,000.00	
		Reclass money received from Zions to 4th of July fund then they wanted to reserve this money for future use- so reclassified a portion of fund balance		
5	10- 40-201	PROFESSIONAL SERVICES		72,821.00
	10- 40-202	Sherriff	67,433.00	
	10- 40-202	Animal Control	5,388.00	
		Reclass professional fees to Sherriff & Animal Control		

6	10 38-404	CEMETERY PLOT SALES	425.00	
	10 38-405	CEMETERY PERPETUAL CARE	35,362.50	
	10 38-601	INTEREST EARNINGS- CEM PERP CARE	1,512.71	
	10 11-110	CASH IN COMBINED FUNDS		37,300.21
	70 11-110	Cash Allocation	37,300.21	
	70 38-202	BURIAL PERMITS		16,450.00
	70 38-404	CEMETERY PLOT SALES		19,337.50
	70 36-601	INTEREST EARNINGS		1,512.71
		Move cemetery related items to correct fund		
7	30 99-800	Closing Costs	31,164.00	
	30 37-703	GAIN ON SALE OF FIXED ASSETS		31,164.00
		Record expenses associated with sale of town hall		
8	30 33-303	LOCAL GRANTS	2,000.00	
	30 11100	CASH IN COMBINED FUNDS		2,000.00
	40 33-303	LOCAL GRANTS		2,000.00
	40 11100	CASH IN COMBINED FUNDS	2,000.00	
		\$2,000 of RAMP Grant was for 4th of July and \$2,000 needed to stay in general fund for history building repairs		
9	10 32-203	BUILDING PERMITS	500.00	
	10 34-401	BUILDING IMPACT FEES		500.00
		Reclass		
10	50 41-800	DEPRECIATION	231,010.36	
	50 19-308	ACCUMULATED DEPRECIATION		231,010.36
		Record CY Depreciation in Enterprise Fund		
11	10- 29-000	FUND BALANCE	16,294.59	
	10- 29-120	RESTRICTED RET EARNINGS ROADS		16,294.59
		Restricted portion of Debt		
12	10 32-203	BUILDING PERMITS	19,747.50	
	10 32-201	OTHER LICENSES/PERMITS		1,463.50
	10 11-100	CASH IN COMBINED FUNDS		18,284.00
	50 34-201	WATER CONNECTION FEES		15,000.00
	50 34-204	WATER METER FEES		3,284.00
	50 11-100	CASH IN COMBINED FUNDS	18,284.00	
		Reclass building permits because all revenue was recorded in building permits		
13	50 14-104	ACCOUNTS RECEIVABLE	6,833.00	
	50 34405	WATER SERVICE		6,833.00
		Adjust AR to match		

**HUNTSVILLE TOWN
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2022**

HUNTSVILLE TOWN
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council of
Huntsville Town

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of Huntsville Town, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Huntsville Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of Huntsville Town, 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 Huntsville Town's 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 the Huntsville Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Huntsville Town'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 the Huntsville Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 35 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 7, 2022 on our consideration of Huntsville Town'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 Huntsville Town'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 Huntsville Town's internal control over financial reporting and compliance.

Child Richards CPAs & Advisors

Ogden, Utah
November 7, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HUNTSVILLE TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

INTRODUCTION

The following is a discussion and analysis of Huntsville Town's financial performance and activities for the fiscal year ending June 30, 2022

HIGHLIGHTS

Net position of the Town increased by \$1,206,948. Of this amount, business-type activities increased by \$389,631 and governmental activities increased by \$817,317.

The assets of Huntsville Town exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$6,598,468 (net position). Of this amount, \$2,509,097 (unrestricted net position) is available to meet ongoing obligations to citizens and creditors.

The Town's governmental funds reported a combined ending fund balance of \$1,642,116, an increase of \$763,165 compared to the prior years' ending amount. Of the combined total fund balance, \$384,196 is available for spending at the discretion of the Town (unrestricted and unassigned fund balance).

The unrestricted and unassigned fund balance of the General Fund at June 30, 2022, totaling \$384,196 is 70% of the General Fund total revenues for the year. The General Fund has \$28,917 of fund balance restricted for specific purposes that will be carried over into the following fiscal year. The Governmental Funds has \$1,229,003 in assigned funds for cemetery and capital projects funds that have been assigned for future projects by city council.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Town's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements provide a broad overview of the Town's finances. The Statement of Net Position shows the overall net position of the Town. Increases and decreases in net position are one indicator of the Town's overall financial condition. The Statement of Activities helps to identify functions of the Town that are principally supported by taxes and other general revenues (governmental activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Huntsville Town's business type activities are sewer, water, and garbage.

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

**HUNTSVILLE TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Huntsville Town maintains three governmental funds; general fund, capital projects, and cemetery perpetual care.

Huntsville Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Huntsville Town has two proprietary funds: the utility fund and the fourth of July fund. The enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

There are several differences between Government-Wide and Fund Statements. Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements. Capital outlays result in capital assets on the government-wide statements, but are expenditures on the governmental fund statements.

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**HUNTSVILLE TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2022	2021	2022	2021	2022	2021
Cash	\$ 1,641,873	\$ 899,770	\$ 1,059,009	\$ 458,600	\$ 2,700,882	\$ 1,358,370
Other assets	150,349	146,497	39,566	38,244	189,915	184,741
Capital assets	1,234,811	1,180,659	3,362,227	3,593,238	4,597,038	4,773,897
Total assets and deferred outflows	<u>3,027,033</u>	<u>2,226,926</u>	<u>4,460,802</u>	<u>4,090,082</u>	<u>7,487,835</u>	<u>6,358,758</u>
Noncurrent liabilities	-	-	669,000	725,000	669,000	725,000
Other liabilities	45,975	67,007	70,261	33,172	116,236	100,179
Total liabilities	<u>45,975</u>	<u>67,007</u>	<u>739,261</u>	<u>758,172</u>	<u>785,236</u>	<u>825,179</u>
Deferred inflows of resources	104,131	100,309	-	-	104,131	100,309
Total liabilities and deferred inflows	<u>150,106</u>	<u>167,316</u>	<u>739,261</u>	<u>758,172</u>	<u>889,367</u>	<u>925,488</u>
Net position:						
Net investment in capital assets	1,234,811	1,180,659	2,693,227	2,868,238	3,928,038	4,048,897
Restricted	28,917	12,622	132,416	128,761	161,333	141,383
Unrestricted	1,613,199	866,329	895,898	334,911	2,509,097	1,201,240
Total net position	<u>\$ 2,876,927</u>	<u>\$ 2,059,610</u>	<u>\$ 3,721,541</u>	<u>\$ 3,331,910</u>	<u>\$ 6,598,468</u>	<u>\$ 5,391,520</u>

The largest component of the Town's net position, 59.53%, reflects investments in capital assets (land, buildings, equipment, and infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net position comprises 2.45% of the total net position and is subject to external restrictions on how they may be used. The remaining 38.02% of net position is unrestricted and may be used at the Town's discretion to meet its ongoing obligations to citizens and creditors.

**HUNTSVILLE TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 289,503	\$ 310,561	\$ 834,697	\$ 394,000	\$ 1,124,200	\$ 704,561
Operating grants and contributions	40,000	55,903	-	-	40,000	55,903
Capital grants and contributions	-	58,740	-	33,580	-	92,320
General revenues:						
Property taxes	100,501	96,908	-	-	100,501	96,908
Sales taxes	161,122	145,432	-	-	161,122	145,432
Other taxes	25,972	19,995	-	-	25,972	19,995
Interest	4,529	3,307	1,413	2,355	5,942	5,662
Other	831,597	5,353	-	-	831,597	5,353
Total revenues	1,453,224	696,199	836,110	429,935	2,289,334	1,126,134
Expenses:						
General government	340,848	255,281	-	-	340,848	255,281
Public safety	72,821	62,488	-	-	72,821	62,488
Highways and public improvements	80,772	161,484	-	-	80,772	161,484
Parks and recreation	74,652	75,919	-	-	74,652	75,919
Cemetery	66,814	71,103	-	-	66,814	71,103
Public utility	-	-	433,406	429,302	433,406	429,302
Fourth of July	-	-	13,073	6,337	13,073	6,337
	635,907	626,275	446,479	435,639	1,082,386	1,061,914
Interest expense	-	-	-	-	-	-
Change in net position	817,317	69,924	389,631	(5,704)	1,206,948	64,220
Net position-beginning	2,059,610	1,989,686	3,331,910	3,337,614	5,391,520	5,327,300
Net position-ending	\$ 2,876,927	\$ 2,059,610	\$ 3,721,541	\$ 3,331,910	\$ 6,598,468	\$ 5,391,520

**HUNTSVILLE TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

Governmental Activities

The activities in the governmental activities resulted in an increase in net position of \$817,317 for the year.

Business-Type Activities

The business-type activities increased net position by \$389,631. The Enterprise Funds are generating sufficient operating revenue to cover operating costs with a small surplus for future expansion and maintenance of infrastructure

Capital Assets

Huntsville Town added \$168,444 in new capital assets in governmental activities during the fiscal year. This included the completion of the new intersection in town. The Town Hall was also sold during the fiscal year for \$830,017.

Fund Balances

The fund balance in the General Fund increased by \$23,521. The Net Position in the Enterprise Funds increased by \$389,631.

General Fund Budgets

Huntsville Town prepares its budget according to state statutes. The General Fund Budget was adjusted during the year.

Actual General Fund revenues were \$28,047 above the original budget and \$35,617 above the final adjusted budget. Actual General Fund expenditures before transfers were \$47,546 above the original budget and \$8,024 below the final adjusted budget.

ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Huntsville Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or any other matters related to the Town's finances should be addressed to Huntsville Town, 7309 East 200 South, Huntsville, UT 84317.

BASIC FINANCIAL STATEMENTS

HUNTSVILLE TOWN
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,612,956	\$ 926,593	\$ 2,539,549
Restricted cash	28,917	132,416	161,333
Accounts receivable	-	34,526	34,526
Due from other governmental units	150,349	-	150,349
Prepaid expenses	-	5,040	5,040
Capital assets (net of accumulated depreciation):			
Land	278,901	-	278,901
Water rights	-	106,000	106,000
Buildings	217,332	-	217,332
Improvements	213,856	111,618	325,474
Distribution mains	-	3,111,460	3,111,460
Machinery and equipment	59,978	33,149	93,127
Infrastrucure	464,744	-	464,744
TOTAL ASSETS	3,027,033	4,460,802	7,487,835
LIABILITIES			
Accounts payable	33,135	70,261	103,396
Accrued liabilities	12,840	-	12,840
Non-current liabilities:			
Due within one year	-	58,000	58,000
Due in more than one year	-	611,000	611,000
TOTAL LIABILITIES	45,975	739,261	785,236
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	104,131	-	104,131
TOTAL DEFERRED INFLOWS OF RESOURCES	104,131	-	104,131
NET POSITION			
Net investment in capital assets	1,234,811	2,693,227	3,928,038
Restricted for:			
Class C roads	28,917	-	28,917
Debt service	-	132,416	132,416
Unrestricted	1,613,199	895,898	2,509,097
TOTAL NET POSITION	\$ 2,876,927	\$ 3,721,541	\$ 6,598,468

The accompanying notes are an integral part of these statements.

**HUNTSVILLE TOWN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 340,848	\$ 140,418	\$ -	\$ -	\$ (200,430)	\$ -	\$ (200,430)
Public safety	72,821	9,416	-	-	(63,405)	-	(63,405)
Highways and improvements	80,772	57,883	-	-	(22,889)	-	(22,889)
Parks and recreation	74,652	10,211	40,000	-	(24,441)	-	(24,441)
Cemetery	66,814	71,575	-	-	4,761	-	4,761
Total governmental activities	<u>635,907</u>	<u>289,503</u>	<u>40,000</u>	<u>-</u>	<u>(306,404)</u>	<u>-</u>	<u>(306,404)</u>
Business-type activities:							
Public utility	433,406	822,642	-	-	-	389,236	389,236
Fourth of July	13,073	12,055	-	-	-	(1,018)	(1,018)
Total business-type activities	<u>446,479</u>	<u>834,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,218</u>	<u>388,218</u>
Total primary government	<u>\$ 1,082,386</u>	<u>\$ 1,124,200</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>(306,404)</u>	<u>388,218</u>	<u>81,814</u>
General revenues:							
Property taxes					100,501	-	100,501
Sales taxes					161,122	-	161,122
Fees-in-lieu of taxes					4,348	-	4,348
Franchise taxes					21,624	-	21,624
Miscellaneous					1,580	-	1,580
Gain (loss) on sale of asset					830,017	-	830,017
Interest earnings					4,529	1,413	5,942
Total general revenues and transfers					<u>1,123,721</u>	<u>1,413</u>	<u>1,125,134</u>
Change in net position					<u>817,317</u>	<u>389,631</u>	<u>1,206,948</u>
Net position - beginning					<u>2,059,610</u>	<u>3,331,910</u>	<u>5,391,520</u>
Net position - ending					<u>\$ 2,876,927</u>	<u>\$ 3,721,541</u>	<u>\$ 6,598,468</u>

The accompanying notes are an integral part of these statements.

**HUNTSVILLE TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Capital Projects	Cemetery Perpetual Care	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 425,703	\$ 845,687	\$ 341,566	\$ 1,612,956
Restricted cash	28,917	-	-	28,917
Due from other governmental units	150,349	-	-	150,349
Due from other funds	-	41,750	-	41,750
Total assets	<u>\$ 604,969</u>	<u>\$ 887,437</u>	<u>\$ 341,566</u>	<u>\$ 1,833,972</u>
LIABILITIES				
Accounts payable	\$ 33,135	\$ -	\$ -	\$ 33,135
Due to other funds	41,750	-	-	41,750
Accrued liabilities	12,840	-	-	12,840
Total liabilities	<u>87,725</u>	<u>-</u>	<u>-</u>	<u>87,725</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	104,131	-	-	104,131
Total deferred inflows of resources	<u>104,131</u>	<u>-</u>	<u>-</u>	<u>104,131</u>
FUND BALANCE				
Restricted for:				
Class C roads	28,917	-	-	28,917
Assigned to:				
Cemetery	-	-	341,566	341,566
Capital projects	-	887,437	-	887,437
Unassigned	384,196	-	-	384,196
Total fund balance	<u>413,113</u>	<u>887,437</u>	<u>341,566</u>	<u>1,642,116</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 604,969</u>	<u>\$ 887,437</u>	<u>\$ 341,566</u>	<u>\$ 1,833,972</u>

The accompanying notes are an integral part of these statements.

HUNTSVILLE TOWN
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Total fund balances - governmental funds:		\$ 1,642,116
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 278,901	
Buildings	702,674	
Improvements	417,776	
Machinery and equipment	744,083	
Infrastrucure	648,251	
Accumulated depreciation	<u>(1,556,874)</u>	
		<u>1,234,811</u>
Net position of governmental activities		<u><u>\$ 2,876,927</u></u>

The accompanying notes are an integral part of these statements.

**HUNTSVILLE TOWN
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Capital Projects	Cemetery Perpetual Care	Total Governmental Funds
REVENUES				
Taxes				
Property taxes	\$ 100,501	\$ -	\$ -	\$ 100,501
Sales taxes	161,122	-	-	161,122
Fees-in-lieu of taxes	4,348	-	-	4,348
Franchise taxes	21,624	-	-	21,624
Licenses and permits	60,231	-	-	60,231
Cemetery	35,788	-	35,787	71,575
Charges for services	83,907	-	-	83,907
Fines and forfeitures	9,416	-	-	9,416
Intergovernmental	56,793	40,000	-	96,793
Donations	7,581	-	-	7,581
Interest income	2,706	310	1,513	4,529
Miscellaneous revenue	1,580	-	-	1,580
Total revenues	<u>545,597</u>	<u>40,310</u>	<u>37,300</u>	<u>623,207</u>
EXPENDITURES				
Current				
Planing and zoning	47,830	-	-	47,830
Public safety	72,821	-	-	72,821
Parks and recreation	57,629	-	-	57,629
Cemetery	63,381	-	-	63,381
Capital				
General government	199,729	52,029	-	251,758
Highways and public improvements	80,686	115,954	-	196,640
Total expenditures	<u>522,076</u>	<u>167,983</u>	<u>-</u>	<u>690,059</u>
Excess (deficiency) of revenues over expenditures	<u>23,521</u>	<u>(127,673)</u>	<u>37,300</u>	<u>(66,852)</u>
Other financing sources (uses)				
Sale of asset	-	830,017	-	830,017
Total other financing sources and uses	<u>-</u>	<u>830,017</u>	<u>-</u>	<u>830,017</u>
Net change in fund balances	23,521	702,344	37,300	763,165
Fund balances - beginning of year	<u>389,592</u>	<u>185,093</u>	<u>304,266</u>	<u>878,951</u>
Fund balances - end of year	<u>\$ 413,113</u>	<u>\$ 887,437</u>	<u>\$ 341,566</u>	<u>\$ 1,642,116</u>

The accompanying notes are an integral part of these statements.

HUNTSVILLE TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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

Net changes in fund balances - total governmental funds	\$	763,165
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Governmental funds report capital outlays as expenditures.
 However, in the Statement of Activities the cost of those
 assets is allocated over their estimated useful lives and
 reported as depreciation expense. This is the amount by
 which capital additions exceeded depreciation in the current period.

Capital outlays	\$	168,444	
Depreciation expense		<u>(114,292)</u>	54,152

Governmental funds report gain (loss) on sale of assets as a gain based
 on the sale of the full asset sales price. However, in the Statement
 of Activities the gain is calculated as a net of the assets sold and
 depreciation.

Assets sold		93,333	
Accumulated depreciation on assets sold		<u>(93,333)</u>	-

Change in net position of governmental activities	\$	<u><u>817,317</u></u>
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The accompanying notes are an integral part of these statements.

**HUNTSVILLE TOWN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	Business-Type Activities Enterprise Funds		
	Public Utility	Fourth of July	Total
ASSETS AND DEFERRED OUTFLOWS			
Current assets:			
Cash and cash equivalents	\$ 895,381	\$ 31,212	\$ 926,593
Accounts receivable	34,526	-	34,526
Prepaid expenses	-	5,040	5,040
Total current assets	<u>929,907</u>	<u>36,252</u>	<u>966,159</u>
Noncurrent assets:			
Restricted cash and cash equivalents	132,416	-	132,416
Construction in progress	-	-	-
Water rights	106,000	-	106,000
Improvements	218,556	-	218,556
Distribution mains	6,072,446	-	6,072,446
Machinery and equipment	176,104	-	176,104
Less: accumulated depreciation	<u>(3,210,879)</u>	<u>-</u>	<u>(3,210,879)</u>
Total noncurrent assets	<u>3,494,643</u>	<u>-</u>	<u>3,494,643</u>
Total assets	<u>4,424,550</u>	<u>36,252</u>	<u>4,460,802</u>
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Accounts payable and accrued liabilities	70,245	16	70,261
Revenue bonds payable- current	<u>58,000</u>	<u>-</u>	<u>58,000</u>
Total current liabilities	<u>128,245</u>	<u>16</u>	<u>128,261</u>
Noncurrent liabilities:			
Revenue bonds payable- noncurrent	<u>611,000</u>	<u>-</u>	<u>611,000</u>
Total noncurrent liabilities	<u>611,000</u>	<u>-</u>	<u>611,000</u>
Total liabilities	<u>739,245</u>	<u>16</u>	<u>739,261</u>
NET POSITION			
Net investment in capital assets	2,693,227	-	2,693,227
Restricted for debt	132,416	-	132,416
Reserved for July 4th	-	5,000	5,000
Unrestricted	<u>859,662</u>	<u>31,236</u>	<u>890,898</u>
Total net position	<u>\$ 3,685,305</u>	<u>\$ 36,236</u>	<u>\$ 3,721,541</u>

The accompanying notes are an integral part of these statements.

HUNTSVILLE TOWN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Fourth of July	Total
OPERATING REVENUE			
Charges for service	\$ 791,872	\$ 1,330	\$ 793,202
Other	279	-	279
Total operating revenue	<u>792,151</u>	<u>1,330</u>	<u>793,481</u>
OPERATING EXPENSES			
Salaries and wages	29,460	184	29,644
Employee benefits	2,254	14	2,268
Maintenance and supplies	170,682	12,875	183,557
Depreciation and amortization	231,010	-	231,010
Total operating expenses	<u>433,406</u>	<u>13,073</u>	<u>446,479</u>
Operating income (loss)	<u>358,745</u>	<u>(11,743)</u>	<u>347,002</u>
NONOPERATING REVENUE (EXPENSES)			
Interest expense	-	-	-
Donations	-	8,725	8,725
Grants	30,491	2,000	32,491
Interest revenue	1,339	74	1,413
Gain (loss) on sale	-	-	-
Total nonoperating revenue	<u>31,830</u>	<u>10,799</u>	<u>42,629</u>
Income (loss) before contributions	390,575	(944)	389,631
Capital contributions	-	-	-
Change in net position	<u>390,575</u>	<u>(944)</u>	<u>389,631</u>
Net position - beginning	<u>3,294,730</u>	<u>37,180</u>	<u>3,331,910</u>
Net position - ending	<u>\$ 3,685,305</u>	<u>\$ 36,236</u>	<u>\$ 3,721,541</u>

The accompanying notes are an integral part of these statements.

**HUNTSVILLE TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Business-Type Activities - Enterprise Funds		
	Public Utility	Fourth of July	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 790,170	\$ 1,990	\$ 792,160
Payments to employees	(31,714)	(198)	(31,912)
Payments to suppliers	(133,500)	(12,968)	(146,468)
Net cash from operating activities	<u>624,956</u>	<u>(11,176)</u>	<u>613,780</u>
Cash Flows From Capital and Related Financing Activities			
Principal paid on revenue bonds	(56,000)	-	(56,000)
Grants & Donations	30,491	10,725	41,216
Interest paid on revenue bonds	-	-	-
Purchases of capital assets	-	-	-
Net cash from capital and related financing	<u>(25,509)</u>	<u>10,725</u>	<u>(14,784)</u>
Cash Flows From Investing Activities			
Interest and dividends received	1,339	74	1,413
Net cash from investing activities	<u>1,339</u>	<u>74</u>	<u>1,413</u>
Net increase (decrease) in cash and cash equivalents	600,786	(377)	600,409
Cash and cash equivalents, July 1	427,011	31,589	458,600
Cash and cash equivalents, June 30	<u>\$ 1,027,797</u>	<u>\$ 31,212</u>	<u>\$ 1,059,009</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 358,745	\$ (11,743)	\$ 347,002
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expenses	231,010	-	231,010
(Increase) decrease in accounts receivable	(1,981)	660	(1,321)
Increase (decrease) in accounts payable	37,182	(93)	37,089
Total adjustments	<u>266,211</u>	<u>567</u>	<u>266,778</u>
Net cash provided (used) by operating activities	<u>\$ 624,956</u>	<u>\$ (11,176)</u>	<u>\$ 613,780</u>
Noncash Investing, Capital and Financing Activities:			
Contributed capital assets from developers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Huntsville Town (the Town) was incorporated in 1924. The Town operates under a mayor/council form of government and provides the following services as authorized by its charter: public safety, streets and highways, public utilities, parks and recreation, cemetery, and general administrative services. The financial statements of Huntsville Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governments. The Town has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

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

A. Reporting Entity

Huntsville Town is a municipal corporation governed by an elected mayor and a four-member council. The accompanying financial statements present the government and its component units, entities for which the Town is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The Town has no component units.

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

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, The Financial Reporting Entity, the financial reporting entity consists of the primary government and no component units.

B. Government-wide and Fund Financial Statements

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Town has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the Town has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the Town are discussed below.

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

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (continued)

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

The *Statement of Net Position* presents the Town's non-fiduciary assets and liabilities, with the difference reported as net position. Net position 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 are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The Town does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

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

The Town reports the following major governmental funds:

General Fund

This fund is the principal operating fund of the Town. It is used to account for all financial resources not required to be accounted for in another fund.

Capital Projects Fund

This fund is used to account for financial resources used in the acquisition and construction of major capital improvements.

Cemetery Perpetual Care Permanent Fund

This fund is used to account for certain fees from the purchase of burial rights that are held in this fund. Interest earned from investing these funds is transferred to the general fund to aid in financing cemetery care and maintenance.

The Town reports the following major proprietary funds:

Public Utility Fund

The public utility fund accounts for operations of the Town's water and sewer system.

Fourth of July Fund

The fourth of July fund accounts for the operations of the Town's yearly celebration.

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

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

D. Assets, Liabilities, and Fund Balances/Net Position

The following are the Town's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

Pooled Cash and Temporary Investments

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

Inventories

No significant inventories are maintained by the Town; therefore, none are reflected in these statements.

Restricted Assets

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

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-side and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Receivables

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible.

Property taxes are collected by the Country Treasurer and remitted to the Town shortly after collection. Property taxes are levied based on property values as of January 1 of each year, with liens posted as of the same date. Taxes are due and payable on November 1 and delinquent after 12 o'clock noon on November 30 of each year.

Sales taxes are collected by the State Tax Commission and remitted to the Town monthly.

Capital Assets

General capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures.

Capital assets are reported in the governmental column in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Capital assets are defined as assets with an initial, individual cost of more than \$2,000 and have a useful life in excess of two years.

Infrastructure capital assets which are newly constructed are capitalized. The Town currently has infrastructure assets recorded.

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	30 years
Building improvements	15 years
System infrastructure	15-30 years
Vehicles	5 years
Machinery and Equipment	3-15 years

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (continued)

Deferred Outflows of Resources

In addition to assets, the statement of financial position 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 or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has no items that qualify for reporting in this category in the current fiscal year. It is the deferred contributions and differences between projected and actual earnings on its pension plan assets.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item reported under this category, unavailable revenue- property taxes. These amounts are reported in both the government-wide statements and the governmental fund statements.

Long-term Obligations

In the government-wide statements, long-term debt obligations are reported as liabilities.

The face amount of debt issued is reported as other financing sources in the governmental fund financial statements.

Equity

Fund financial statements

In February 2009, GASB issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

- a. Non-spendable - Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance - Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provision or enabling legislation, or restrictions set by creditors, grantors, or contributors.
- c. Committed fund balance - Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the Town Council likewise formally changes the use.

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (continued)

- d. Assigned fund balance - Fund balances are reported as assigned when the Town Council or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance - Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

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

Government-wide statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

It is the Town's policy to first apply restricted resources when the expense is incurred for purposes for which both restricted and unrestricted net position are available.

E. Revenues and Expenditures

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

Revenue Availability

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

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues and Expenditures (continued)

Statement of Governmental Accounting Standards (SGAS) No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which "a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange." For property taxes, at January 1 of each year (the assessment date), the Town has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred inflows or resources for the assessed amount of those property taxes as of January 1 of the current year.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivery goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the utility funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditure Recognition

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

F. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental funds. All annual appropriations lapse at the fiscal year end. Encumbrance accounting is not used by the Town. Summary of Town Budget Procedures and Calendar:

1. The Town Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance.
2. Budgets are required by the State of Utah for both the General and Special Revenue Funds.
3. Each year the Town publishes a separate budget document prepared according to this legal level of control.
4. The Town's budget is a Financial Plan of all estimated revenues and all appropriations for expenditures. Revenues and Expenditures must balance for the funds required by the State Code as indicated in item 2 above.
5. A tentative budget is presented by the Mayor to the Town Council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the Council no later than June 22.
6. The tentative budget is a public record and is available for inspection at the Town offices for at least ten days prior to adoption of the final budget.
7. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing.
8. The public hearing on the tentatively adopted budget is held no later than June 22. Final adjustments are made to the tentative budget by the Council after the public hearing.
9. Occasionally the Town Council will exercise their option to open the budget to indicate additional financing sources that become available.
10. The final budget is adopted by the council before June 22 and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting (continued)

11. In connection with budget adoption:

- a. An annual tax ordinance establishing the property tax rate is adopted before June 22.
- b. The Town Treasurer is to certify the property tax rate to the County Auditor before June 22.

12. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Summary of Action Required for Budget Changes:

The Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.

Fund budgets may be increased by resolution after a public hearing.

G. Contributions

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

H. Use of Estimates

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

I. Restricted Resources

The Town's policy is to use restricted resources first to fund appropriations when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

J. Change in Accounting Policies

The Governmental Accounting Standards Board (GASB) issued Statement 87, which amends existing accounting standards for lease accounting, including requiring leases to recognize most leases on the statement of net position and making certain changes to lessor accounting. The new standard was effective for fiscal years beginning after June 15, 2021. The Government is currently evaluating the impact the new standard may have on its financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits & Investments

The Town maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by some of the Town's funds. Deposits are not collateralized nor are they required to be by State statute.

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits & Investments (continued)

The Town follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of Town funds in a “qualified depository”.

The Act defines a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2022, \$621,085 of the Town’s bank balances of \$871,085 was uninsured and uncollateralized.

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The Town follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Town funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the Town’s funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Town to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers’ Investment Fund.

**HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits & Investments (continued)

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

At June 30, 2022, the Town had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 1,833,577	\$ -	\$ 1,833,577	\$ -
Total debt securities	\$ 1,833,577	\$ -	\$ 1,833,577	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund
- Utah Public Treasurers’ Investment Fund: application of the June 30, 2022 fair value factor, as calculated by the Utah State Treasurer, to the Town’s average daily balance in the Fund

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits & Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management 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 on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2022, the Town's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	1,833,577	1,833,577	-	-	-
	1,833,577	1,833,577	-	-	-

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At June 30, 2022, the Town's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	1,833,577	-	-	-	1,833,577
	1,833,577	-	-	-	1,833,577

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 Town's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk.

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits & Investments (continued)

The Town's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Investments not subject to categorizations:	Carrying Amount	Market Value
Utah Public Treasurer's Investment Fund	\$ 1,833,577	\$ 1,833,577
Deposits	\$867,305	
Investment in Utah Public Treasurer's Investment fund	1,833,577	
Total deposits and investments	\$ 2,700,882	
Unrestricted cash	\$ 2,539,549	
Restricted cash - class C roads	28,917	
Restricted cash - debt service	132,416	
Total deposits and investments	\$ 2,700,882	

NOTE 3 – DISAGGREGATED RECEIVABLES AND PAYABLES

The table below disaggregates the balances due from other government units and amounts reported as accounts receivable on the statement of net position under governmental activities. The receivables in the business-type activities are all due from customers for utility services provided.

Governmental Activities:	Due from government units	Accounts Receivable	Total
Receivables:			
Utah State Tax Commission	\$ 28,294	\$ -	\$ 28,294
Utah Department of Transportation	12,296	-	12,296
County - Current Property Taxes	715	-	715
County- Deferred Property Taxes	104,131	-	104,131
Other Receivables	4,913	-	4,913
Gross receivables	150,349	-	150,349
Less: Allowance for uncollectible	-	-	-
Net total receivables	\$ 150,349	\$ -	\$ 150,349

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – DISAGGREGATED RECEIVABLES AND PAYABLES (CONTINUED)

	Accounts Payable Due To:		
	Other Governments	Vendors	Total
General Fund	\$ -	\$ 33,135	\$ 33,135
Capital Projects Fund	-	-	-
Cemetery Perpetual Care	-	-	-
Utility Fund	-	70,245	70,245
Fourth of July Fund	-	16	16
Total	\$ -	\$ 103,396	\$ 103,396

NOTE 4 - CAPITAL ASSETS

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

	Balance June 30, 2021	Additions	(Deletions)	Balance June 30, 2022
GOVERNMENTAL ACTIVITIES				
Nondepreciated Assets				
Land	\$ 278,901	\$ -	\$ -	\$ 278,901
Total nondepreciated assets	278,901	-	-	278,901
Depreciated Assets				
Buildings	706,693	-	(4,019)	702,674
Improvements	339,736	164,138	(86,098)	417,776
Machinery and equipment	742,993	4,366	(3,216)	744,083
Infrastructure	648,251	-	-	648,251
Total depreciated assets	2,437,673	168,444	(93,333)	2,512,784
Less accumulated depreciation				
Buildings	(458,187)	(31,174)	4,019	(485,342)
Improvements	(277,980)	(12,038)	86,098	(203,920)
Machinery and equipment	(646,209)	(41,112)	3,216	(684,105)
Infrastructure	(153,539)	(29,968)	-	(183,507)
Total accumulated depreciation	(1,535,915)	(114,292)	93,333	(1,556,874)
Net assets depreciated	901,758	54,152	-	955,910
Governmental activities capital assets, net	\$ 1,180,659	\$ 54,152	\$ -	\$ 1,234,811

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Balance			Balance
	June 30, 2021	Additions	(Deletions)	June 30, 2022
Nondepreciated Assets				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Water rights	106,000	-	-	106,000
	<u>106,000</u>	<u>-</u>	<u>-</u>	<u>106,000</u>
Depreciated Assets				
Improvements	218,556	-	-	218,556
Distribution mains and reservoir	6,072,446	-	-	6,072,446
Machinery and equipment	176,104	-	-	176,104
Total depreciated assets	<u>6,467,106</u>	<u>-</u>	<u>-</u>	<u>6,467,106</u>
Less accumulated depreciation				
Improvements	(92,368)	(14,570)	-	(106,938)
Distribution mains and reservoir	(2,757,305)	(203,680)	-	(2,960,985)
Machinery and equipment	(130,196)	(12,760)	-	(142,956)
Total	<u>(2,979,869)</u>	<u>(231,010)</u>	<u>-</u>	<u>(3,210,879)</u>
Net assets depreciated	<u>3,487,237</u>	<u>(231,010)</u>	<u>-</u>	<u>3,256,227</u>
Business-type activities capital assets, net	<u>\$ 3,593,237</u>	<u>\$ (231,010)</u>	<u>\$ -</u>	<u>\$ 3,362,227</u>

DEPRECIATION EXPENSE

	Governmental	Business	Totals
	Types	Types	
General government	\$ 45,566	\$ -	\$ 45,566
Highways and public improvements	48,270	-	48,270
Cemetery	3,433	-	3,433
Parks and recreation	17,023	-	17,023
Utility service fund	-	231,010	231,010
Total	<u>\$ 114,292</u>	<u>\$ 231,010</u>	<u>\$ 345,302</u>

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - LONG-TERM DEBT

The Town had no long-term liability for governmental funds. However, there was one bond for the business-type activities. Long-term liability for the business-type activity for the year ended June 30, 2022, was as follows:

Description	Interest Rate	Outstanding 6/30/2021	Additions	Payments	Outstanding 6/30/2022	Current Portion
2019 Series Water Revenue Refunding Bond	2.54%	\$ 725,000		\$ (56,000)	\$ 669,000	\$ 58,000
TOTAL BUSINESS-TYPE		<u>\$ 725,000</u>	<u>\$ -</u>	<u>\$ (56,000)</u>	<u>\$ 669,000</u>	<u>\$ 58,000</u>

The Town issued bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The original debt of the 1997 Series A bond was \$813,000 with monthly installments of \$3,862 beginning June 1, 2001, due in 2039. The original debt of the 1999 Series B bond was \$349,000 with monthly installments of \$1,658 beginning June 1, 2001 due in 2039. The original debt of the Series C bond was \$57,200 with monthly installments of \$262, due in 2039. These three bonds were all refinanced during 2017 with a 2017 Series Water Revenue Refunding Bond for \$978,000. This refunding bond was refinanced during 2019 with a 2019 Series Water Revenue Refunding Bond for \$783,000.

The Town issued \$978,000 of Water Revenue Refunding Bonds to provide resources to purchase US Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$978,000 of Water Revenue Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the enterprise fund statement of net position. This advance refunding was undertaken to reduce total debt service payments over 15 years by \$276,075. At June 30, 2022 \$766,105 of defeased bonds remain outstanding. The balance of the refunding bond at June 30, 2022 is \$669,000. The following is a summary of the future minimum payments for the year ended June 30:

Year	Principal	Interest	Total
2023	\$ 58,000	\$ 16,993	\$ 74,993
2024	60,000	15,519	75,519
2025	62,000	13,995	75,995
2026	65,000	12,421	77,421
2027	68,000	10,770	78,770
2028 to 2032	356,000	27,407	383,407
	<u>\$ 669,000</u>	<u>\$ 97,105</u>	<u>\$ 766,105</u>

**HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 - RESTRICTIONS OF FUND BALANCE

Restricted for Class "C" Roads and Transportation Tax - This represents the excess of Class "C" Road funds or transportation tax received over the amount spent.

Restricted for Debt Service - This represents the funds that are restricted for the purpose of the current years debt payments and the required sinking fund.

NOTE 7 - RISK MANAGEMENT

Huntsville Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include automobile, general liability, property, bond (employee dishonesty), treasurer, public officials and officers, excess liability, and workman’s compensation. As of June 30, 2022, there is no anticipation of unpaid claims. Therefore, a liability is not accrued. Settlement amounts have not exceeded coverage for the current year or the three prior years.

NOTE 8 - INTER-FUND TRANSFERS AND BALANCES

Occasionally money is reallocated from one fund to another fund. The interfund receivables/payables below took place for that very purpose and will be repaid within the next fiscal year. Such amounts for the fiscal year ended June 30, 2022 were as follows:

	Due From	
Due To	Capital Projects	Total
General	\$ 41,750	\$ 41,750
Totals	\$ 41,750	\$ 41,750

HUNTSVILLE TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - PROPERTY TAX CALENDAR

Lien date	Jan. 1
Taxing entity notifies the county of date, time, and place of public hearing	Mar. 1
Budget officer of the entity prepares and files with the Town Council a tentative budget for the next fiscal year	1 st scheduled council meeting in May
County auditor sends valuation certified tax rate and levy worksheets to each taxing entity	Jun. 8 Before Jun. 22
Taxing entity must adopt a proposed tax rate, certify the rate and levy, and submit to the county auditor	
Taxing entity adopts a final tax rate if there is no increase in certified tax rate	Jun.22
Taxing entity adopts final budget if there is no increase in certified tax rate	Jun. 22
Copy of the budget is submitted to state auditor within 30 days of adoption Payment and delinquency date	Nov. 30

NOTE 10 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

In compliance with Utah State law the Town is required to keep actual expenditures below budget appropriations by department within each fund. For the year ended June 30, 2022 the general fund had several departments over budget.

The Town is also required to maintain positive fund balances in each fund and has complied with this requirement.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 7, 2022, the date that the financial statements were available to be issued. There have been no subsequent events that provide additional evidence about conditions that exist at the date of the balance sheet.

**REQUIRED SUPPLEMENTARY
INFORMATION**

HUNTSVILLE TOWN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property taxes	\$ 94,800	\$ 100,200	\$ 100,501	\$ 301
Sales taxes	110,000	125,000	161,122	36,122
Fees-in-lieu of taxes	3,900	3,800	4,348	548
Franchise taxes	12,500	14,200	21,624	7,424
Licenses and permits	82,850	71,900	60,231	(11,669)
Cemetery	10,000	37,000	35,788	(1,212)
Charges for services	141,500	92,850	83,907	(8,943)
Fines and forfeitures	15,000	10,000	9,416	(584)
Intergovernmental revenue	45,000	42,000	56,793	14,793
Donations	-	9,500	7,581	(1,919)
Interest income	2,000	2,000	2,706	706
Miscellaneous revenue	-	1,530	1,580	50
TOTAL REVENUES	<u>517,550</u>	<u>509,980</u>	<u>545,597</u>	<u>35,617</u>
EXPENDITURES				
Administrative	188,880	223,305	199,729	23,576
Planning and zoning	27,000	-	47,830	(47,830)
Public safety	80,400	80,795	72,821	7,974
Highways and public works	103,100	117,550	80,686	36,864
Parks and recreation	47,150	56,000	57,629	(1,629)
Cemetery	28,000	52,450	63,381	(10,931)
TOTAL EXPENDITURES	<u>474,530</u>	<u>530,100</u>	<u>522,076</u>	<u>8,024</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>43,020</u>	<u>(20,120)</u>	<u>23,521</u>	<u>43,641</u>
Fund balance - July 1	389,592	389,592	389,592	-
Fund balance - June 30	<u>\$ 432,612</u>	<u>\$ 369,472</u>	<u>\$ 413,113</u>	<u>\$ 43,641</u>

AUDITORS REPORTS



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

To the Mayor and Town Council
Huntsville Town

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of Huntsville Town, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Huntsville Town’s basic financial statements, and have issued our report thereon dated November 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Huntsville Town’s internal control over financial reporting (internal control) as a basis for designing 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 Huntsville Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of Huntsville Town’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 consider to be a material weakness. We did identify certain deficiencies in internal controls, described in the accompanying schedule of findings and questioned costs as items 2022-01 and 2022-02 on pages 40-41 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Huntsville Town’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-03 on pages 40-41.

Response to Findings

Huntsville Town's response to the findings identified in our audit are described in the accompanying schedule of findings. Huntsville Town's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Child Richards CPAs & Advisors

Ogden, Utah
November 7, 2022



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE***

To the Mayor and Town Council of
Huntsville Town

Report On Compliance

We have audited Huntsville Town’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on Huntsville Town for the year ended June 30, 2022.

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

Budgetary Compliance	Fund Balance
Restricted Taxes and Related Revenues	Fraud Risk Assessment
Governmental Fees	Public Treasurer’s Bond
Open and Public Meeting Act	

Management’s Responsibility

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

Auditor’s Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Huntsville Town’s compliance with those requirements.

Opinion on Compliance

In our opinion, Huntsville Town complied, in all material respects, with the state compliance requirements referred to 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 as item 2022-3. Our opinion on compliance is not modified with respect to these matters.

Huntsville Town's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings. Huntsville Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Internal Control Over Compliance

Management of Huntsville Town is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Huntsville Town's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Huntsville Town's internal control over compliance.

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

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

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

Child, Richards CPAs & Advisors

Ogden, Utah
November 7, 2022

**HUNTSVILLE TOWN
SCHEDULE OF FINDINGS
JUNE 30, 2022**

2022-01: Inadequate Controls Over Revenues

Criteria: When separation of duties over the revenues process are not possible due to the small size of the organization, mitigating controls should be put in place to prevent/and or detect the errors/misstatements.

Condition: The Town only has one utility billing clerk to manage billings, adjustments and payments. While billings are auto generated due to the automation of readings, adjustments are sometimes necessary.

Cause: The utility clerk performs the billings and adjustments. It is necessary that someone oversee the adjustments made and approve all adjustments on a regular basis. It was noted that the mayor signs off on a few of these adjustments, but not all. It was also noted that the form the mayor is signing off on is a hand written adjustment sheet that is prepared by the utility clerk.

Effect: There is no effect on the financial statements. The Town's internal controls are not effective.

Recommendation: We recommend that at the end of each month, the recorder print off an adjustment register from Caselle and have the mayor sign off on all adjustments made during the month.

Management's Response: We will implement the recommendation. The recorder will print an adjustment register each month and have the mayor sign off on all adjustments made during that month.

2022-02: Inadequate Controls Over Disbursements

Criteria: When separation of duties over the cash disbursement process are not possible due to the small size of the organization, mitigating controls should be put in place to prevent and/or detect the errors/misstatements of funds.

Condition: A council member should 1) review the bank reconciliation, 2) review cancelled checks each month, 3) document that review by initialing or a checklist, 4) review all disbursements before they are issued, and 5) the person that is generating the checks should not be a signer on the account.

Cause: It was noted that there was not proof of review of bank statements, reconciliations, or cancelled checks by a council member. Upon a detail review of the canceled checks, it was noted that four checks cleared the bank with only one signature. We also noted that the person generating the checks also signed many of the checks that were issued during the year. Also, most checks are issued without approval from any of the council.

Effect: There is no effect on the financial statements. The Town's internal controls are not effective.

Recommendation: We recommend the organization implement mitigation controls over disbursements as described above, and ensure a mayor or council member performs and documents monthly reviews of disbursements.

Management's Response: 1, 2 & 3) We will have the mayor, or a council member review the bank reconciliation and copies of canceled checks each month. They will initial or sign the statement indicating their review.

4) Anytime checks are issued, we will have the mayor, or a council member review a copy of the check register prior to checks being mailed out. Approval will be given by email or by signing the check register and confirming the total amount of the check register they are approving.

5) The person generating the checks will be removed as a signer on the account. The utility clerk will be added as a signer. This will need to come before the council for approval before we can implement the change. We will put it on the agenda in January 2023.

**HUNTSVILLE TOWN
SCHEDULE OF FINDINGS
JUNE 30, 2022**

2022-03: State Compliance – Budget

Criteria: The Utah State Code requires governments to adopt a budget every year and monitor the expenditures so they do not exceed appropriations by department in the General Fund.

Condition: As of June 30, 2022, the Town was over budget in several departments.

Cause: Expenditures were incurred in excess of budget and amendments weren't sufficient to cover the overages.

Effect: There is no effect on the financial statements. The Town is noncompliant with the Utah Code.

Recommendation: We recommend the Town monitor their expenditures throughout the year and amend the budget when necessary.

Management's Response: Management will review budget to actual more closely throughout the year. The Town has also purchased new accounting software that will help management to monitor the budget more closely.