



City Council Staff Report

Date:

11/15/2023

Prepared By:

Bryce Oyler

Public Hearing:

No

Attachments:

Fiscal Year 2023
Financial Statements

REQUEST

Presentation of the Fiscal Year 2022-2023 Financial Audit.

BACKGROUND & DESCRIPTION

Utah State Code requires that an audit of the City's financial position be performed annually for the most recently completed fiscal year. The audit must be performed by an independent auditor. City staff must submit the audited financial statements to the State Auditor's office no later than 180 days following the fiscal year end, which is December 31, 2023.

The audit is the result of the Auditors' examination of the City's finances and risk assessment of the City's preparation and fair presentation of the financial statements. Included in the financial statements is the Management's Discussion and Analysis (MD&A) letter.

Greg Ogden, CPA, performed the audit. He will appear before the Mayor and City Council to present the audit. Also included is the management letter which identifies any problems and/or weaknesses found during the audit, along with the City's response to any findings. In the General Fund, actual revenues exceeded budgeted revenues and actual expenditures were lower than budgeted revenues. This caused the General Fund reserves to exceed the allowed 35% of General Fund revenues. To comply with state ordinance 10-6-116, staff has transferred funds to the Capital Projects Fund. Please reach out to the Finance Director if you have any questions.

RECOMMENDATION

Move to accept the Fiscal Year 2022-2023 Financial Audit.

**MAPLETON CITY, UTAH
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2023**

Mapleton City, Utah
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For the Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
Members of the City Council
Mapleton City, Utah

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mapleton City, Utah (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Revenue Road Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

My objective is 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 my 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*, I:

- 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 the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charge with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I 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 on pages 5-12, budgetary comparisons on pages 20-21, and pension information on pages 54-57 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated September 27, 2023, on my consideration of the City's internal control over financial reporting and on my 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 my 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

 CPA
Greg Ogden,
Certified Public Accountant
Springville, Utah
September 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mapleton City, Utah
Management's Discussion and Analysis
For the Year Ended June 30, 2023

As management of the Mapleton City, Utah (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with this report.

FINANCIAL HIGHLIGHTS

- The total net position of Mapleton City increased \$13,338,076 to \$142,005,580. The governmental net position increased by \$5,441,006 and the business-type net position increased by \$7,897,070.
- The total net position of \$142,005,580 consists of \$87,110,448 in net investment in capital assets, \$14,407,126 restricted for community improvements funded by developer impact and annexation fees, \$3,558,249 restricted for Class C Road and related projects, and \$1,799,053 for debt service, and \$35,130,704 in unrestricted net position (of which \$7,714,204 is assigned to future capital projects, \$1,051,696 for vehicle purchases and replacement, and \$79,475 for the purchase of water shares). The \$14,407,126 restricted for community improvements includes \$13,294,245 for Capital Project impact fees (\$518,168 for Public Safety, \$3,894,455 for Parks), and \$3,399,235, \$2,891,340, and \$2,591,047 for Water, Sewer, and Pressurized Irrigation impact fees, respectively.
- In the Balance Sheet of Governmental Funds, the General Fund (the primary operating fund) fund balance increased by \$2,290,781 to \$6,412,862. The smaller increase was primarily due a one-time \$4,669,776 transfer to the Capital Projects and Roads Funds for public improvements in 2022 that did not occur in 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

- The *statement of net position* presents financial information on all the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of City is improving or deteriorating.
- The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the City include water, sewer, pressurized irrigation, waste collection, and storm drain utilities.

The government-wide financial statements can be found on pages 14-15 of this report.

Mapleton City, Utah
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2023

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

The City maintains five individual governmental funds. Information is presented separately in the *governmental fund balance sheet* and in the *governmental fund statement of revenues, expenditures, and changes in fund balances* for the general fund, the city projects (capital project) fund, community network (capital project) fund, the roads (special revenue) fund, and the debt service fund, all of which are considered to be major funds. The City does not have any nonmajor governmental funds reported in these financial statements.

The City adopts an annual appropriated budget for its general and roads (special revenue) funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-21 of this report.

- **Proprietary funds.** The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its various utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility funds listed above, all of which are considered to be major funds of the City. The City does not have any nonmajor proprietary funds reported in these financial statements.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-54 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 55-58.

Mapleton City, Utah
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$142,005,580, at the close of the most recent fiscal year.

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MAPLETON CITY'S STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 31,883,265	\$ 33,101,284	\$ 42,320,873	\$ 38,653,077	\$ 74,204,138	\$ 71,754,361
Capital assets	54,409,708	48,273,233	52,514,331	49,394,752	106,924,039	97,667,985
Total Assets	86,292,973	81,374,517	94,835,204	88,047,829	181,128,177	169,422,346
Total deferred outflows of resources	661,271	438,085	234,247	178,795	895,518	616,880
Liabilities						
Long-term liabilities outstanding	9,892,451	9,859,365	18,824,306	19,930,907	28,716,757	29,790,272
Net pension liability	572,766	-	114,254	-	687,020	-
Other liabilities	6,808,509	6,744,904	800,211	405,628	7,608,720	7,150,532
Total Liabilities	17,273,726	16,604,269	19,738,771	20,336,535	37,012,497	36,940,804
Total deferred inflows of resources	3,003,905	3,972,726	1,713	458,192	3,005,618	4,430,918
Net position						
Net investment in capital assets	42,683,680	29,920,508	44,426,768	44,291,764	87,110,448	74,212,272
Restricted	8,881,092	12,376,602	10,883,336	8,799,675	19,764,428	21,176,277
Unrestricted	15,111,841	18,938,497	20,018,863	14,340,458	35,130,704	33,278,955
Total net position	\$ 66,676,613	\$ 61,235,607	\$ 75,328,967	\$ 67,431,897	\$ 142,005,580	\$ 128,667,504

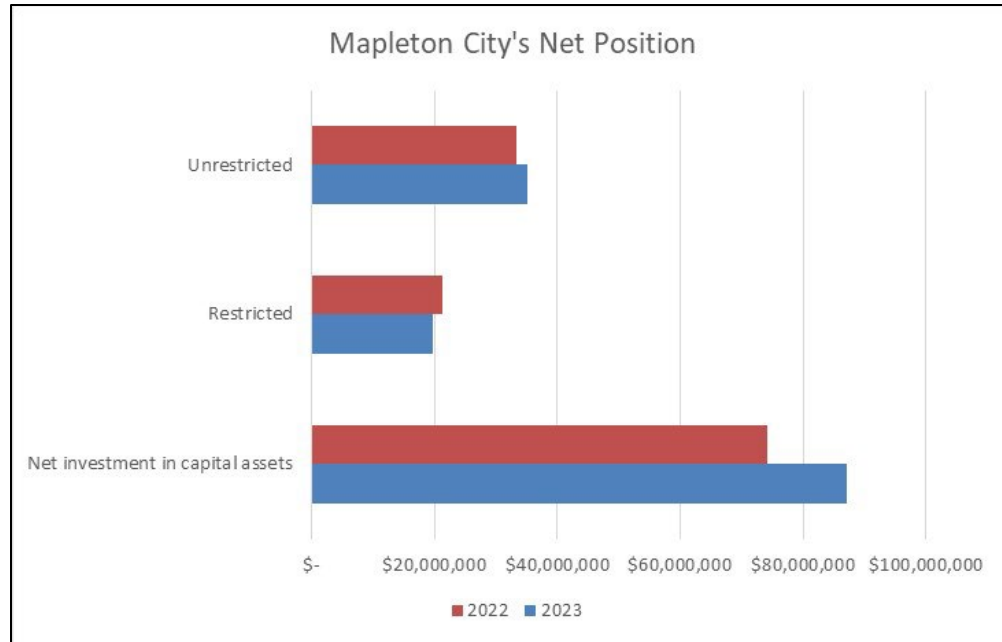
Current and other assets decreased in governmental activities by \$1,218,019 from the prior year. The City continues various community development and improvement projects, which require the use of its current reserves.

Other liabilities government-wide changed slightly, increasing \$458,188 from the previous year. Long-term liabilities, which consist of bonds, compensated absences and pension obligations, decreased \$1,073,515 from the previous year for governmental and business-type activities combined. During 2021, the City issued \$9,300,000 in energy sales and sales tax and telecommunications fee revenue bonds to finance the City's capital project of building an underground fiber network, which is expected to be operational in 2025. Also, the City amended its interlocal agreement with Spanish Fork City, Utah, in December 2021, to construct a new wastewater treatment facility. As part of this agreement, the City entered into an promissory note payable with Spanish Fork City for \$15,955,000. During 2023, the City received a \$1,000,000 contribution from Spanish Fork for the facility. More information on the interlocal agreement can be found in the notes to the financial statements.

By far, the largest portion of the City's net position, \$87,110,448, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$19,764,428, represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the City's unrestricted net position was \$35,130,704.

Mapleton City, Utah
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2023



The City's overall net position increased \$13,338,076 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

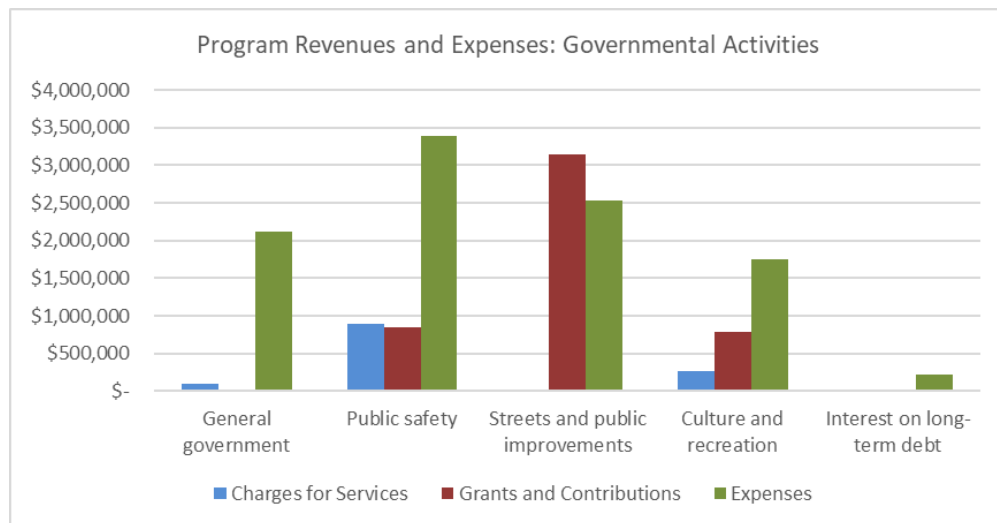
MAPLETON CITY'S CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 1,272,638	\$ 2,471,925	\$ 6,753,305	\$ 5,976,617	\$ 8,025,943	\$ 8,448,542
Operating grants and contributions	743,187	734,393	71,186	370,450	814,373	1,104,843
Capital grants and contributions	4,037,304	10,459,106	8,054,594	11,234,231	12,091,898	21,693,337
General revenues:						
Property taxes	2,947,659	2,620,804	-	-	2,947,659	2,620,804
Sales taxes	2,489,715	2,224,295	-	-	2,489,715	2,224,295
Franchise taxes	943,070	863,899	-	-	943,070	863,899
Unrestricted interest earnings	1,447,205	188,278	933,289	91,863	2,380,494	280,141
Payments in lieu of taxes	159,658	167,717	-	-	159,658	167,717
Gain on sale of capital and other assets	141,638	21,450	15,600	444,034	157,238	465,484
Equity investment income	-	-	57,040	2,333,664	57,040	2,333,664
Miscellaneous	222,386	194,329	52,063	45,463	274,449	239,792
Total revenues	14,404,460	19,946,196	15,937,077	20,496,322	30,341,537	40,442,518
Expenses						
General government	2,113,752	1,859,520	-	-	2,113,752	1,859,520
Public safety	3,380,213	3,000,771	-	-	3,380,213	3,000,771
Streets and public improvements	2,536,989	2,555,867	-	-	2,536,989	2,555,867
Culture and recreation	1,753,863	1,075,705	-	-	1,753,863	1,075,705
Interest on long-term debt	228,358	263,468	-	-	228,358	263,468
Water	-	-	2,393,511	2,109,122	2,393,511	2,109,122
Sewer	-	-	1,994,207	1,668,627	1,994,207	1,668,627
Pressurized irrigation	-	-	1,414,327	1,130,151	1,414,327	1,130,151
Waste collection	-	-	720,486	621,407	720,486	621,407
Storm drain	-	-	196,960	141,764	196,960	141,764
Total expenses	10,013,175	8,755,331	6,719,491	5,671,071	16,732,666	14,426,402
Increase in net position before transfers	4,391,285	11,190,865	9,217,586	14,825,251	13,608,871	26,016,116
Transfers	1,049,721	249,434	(1,320,516)	(249,434)	(270,795)	-
Increase in net position	5,441,006	11,440,299	7,897,070	14,575,817	13,338,076	26,016,116
Net position - beginning	61,235,607	49,795,308	67,431,897	52,856,080	128,667,504	102,651,388
Net position - ending	\$ 66,676,613	\$ 61,235,607	\$ 75,328,967	\$ 67,431,897	\$ 142,005,580	\$ 128,667,504

Mapleton City, Utah
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2023

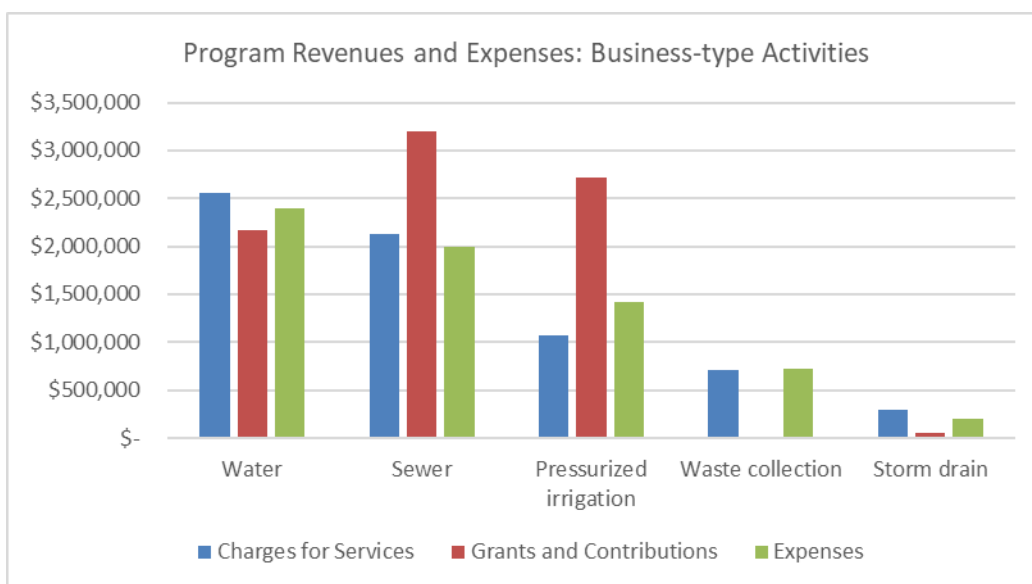
Governmental Activities. During the current fiscal year, net position for governmental activities increased \$5,441,006 from the prior fiscal year for an ending balance of \$66,676,613. The increase in the overall net position of governmental activities is primarily due to a \$4,037,304 of capital grant and contributions revenues.

As shown in the chart below, revenues generated by the City's programs are not sufficient to cover the costs, less developer contributions of \$1,869,852 for streets and public improvements. The City relies on property taxes, sales taxes, and other general revenues to cover the costs associated with the various programs.



Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$75,328,967. The total increase in net position was \$7,897,070 from the prior fiscal year. The growth, in large part, is attributable to an increase of \$8 million in developer contributions.

As shown in the chart below, conversely from governmental activities, revenues generated by the City's business-type programs are generally sufficient to cover the costs, even without developer contributions.



Mapleton City, Utah
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

As of June 30, 2023, the City's governmental funds reported combined fund equity of \$22,090,475. This represents a decrease of (\$871,167) from last year's ending balances. Of this amount, \$4,443,483, or 20.1%, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is (1) not in spendable form (none); (2) restricted for particular purposes, \$8,881,092; (3) committed for particular purposes (none); or (4) assigned for particular purposes, \$8,765,900.

Analysis of Individual Funds

The *General Fund* is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund. Taxes continue to be the largest source of revenue in the General Fund.

The City has two capital projects funds: the *city projects fund* and the *community network fund*, both major funds. The city projects fund accounts for the various and typical significant public improvements. The community network fund was established two years ago to construct an underground fiber network. As noted earlier, the project is expected to be fully operational in 2025, after which, the assets and other fund activity will be transferred to an enterprise fund, to account for the business operations of providing high-speed internet to City residents. Both funds combined had a (\$3,928,524) decrease in fund balance during the current fiscal year, which put the overall fund balance to the amount of \$13,661,626.

The City established a *special revenue roads fund*, to account for the annual special assessment charged to all residents, including businesses. These funds are restricted for use on road projects only, to both maintain and improve the streets and roads of the City. In addition, the State Class C Road contributions are transferred in from the general fund to assist in these projects. As of June 30, 2023, the net position changed by \$766,326 to an ending balance of \$1,978,145.

The *debt service fund*, the remaining major governmental fund, had an increase in fund balance during the current year of \$250, to bring the year end fund balance to \$37,842. The City uses this fund to service the Sales Tax Revenue Bonds (for the fiber network project). This fund meets the definition of a nonmajor fund, but the City has elected to present it as a major fund in the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. During the year, there was a need for amendments to increase either the original estimated revenues or original budgeted appropriations. There was also a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain expenditures. Generally, the movement of the appropriations between departments was not significant. The exception was the appropriation for the tax revenues from the general fund, which was increased by \$645,000.

Mapleton City, Utah
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2023

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Charges for services	\$ 688,150	\$ 632,388	\$ (55,762)
Sales taxes	2,150,000	2,489,715	339,715
Intergovernmental	1,451,247	1,679,770	228,523

By far, the largest expenditures during the fiscal year were related to street and public improvements, followed by the water, sewer, and pressurized irrigation operations and improvements. The City also made several large capital equipment purchases, which are discussed in the following section.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, equals \$106,924,039 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, bridges, etc.), and machinery and equipment, including vehicles. The City's investment in capital assets during 2023 totaled \$106,924,039 while combined depreciation expense equaled \$5,210,726, resulting in an increase in net capital assets of \$9,256,054 (including asset deletions totaling \$327,659). The increase was primarily due to developer contributions and system improvements of \$6,285,651. Capital asset activity also included the sale of equipment.

Major capital asset events during the current fiscal year included the following:

Mapleton City's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 13,943,959	\$ 12,733,307	\$ 2,009,899	\$ 2,009,899	\$ 15,953,858	\$ 14,743,206
Water shares	-	-	31,680	31,680	31,680	31,680
Construction in progress	4,213,129	3,330,122	290,135	-	4,503,264	3,330,122
Buildings and improvements	7,487,589	7,753,439	231,680	283,590	7,719,269	8,037,029
Machinery, equipment, and vehicles	3,826,142	2,975,041	346,673	214,482	4,172,815	3,189,523
Infrastructure	24,938,889	21,481,324	49,604,264	46,855,101	74,543,153	68,336,425
Total	<u>\$ 54,409,708</u>	<u>\$ 48,273,233</u>	<u>\$ 52,514,331</u>	<u>\$ 49,394,752</u>	<u>\$ 106,924,039</u>	<u>\$ 97,667,985</u>

Major capital assets events during the current fiscal year included the following:

- Developer contributions totaling \$6,285,651: \$1,869,852 for roads and land, \$4,415,799 for utility systems infrastructure.
- Fiber network infrastructure installation (construction in progress as of the close of the fiscal year had reached \$4,213,129).

Additional information on the City's capital assets can be found in Note 5 of this report.

Mapleton City, Utah
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2023

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$11,085,567, including \$311,567 in unamortized premiums. The remainder of the City's long-term obligations is comprised of two notes payable entered into with Spanish Fork City, for \$2,800,000 (sewer capacity in 2011) and \$15,955,000 (sewer system in 2020), of which \$17,336,369 remained outstanding as of June 30, 2023.

Mapleton City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Sales tax revenue bonds	\$ 9,360,000	\$ 9,360,000	\$ -	\$ -	\$ 9,360,000	\$ 9,360,000
Bond issuance premium	311,567	325,139	-	-	311,567	325,139
Water revenue refunding bonds	-	-	1,414,000	1,684,000	1,414,000	1,684,000
Notes payable	-	-	17,336,369	18,182,709	17,336,369	18,182,709
Total	<u>\$ 9,671,567</u>	<u>\$ 9,685,139</u>	<u>\$ 18,750,369</u>	<u>\$ 19,866,709</u>	<u>\$ 28,421,936</u>	<u>\$ 29,551,848</u>

The City's total debt decreased by \$1,129,912 (-3.82%) during the current fiscal year. The City did not enter into any new long-term debt agreements during 2023.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$76,791,360. State statute allows for an additional 4% to be used for water or sewer projects thus resulting in a debt limit of 8% of total taxable value. Thus, the current limitation for these water and sewer projects is \$153,582,720, which again significantly exceeds the outstanding business-type activity debt.

The City maintained an "A+" rating from Standard & Poor's ratings for general obligation debt.

Additional information on the City's long-term debt can be found in Note 8 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors currently affect the City and were considered in developing the 2023-2024 fiscal year budget

- While the change in the unemployment rate is unknown, it is not expected to reach the pre-recession level for several years.
- A 17.9% increase in sewer rates beginning July 1, 2024, anticipates current and future expenditure increases.
- A new revenue source was enacted for the 2022-2023 budget year, which were charges for Mapleton City Network. A total of \$36,327 of revenue was earned from the new source.
- Declines in housing construction are expected to continue throughout the fiscal year due to increases in mortgage rates, decreasing building permit revenues and assessed values.
- On the expenditure side, increases are expected in the fiber network and sewer system construction.
- New sales and franchise tax bonds were issued for \$10,945,000, to be used to further the construction of the fiber internet network.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Mapleton City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finance Director, Mapleton City, 125 West 400 North, Mapleton, UT 84664.

BASIC FINANCIAL STATEMENTS

Mapleton City, Utah
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 19,243,193	\$ 11,276,140	\$ 30,519,333
Restricted assets - cash and cash equivalents	8,087,934	8,579,479	16,667,413
Restricted assets-cash held by others	-	10,671,758	10,671,758
Restricted assets - customer deposits	-	20,282	20,282
Receivables (net of allowance for doubtful accounts)	3,378,298	575,775	3,954,073
Intergovernmental receivable	1,131,804	-	1,131,804
Prepays	-	-	-
Capital assets not being depreciated	18,157,088	2,331,714	20,488,802
Capital assets, net of accumulated depreciation	36,252,620	50,182,617	86,435,237
Net pension asset - actuarially funded	42,036	-	42,036
Equity investment in joint ventures	-	11,197,439	11,197,439
Total assets	86,292,973	94,835,204	181,128,177
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	661,271	213,036	874,307
Deferred loss on refunding	-	21,211	21,211
Total deferred outflows of resources	661,271	234,247	895,518
LIABILITIES			
Accounts payable	1,133,967	770,977	1,904,944
Accrued liabilities	11,979	-	11,979
Contracts and retainage payable	5,623,899	-	5,623,899
Accrued interest payable	10,383	8,952	19,335
Deposits payable	-	20,282	20,282
Intergovernmental payable	6,669	-	6,669
Unearned revenues	21,612	-	21,612
Noncurrent liabilities:			
Net pension liability - actuarially funded	572,766	114,254	687,020
Due within one year:			
Bonds, bond premiums, note, compensated absences	223,306	1,049,071	1,272,377
Due in more than one year:			
Bonds, bond premium, note, compensated absences	9,669,145	17,775,235	27,444,380
Total liabilities	17,273,726	19,738,771	37,012,497
DEFERRED INFLOWS OF RESOURCES			
Pension related	51,277	1,713	52,990
Unavailable revenue - property taxes	2,952,628	-	2,952,628
Total deferred inflows of resources	3,003,905	1,713	3,005,618
NET POSITION			
Net investment in capital assets	42,683,680	44,426,768	87,110,448
Restricted for:			
Impact fee funded improvements	4,466,967	9,122,125	13,589,092
Class C Road and other improvements	4,376,283	-	4,376,283
Debt service for bonds and note payable	37,842	1,761,211	1,799,053
Unrestricted	15,111,841	20,018,863	35,130,704
Total net position	\$ 66,676,613	\$ 75,328,967	\$ 142,005,580

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

Mapleton City, Utah
Statement of Activities
For the Year Ended June 30, 2023

	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	\$ 2,113,752	\$ 106,111	\$ 130	\$ -	\$ (2,007,511)		\$ (2,007,511)
Public safety	3,380,213	900,723	743,057	108,290	(1,628,143)		(1,628,143)
Streets and public improvements	2,536,989	-	-	3,147,302	610,313		610,313
Culture and recreation	1,753,863	265,804	-	781,712	(706,347)		(706,347)
Interest	228,358	-	-	-	(228,358)		(228,358)
Total governmental activities	10,013,175	1,272,638	743,187	4,037,304	(3,960,046)		(3,960,046)
Business-type activities:							
Water	2,393,511	2,555,149	1,417	2,162,779		2,325,834	2,325,834
Sewer	1,994,207	2,131,703	3,157	3,198,517		3,339,170	3,339,170
Pressurized irrigation	1,414,327	1,065,498	66,612	2,645,291		2,363,074	2,363,074
Waste collection	720,486	706,263	-	-		(14,223)	(14,223)
Storm drain	196,960	294,692	-	48,007		145,739	145,739
Total business-type activities	6,719,491	6,753,305	71,186	8,054,594		8,159,594	8,159,594
Total government-wide	\$ 16,732,666	\$ 8,025,943	\$ 814,373	\$ 12,091,898		8,159,594	4,199,548
General Revenues and transfers							
General Revenues:							
Property taxes					2,947,659	-	2,947,659
Sales taxes					2,489,715	-	2,489,715
Franchise taxes					943,070	-	943,070
Unrestricted interest earnings					1,447,205	933,289	2,380,494
Payments in lieu of taxes					159,658	-	159,658
Gain on sale of capital and other assets					141,638	15,600	157,238
Equity investment income					-	57,040	57,040
Miscellaneous					222,386	52,063	274,449
Transfers					1,049,721	(1,320,516)	(270,795)
Total general revenues and transfers					9,401,052	(262,524)	9,138,528
Change in net position					5,441,006	7,897,070	13,338,076
Net position - beginning, as restated					61,235,607	67,431,897	128,667,504
Net position - ending					66,676,613	75,328,967	142,005,580

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

Mapleton City, Utah
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Capital Projects		Special Revenue Roads	Debt Service	Total
		City Projects	Community Network			
ASSETS						
Cash and cash equivalents	\$ 11,766,940	\$ 7,476,253	\$ -	\$ -	\$ -	\$ 19,243,193
Restricted cash and cash equivalents	-	4,810,438	1,288,446	1,949,708	39,342	8,087,934
Receivables, net of allowance for uncollectibles:						
Accounts	70,883	-	7,324	28,437	-	106,644
Taxes and franchise fees	3,271,654	-	-	-	-	3,271,654
Intergovernmental receivable	183,958	947,846	-	-	-	1,131,804
Total assets	<u>\$ 15,293,435</u>	<u>\$ 13,234,537</u>	<u>\$ 1,295,770</u>	<u>\$ 1,978,145</u>	<u>\$ 39,342</u>	<u>\$ 31,841,229</u>
LIABILITIES						
Accounts payable	\$ 263,786	\$ 1,670	\$ 867,011	\$ -	\$ 1,500	\$ 1,133,967
Accrued liabilities	11,979	-	-	-	-	11,979
Developer retainage bonds	5,623,899	-	-	-	-	5,623,899
Due to other government	6,669	-	-	-	-	6,669
Unearned revenue	21,612	-	-	-	-	21,612
Total liabilities	<u>5,927,945</u>	<u>1,670</u>	<u>867,011</u>	<u>-</u>	<u>1,500</u>	<u>6,798,126</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	<u>2,952,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,952,628</u>
FUND BALANCES						
Restricted:						
Capital construction projects	389,275	-	428,759	-	-	818,034
Impact fee projects	-	4,412,623	-	-	-	4,412,623
Annexation fee project	-	54,344	-	-	-	54,344
Class C and other road projects	1,580,104	-	-	1,978,145	-	3,558,249
Bonds payable	-	-	-	-	37,842	37,842
Assigned:						
Future capital projects	-	7,714,204	-	-	-	7,714,204
Vehicle replacements	-	1,051,696	-	-	-	1,051,696
Unassigned	<u>4,443,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,443,483</u>
Total fund balances	<u>6,412,862</u>	<u>13,232,867</u>	<u>428,759</u>	<u>1,978,145</u>	<u>37,842</u>	<u>22,090,475</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,293,435</u>	<u>\$ 13,234,537</u>	<u>\$ 1,295,770</u>	<u>\$ 1,978,145</u>	<u>\$ 39,342</u>	<u>\$ 31,841,229</u>

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

Mapleton City, Utah
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
June 30, 2023

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

Total fund balances for governmental funds	\$ 22,090,475
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Capital assets of \$86,166,037, net of accumulated depreciation of \$31,756,329, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	54,409,708
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Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (URS pension) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

Deferred outflows pension related	\$ 661,271	
Deferred inflows pension related	<u>(51,277)</u>	
Total deferred outflows and inflows		609,994

Other long term assets and liabilities that are not available to pay for current period expenditures or that are not due and payable in the current period and, therefore, are either deferred or not reported in the funds.

Net pension asset	42,036
Net pension liability	(572,766)

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

Sales tax revenue bonds payable, series 2021	(9,360,000)	
Bond premium	(311,567)	
Compensated absences	(220,884)	
Accrued interest payable on long term debt	<u>(10,383)</u>	
Total long term liabilities		<u>(9,902,834)</u>

Net position of governmental activities	<u><u>\$ 66,676,613</u></u>
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The notes to financial statements are an integral part of this statement.

Mapleton City, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Capital Projects		Special Revenue Roads	Debt Service	Total
		City Projects	Community Network			
REVENUES						
Property taxes	\$ 2,947,659	\$ -	\$ -	\$ -	\$ -	\$ 2,947,659
Sales taxes	2,489,715	-	-	-	-	2,489,715
Franchise taxes	943,070	-	-	-	-	943,070
Licenses and permits	603,813	-	-	-	-	603,813
Intergovernmental	1,679,770	-	-	-	-	1,679,770
Charges for services	632,388	-	36,327	-	-	668,715
Fines and forfeitures	110	-	-	-	-	110
Investment earnings	1,086,736	149,464	211,005	-	-	1,447,205
Special assessment	-	-	-	357,551	-	357,551
Payments in lieu of taxes	159,658	-	-	-	-	159,658
Developer assessed impact fees	-	867,076	-	-	-	867,076
Annexation fees	-	6,242	-	-	-	6,242
Miscellaneous	209,364	-	-	-	-	209,364
Total revenues	10,752,283	1,022,782	247,332	357,551	-	12,379,948
EXPENDITURES						
Current:						
General government	2,054,346	-	-	-	-	2,054,346
Public safety	3,171,406	5,224	-	-	-	3,176,630
Streets and public improvements	463,554	99,075	-	15,889	-	578,518
Culture and recreation	1,270,576	227,011	-	-	-	1,497,587
Debt service:						
Interest	-	-	-	-	252,688	252,688
Capital outlay:						
General government	-	51,976	-	-	-	51,976
Public safety	-	265,017	-	-	-	265,017
Streets and public improvements	101,949	445,698	5,368,043	-	-	5,915,690
Culture and recreation	8,895	650,677	-	63,336	-	722,908
Total expenditures	7,070,726	1,744,678	5,368,043	79,225	252,688	14,515,360
Excess (deficiency) of revenues over (under) expenditures	3,681,557	(721,896)	(5,120,711)	278,326	(252,688)	(2,135,412)
OTHER FINANCING SOURCES (USES)						
Transfers in	109,434	2,437,816	-	488,000	252,938	3,288,188
Transfers out	(1,714,734)	(270,797)	(252,936)	-	-	(2,238,467)
Sale of general capital assets	201,502	-	-	-	-	201,502
Insurance recoveries	13,022	-	-	-	-	13,022
Total other financing sources (uses)	(1,390,776)	2,167,019	(252,936)	488,000	252,938	1,264,245
Net change in fund balances	2,290,781	1,445,123	(5,373,647)	766,326	250	(871,167)
Fund balances, beginning of year	4,122,081	11,787,744	5,802,406	1,211,819	37,592	22,961,642
Fund balances, end of year	\$ 6,412,862	\$ 13,232,867	\$ 428,759	\$ 1,978,145	\$ 37,842	\$ 22,090,475

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

Mapleton City, Utah
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$ (871,167)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	4,326,487
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The effect of transactions involving capital assets is to increase net position.

Capital contributions by developers	1,869,852	
Gain on sale of assets	(59,864)	
	<u>1,809,988</u>	

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on long term debt	\$ 10,758	
Amortization of bond premiums	13,572	
Compensated absences	(46,658)	
Changes in pension liabilities and related deferred outflows and inflows of resources	<u>198,026</u>	
		<u>175,698</u>

Change in net position of governmental activities	<u><u>\$ 5,441,006</u></u>
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The notes to financial statements are an integral part of this statement.

Mapleton City, Utah
Statement of Revenues Expenditures and Changes in Fund Balance
Budget and Actual – General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Property	\$ 2,513,302	\$ 2,838,302	\$ 2,947,659	\$ 109,357
Sales	1,850,000	2,150,000	2,489,715	339,715
Franchise	747,500	767,500	943,070	175,570
Licenses and permits	697,700	708,700	603,813	(104,887)
Intergovernmental	1,401,247	1,451,247	1,679,770	228,523
Charges for services	683,350	688,150	632,388	(55,762)
Fines and forfeitures	1,000	1,000	110	(890)
Investment earnings	100,000	400,000	1,086,736	686,736
Payments in lieu of taxes	160,000	160,000	159,658	(342)
Miscellaneous	105,200	105,200	209,364	104,164
Total revenues	<u>8,259,299</u>	<u>9,270,099</u>	<u>10,752,283</u>	<u>1,482,184</u>
EXPENDITURES				
Current:				
General government:				
Council	100,030	100,030	62,908	(37,122)
Courts	50,000	55,500	55,125	(375)
Finance and treasury	188,295	267,915	229,946	(37,969)
Community development	683,173	732,980	638,434	(94,546)
Administration	987,192	1,181,192	1,067,933	(113,259)
Total general government	<u>2,008,690</u>	<u>2,337,617</u>	<u>2,054,346</u>	<u>(283,271)</u>
Public safety:				
Police	1,780,618	1,917,134	1,877,363	(39,771)
Fire and emergency response	1,271,723	1,522,025	1,294,043	(227,982)
Total public safety	<u>3,052,341</u>	<u>3,439,159</u>	<u>3,171,406</u>	<u>(267,753)</u>
Streets and public improvements:				
Administration	118,461	171,229	163,702	(7,527)
Equipment, materials, and supplies	236,634	269,134	299,852	30,718
Total streets and public improvements	<u>355,095</u>	<u>440,363</u>	<u>463,554</u>	<u>23,191</u>
Culture and recreation:				
Parks and recreation	1,198,381	1,334,087	1,205,291	(128,796)
Library and museum	61,068	74,284	46,478	(27,806)
Community services	16,500	21,000	18,807	(2,193)
Total culture and recreation	<u>1,275,949</u>	<u>1,429,371</u>	<u>1,270,576</u>	<u>(158,795)</u>
Capital outlay:				
Streets and public improvements	200,000	200,000	101,949	(98,051)
Culture and recreation	30,000	40,000	8,895	(31,105)
	<u>230,000</u>	<u>240,000</u>	<u>110,844</u>	<u>(129,156)</u>
Total expenditures	<u>6,922,075</u>	<u>7,886,510</u>	<u>7,070,726</u>	<u>(815,784)</u>
Excess of revenues over expenditures	<u>1,337,224</u>	<u>1,383,589</u>	<u>3,681,557</u>	<u>2,297,968</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	109,434	109,434	109,434	-
Transfers out	(1,714,734)	(1,761,099)	(1,714,734)	46,365
Sale of general capital assets	258,076	258,076	201,502	(56,574)
Insurance recoveries	10,000	10,000	13,022	3,022
Total other financing sources (uses)	<u>(1,337,224)</u>	<u>(1,383,589)</u>	<u>(1,390,776)</u>	<u>(7,187)</u>
Net change in fund balances*	-	-	2,290,781	2,290,781
Fund balances, beginning of year	-	-	4,122,081	4,122,081
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,412,862</u>	<u>\$ 6,412,862</u>

*The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

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

Mapleton City, Utah
Statement of Revenues Expenditures and Changes in Fund Balance
Budget and Actual – Special Revenue Road Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special assessment	\$ 330,144	\$ 330,144	\$ 357,551	\$ 27,407
Total revenues	<u>330,144</u>	<u>330,144</u>	<u>357,551</u>	<u>27,407</u>
EXPENDITURES				
Current:				
Streets and public improvements:				
Equipment, materials, and supplies	-	16,500	15,889	(611)
Capital outlay:				
Culture and recreation	-	64,000	63,336	(664)
Total expenditures	<u>-</u>	<u>80,500</u>	<u>79,225</u>	<u>(1,275)</u>
Excess (deficiency) of revenues over expenditures	<u>330,144</u>	<u>249,644</u>	<u>278,326</u>	<u>28,682</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	488,000	488,000	488,000	-
Net change in fund balances*	818,144	737,644	766,326	28,682
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>1,211,819</u>	<u>1,211,819</u>
Fund balances, end of year	<u>\$ 818,144</u>	<u>\$ 737,644</u>	<u>\$ 1,978,145</u>	<u>\$ 1,240,501</u>

*The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

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

Mapleton City, Utah
Statement of Net Position – Proprietary Funds
June 30, 2023

	Business-type Activities					
	Water	Sewer	Pressurized Irrigation	Waste Collection	Storm Drain	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 5,546,909	\$ 1,609,323	\$ 3,035,558	\$ 388,551	\$ 695,799	\$ 11,276,140
Restricted assets-cash and cash equivalents	3,465,152	3,567,002	1,547,325	-	-	8,579,479
Restricted assets-cash held by others	-	10,671,758	-	-	-	10,671,758
Restricted assets - customer deposits	20,282	-	-	-	-	20,282
Accounts receivable, net	178,949	175,455	145,491	57,804	18,076	575,775
Total current assets	9,211,292	16,023,538	4,728,374	446,355	713,875	31,123,434
Noncurrent assets:						
Capital assets:						
Land	149,899	-	1,860,000	-	-	2,009,899
Water shares	31,680	-	-	-	-	31,680
Construction in progress	164,053	126,082	-	-	-	290,135
Buildings and improvements	478,589	487,105	-	-	77,055	1,042,749
Machinery, equipment, and vehicles	805,322	509,386	48,007	-	48,007	1,410,722
Infrastructure	28,442,829	28,392,409	20,778,341	-	404,537	78,018,116
Less: accumulated depreciation	(12,211,346)	(13,112,994)	(4,810,939)	-	(153,691)	(30,288,970)
Equity investment in joint venture:						
Sewer Construction with Spanish Fork	-	10,738,872	-	-	-	10,738,872
South Utah Valley Solid Waste District	-	-	-	458,567	-	458,567
Total noncurrent assets	17,861,026	27,140,860	17,875,409	458,567	375,908	63,711,770
Total assets	27,072,318	43,164,398	22,603,783	904,922	1,089,783	94,835,204
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	101,435	49,045	42,699	5,240	14,617	213,036
Deferred loss on refunding	21,211	-	-	-	-	21,211
Total deferred outflows of resources	122,646	49,045	42,699	5,240	14,617	234,247
LIABILITIES						
Current liabilities:						
Accounts payable	134,144	264,590	184,918	180,758	6,567	770,977
Compensated absences	33,149	15,960	14,108	1,996	5,196	70,409
Customer deposits payable restricted assets	20,282	-	-	-	-	20,282
Accrued interest payable	8,952	-	-	-	-	8,952
Bonds payable - current	274,000	-	-	-	-	274,000
Notes payable - current	-	704,662	-	-	-	704,662
Total current liabilities	470,527	985,212	199,026	182,754	11,763	1,849,282
Noncurrent liabilities:						
Compensated absences	1,634	809	696	121	268	3,528
Bonds payable	1,140,000	-	-	-	-	1,140,000
Notes payable	-	16,631,707	-	-	-	16,631,707
Net pension liability	54,401	26,304	22,900	2,810	7,839	114,254
Total noncurrent liabilities	1,196,035	16,658,820	23,596	2,931	8,107	17,889,489
Total liabilities	1,666,562	17,644,032	222,622	185,685	19,870	19,738,771
DEFERRED INFLOWS OF RESOURCES						
Pension related	816	394	343	42	118	1,713
NET POSITION						
Net investment in capital assets	16,438,074	9,737,377	17,875,409	-	375,908	44,426,768
Restricted:						
Debt service for bonds	-	1,761,211	-	-	-	1,761,211
Impact fee projects	3,399,235	2,891,340	2,591,047	-	-	8,881,622
Annexation fee project	145,374	87,224	7,905	-	-	240,503
Designated:						
Water share purchases	79,475	-	-	-	-	79,475
Unrestricted	5,465,428	11,091,865	1,949,156	724,435	708,504	19,939,388
Total net position	\$ 25,527,586	\$ 25,569,017	\$ 22,423,517	\$ 724,435	\$ 1,084,412	\$ 75,328,967

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

Mapleton City, Utah
Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Funds
For the Year ended June 30, 2023

	Business-type Activities					
	Water	Sewer	Pressurized Irrigation	Waste Collection	Storm Drain	Total
Operating revenues:						
Charges for services:						
Customer utility sales	\$ 2,372,720	\$ 2,071,296	\$ 1,030,148	\$ 706,263	\$ 221,692	\$ 6,402,119
Customer connection fees	182,429	60,407	35,350	-	-	278,186
Building permit fees (SWIPP)	-	-	-	-	73,000	73,000
Miscellaneous	-	-	52,063	-	-	52,063
Total operating revenues	<u>2,555,149</u>	<u>2,131,703</u>	<u>1,117,561</u>	<u>706,263</u>	<u>294,692</u>	<u>6,805,368</u>
Operating expenses:						
Personnel services	693,052	340,964	291,724	35,511	99,744	1,460,995
Operation and maintenance	697,414	536,959	407,154	684,975	75,965	2,402,467
Depreciation	970,743	874,179	715,449	-	21,251	2,581,622
Total operating expenses	<u>2,361,209</u>	<u>1,752,102</u>	<u>1,414,327</u>	<u>720,486</u>	<u>196,960</u>	<u>6,445,084</u>
Operating income (loss)	<u>193,940</u>	<u>379,601</u>	<u>(296,766)</u>	<u>(14,223)</u>	<u>97,732</u>	<u>360,284</u>
Nonoperating revenues (expenses):						
Intergovernmental	-	1,000,000	-	-	-	1,000,000
Investment earnings	158,104	717,974	57,211	-	-	933,289
Equity investment in joint ventures	-	-	-	57,040	-	57,040
Developer assessed impact fees	370,471	793,446	1,204,079	-	-	2,367,996
Annexation fees	1,417	3,157	66,612	-	-	71,186
Gain on sale of noncapital asset	-	15,600	-	-	-	15,600
Interest and other financial expense	(32,302)	(242,105)	-	-	-	(274,407)
Total nonoperating revenues (expenses)	<u>497,690</u>	<u>2,288,072</u>	<u>1,327,902</u>	<u>57,040</u>	<u>-</u>	<u>4,170,704</u>
Income before capital contributions and transfers	<u>691,630</u>	<u>2,667,673</u>	<u>1,031,136</u>	<u>42,817</u>	<u>97,732</u>	<u>4,530,988</u>
Capital contributions	1,792,308	1,405,071	1,441,212	-	48,007	4,686,598
Transfers in	-	-	328,500	-	-	328,500
Transfers out	<u>(1,067,185)</u>	<u>(409,335)</u>	<u>(159,604)</u>	<u>-</u>	<u>(12,892)</u>	<u>(1,649,016)</u>
Change in net position	1,416,753	3,663,409	2,641,244	42,817	132,847	7,897,070
Total net position, beginning, as restated	<u>24,110,833</u>	<u>21,905,608</u>	<u>19,782,273</u>	<u>681,618</u>	<u>951,565</u>	<u>67,431,897</u>
Total net position, ending	<u>\$ 25,527,586</u>	<u>\$ 25,569,017</u>	<u>\$ 22,423,517</u>	<u>\$ 724,435</u>	<u>\$ 1,084,412</u>	<u>\$ 75,328,967</u>

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

Mapleton City, Utah
Statements of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities					
	Water	Sewer	Pressurized Irrigation	Waste Collection	Storm Drain	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 2,520,486	\$ 2,091,057	\$ 1,067,537	\$ 700,289	\$ 219,904	\$ 6,599,273
Other receipts	-	-	-	-	73,000	73,000
Payments to suppliers and service providers	(649,252)	(357,601)	(249,511)	(657,584)	(79,412)	(1,993,360)
Payments to employees	(722,100)	(354,538)	(303,848)	(36,301)	(103,491)	(1,520,278)
Net cash provided (used) by operating activities	1,149,134	1,378,918	514,178	6,404	110,001	3,158,635
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	-	328,500	-	-	328,500
Transfers to other funds	(1,067,185)	(409,335)	(159,604)	-	(12,892)	(1,649,016)
Net cash provided (used) by noncapital financing activities	(1,067,185)	(409,335)	168,896	-	(12,892)	(1,320,516)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase and construction of capital assets	(438,692)	(234,114)	(241,768)	-	(100,029)	(1,014,603)
Developer assessed impact fees received	370,471	793,446	1,204,079	-	-	2,367,996
Annexation fees received	1,417	3,157	66,612	-	-	71,186
Equity investment in joint venture (sewer system)	-	(5,687,002)	-	-	-	(5,687,002)
Contribution from other government for sewer system	-	1,000,000	-	-	-	1,000,000
Principal paid on capital debt	(270,000)	(846,340)	-	-	-	(1,116,340)
Interest paid on capital debt and other financial expense	(27,418)	(242,105)	-	-	-	(269,523)
Proceeds from sale of assets	-	15,600	-	-	-	15,600
Net cash provided by capital and related financing activities	(364,222)	(5,197,358)	1,028,923	-	(100,029)	(4,632,686)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on cash and investments	158,104	717,974	57,211	-	-	933,289
Net cash provided by investing activities	158,104	717,974	57,211	-	-	933,289
Net increase (decrease) in cash and cash equivalents	(124,169)	(3,509,801)	1,769,208	6,404	(2,920)	(1,861,278)
Cash and cash equivalents, beginning of year	9,156,512	19,357,884	2,813,675	382,147	698,719	32,408,937
Cash and cash equivalents, end of year	\$ 9,032,343	\$ 15,848,083	\$ 4,582,883	\$ 388,551	\$ 695,799	\$ 30,547,659
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 193,940	\$ 379,601	\$ (296,766)	\$ (14,223)	\$ 97,732	\$ 360,284
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	970,743	874,179	715,449	-	21,251	2,581,622
Changes in assets and liabilities:						
Decrease in pension related deferred outflows of resources	(28,851)	(14,664)	(11,798)	(1,207)	(3,816)	(60,336)
(Increase) decrease in accounts receivable	(20,139)	(40,646)	(50,024)	(5,974)	(1,788)	(118,571)
(Increase) in net pension asset	158,544	75,097	67,497	8,808	23,593	333,539
(Decrease) in deposits payable	(14,524)	-	-	-	-	(14,524)
(Decrease) increase in accounts payable	48,162	179,358	157,643	27,391	(3,447)	409,107
(Decrease) increase in compensated absences	3,839	2,458	1,656	857	929	9,739
(Decrease) in net pension liability	54,401	26,304	22,900	2,810	7,839	114,254
(Decrease) in pension related deferred inflows of resources	(216,981)	(102,769)	(92,379)	(12,058)	(32,292)	(456,479)
Total adjustments	955,194	999,317	810,944	20,627	12,269	2,798,351
Net cash provided (used) by operating activities	\$ 1,149,134	\$ 1,378,918	\$ 514,178	\$ 6,404	\$ 110,001	\$ 3,158,635
Schedule of non cash capital and related financing activities						
Capital contributions - developers	\$ 1,743,605	\$ 1,278,989	\$ 1,393,205	\$ -	\$ -	\$ 4,415,799
Capital contributions - transfer from governmental funds	\$ 48,703	\$ 126,082	\$ 48,007	\$ -	\$ 48,007	\$ 270,799

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Mapleton City, Utah (City) have been prepared in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) as applied to governments units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

Reporting Entity

The City (government) is a municipal corporation governed by an elected mayor and five-member Governing Council (Council). The accompanying financial statements present the government only. The City does not report any component units or entities for which the government is considered to be financially accountable. Mapleton City was incorporated in 1855, under the laws of the State of Utah. The City provides municipal services under the following organizational structure:

- Mayor, City Council and City Administrator, and Recorder
- Financial Services: Finance Director, Treasurer, and Clerks
- Development Services: Planning and Zoning, and Code Enforcement
- Public Safety: Police, Fire, Ambulance, EMS, and Animal Control
- Public Works: Streets, Water, Sewer, Pressurized Irrigation, Storm Drain, Buildings and Grounds, Community Internet
- Culture and Recreation: Parks, Literacy Center

The accompanying financial statements present the government and entities for which the government is considered to be financially accountable.

The joint venture with South Utah Valley Solid Waste District is included in the City's reporting entity because of the significance of their operational and financial relationship with the City. Complete financial statements of the joint venture, which issued separate financial statements, can be obtained from their administrative offices.

The joint venture with South Utah Valley Water Municipal Association is included in the City's reporting entity because of the significance of their operational and financial relationship with the City. Complete financial statements of the joint venture, which issued separate financial statements, can be obtained from their administrative offices.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. Individual funds are not displayed but the statements distinguish governmental activities, which normally are supported by taxes and general revenues, from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The City has two separate *Capital Projects* fund: City Projects and Community Network. They are used to account for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds) and to construct a fiber network, respectively.
- The *Streets/Roads Fund* is a special revenue fund used to account for fees charged to citizens to facilitate road construction, maintenance, and repairs.
- The *Debt Service Fund* is used to account for the principal and interest payments of the City's long-term bonds and notes. This fund meets the definition of a nonmajor governmental fund; however, the City has elected to present it as a major fund.

The City reports the following major enterprise funds:

- The *Water Fund* accounts for the activities of the City's water production, treatment and distribution operations.
- The *Sewer Fund* accounts for the activities of the City's sewer treatment operations.
- The *Pressurized Irrigation Fund* accounts for the activities of the City's pressurized irrigation distribution operations.
- The *Solid Waste Fund* accounts for the activities of the City's garbage collection services.
- The *Storm Drain Fund* accounts for the City's storm drain activities.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

During the course of operations, the City has activity among funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated, so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated, so that only the net amount is included as internal balances in the business-type activities column.

Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included in the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and liabilities associated with the operation of these funds are included on the statements of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenues – Non-exchange Transactions – Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales tax, property tax, grants, and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sales tax is placed. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected by June 30, 2023 for property taxes and within 60 days for other non-exchange transactions) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: sales taxes, property taxes, special assessments, and federal and state grants.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On both the fund financial statements and the government-wide financial statements amounts collected for a marathon which takes place in the next fiscal year and water impact fees prepaid prior to development by the contractors are recorded as unearned revenues.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On a modified accrual basis, expenditures are generally recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with U.S. GAAP for the general fund, roads fund, and debt service fund. Each of the capital projects funds are appropriated on a project-length basis.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Prior to the first regularly scheduled meeting of the City Council in May, the Mayor the City Administrator, and the Finance Director submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and proposed sources of revenues.

Between May 1 and June 22, the City Council reviews and adjusts the proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution, unless a property tax increase is proposed. If a property tax increase is proposed, a hearing must be held on or before August 17, which does not conflict with other taxing entities that have proposed a property tax increase. Currently, the final balanced budget is adopted. Under Utah State law, the City's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, including revisions, except as allowed by the code for certain events.

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Mayor, in conjunction with the appropriate department head, has the authority to transfer budget appropriations within and between any divisions of any budgetary fund. The City Council has the authority to transfer budget appropriations between individual budgetary funds by resolution. A public hearing must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.

Annual budgets for the general fund, all debt service funds, and capital projects funds were legally adopted by the City and are prepared on the modified-accrual method of accounting. Annual budgets for the proprietary funds were legally adopted by the City and prepared on the accrual method of accounting.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of comparisons of actual results to budgets for the general fund and any major special revenue funds.

Excess of expenditures over appropriations

For the year ended June 30, 2023, expenditures did not exceed appropriations for any fund or department of the City.

Tax Revenues

Property taxes are collected by the County Treasurer and remitted to the City in two to three installments in November, December, and a final settlement in the first quarter of the calendar year. Taxes are levied and are due and payable on November 1st and are delinquent after November 30th of each year, at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes beyond that which was received within 60 days after the fiscal year end has not been made, as the amounts are not deemed to be material.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City. The fees are remitted on a monthly, quarterly, or annual basis. An accrual has been made for all fees due and payable to the City on June 30th.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

Cash, cash equivalents, and investments

Cash and cash equivalents include cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. The City's investment policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The Fund operates in accordance with state laws and regulations. The reported value of the City's cash in the Fund is the same as the fair value of the Fund shares.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash equivalents are generally considered short-term highly liquid investments with maturities of three months or less from the purchase date. Investments are recorded at fair value in accordance with GASB Statement No. 72 Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Restricted assets

Cash which is restricted to a particular use due to statutory, budgetary or bonding requirements is classified as "restricted cash" on the statement of net position and on the balance sheets. Restricted cash would be spent first, and then unrestricted resources would be used when the restricted funds are depleted.

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible amounts, where applicable.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Inventories and prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These costs are recorded as an expenditure when used. Inventories are recorded at the lower cost or market on a weighted average basis, which approximates the first-in, first out method. During the year ended June 30, 2023, no inventories were recorded.

Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds or contributions. The City reports these assets in the governmental activities' column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the proprietary fund's statement of net position.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are capitalized at historical cost if purchased, and at fair market value at the date of the gift, if donated. Improvements to capital assets are capitalized. Major additions are capitalized, while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

All reported capital assets are depreciated except for land, rights of ways, water rights, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of improvements and replacements.

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

Capital Asset Classes	Lives (Years)
Buildings	15 - 40 years
Improvements	7 - 20 years
Machinery, equipment, and vehicles	4 - 20 years
Infrastructure	20 - 40 years

Compensated absences

Employees may carry over no more vacation time than they can accumulate in an 18-month period. Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. At retirement, death, or termination, all unpaid accrued vacation is paid to the beneficiary. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid or at termination. Accumulated sick leave is earned monthly. Sick pay amounts are charged to expenditures when incurred. No sick leave is paid at retirement or termination.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absences liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when it is due for payment in the current fiscal year.

Long-term liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The City currently has deferred outflows of resources related to debt refunding and pensions.

In addition to liabilities, the statement of net position will sometimes include a separate section deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The governmental funds report deferred inflows of resources related to property taxes and pensions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Fund equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are divided into five categories as follows:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained. Fund balance amounts related to inventory, prepaid expenses and permanent endowments (such as cemetery perpetual care) are classified as non-spendable.
- **Restricted** – This classification includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. The City's remaining balances of Class C roads, impact fees, and street lighting revenues are restricted.
- **Committed** – This classification includes amounts that can only be used for specific purposes established by formal action of the City Council, which is the City's highest level of decision-making authority. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has not committed any fund balance amounts.
- **Assigned** – This classification includes amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. These are established by the City Council. This classification includes the remaining positive fund balances for governmental funds other than the general fund.
- **Unassigned** – This classification holds the remainder of the fund equity and is the amount available for the City to spend.

Net Position Flow Assumptions – The City has established a flow assumption policy to use restricted net position first before using unrestricted net position.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fund Balance Flow Assumptions – The City has established a flow assumption policy to use restricted fund balance before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the City's policy to use the fund balance in the following order: 1) Committed, 2) Assigned, and 3) Unassigned.

Net Position – The net position represents the difference between assets and liabilities. The net position component, net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. The net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The balance of the net position is reported as unrestricted.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund. All other revenues and expenses are classified as non-operating including investment earnings, interest expense, and the gain or loss on the disposition of capital assets.

Contributions of Capital

Contributions of capital reported in proprietary fund financial statements and the government-wide financial statements arise from (1) outside contributions of capital assets (e.g. developers), (2) nonreciprocal interfund transfers of vehicles purchased by the capital projects fund and transferred to various utility funds, and (3) grants or outside contributions of resources restricted to capital acquisition and construction.

Inter-Fund Transactions

During normal operations, the City has transactions between funds to subsidize operations in certain funds, to allocate administrative costs, to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as operating transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities' column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

Unearned Revenue

Amounts collected for a marathon which takes place in the next fiscal year and water impact fees prepaid prior to development by the contractors are recorded as unearned revenues.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund financial statements include a reconciliation between changes in fund balances in the governmental funds and changes in net position in the government-wide statement of activities. This difference primarily results from the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental fund financial statements.

Capital Outlay and Depreciation Differences

Capital outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

Capital outlay	\$ 6,955,591
Depreciation expense	(2,629,104)
Net adjustment	<u>\$ 4,326,487</u>

3. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2023, \$995,916 of the City's bank balances of \$1,245,916 were 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 City 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 City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government, and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

3. DEPOSITS AND INVESTMENTS (CONTINUED)

The Money Management Act defines the types of securities authorized as appropriate investments for the City'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 City 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.

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

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

As of June 30, 2023, the City had the following recurring fair value measurements:

	<u>June 30, 2023</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities				
Utah Public Treasurers' Investment Fund (PTIF)	\$ 46,323,384	\$ -	\$ 46,323,384	\$ -
Cash held by Spanish Fork City	10,671,758	-	10,671,758	-
	<u>\$ 56,995,142</u>	<u>\$ -</u>	<u>\$ 56,995,142</u>	<u>\$ -</u>

Debt and equity securities classified in Level 2 are valued using the following approach: The Utah Public Treasurers' Investment Fund uses the application of the June 30, 2023 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City'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, 2023, the City had the following maturities:

	Fair Value	Investment Maturities (In Years)		
		< 1 Year	1 - 5 Years	> 5 Years
Debt Securities				
Utah Public Treasurers' Investment Fund (PTIF)	\$ 46,323,384	\$ 46,323,384	\$ -	\$ -
Cash held by Spanish Fork City	10,671,758	-	10,671,758	-
	<u>\$ 56,995,142</u>	<u>\$ 46,323,384</u>	<u>\$ 10,671,758</u>	<u>\$ -</u>

Credit Risk

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

As of June 30, 2023, the City's investments had the following quality ratings:

	Fair Value	Quality Ratings		
		AAA	AA - A	Unrated
Debt Securities				
Utah Public Treasurers' Investment Fund (PTIF)	46,323,384	-	-	46,323,384
Cash held by Spanish Fork City	10,671,758	-	-	10,671,758
	<u>\$ 56,995,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,995,142</u>

The deposits and investments described above are included on the statement of net position as per the following reconciliation:

Deposits (cash equivalents)	\$ 883,644
Utah Public Treasurers' Investment Fund (PTIF)	46,323,384
Cash held by others (PTIF)	10,671,758
Total	<u>\$ 57,878,786</u>
Cash and cash equivalents	\$ 30,519,333
Cash and cash equivalents, restricted	27,359,453
Total	<u>\$ 57,878,786</u>

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

4. RECEIVABLES

Accounts receivable and the associated allowances for uncollectible accounts on June 30, 2023 are presented in the schedule below.

Property taxes are levied on January 1 of 2023, are due in November of 2023, and are budgeted for the 2023 fiscal year. Even though they are not intended to fund the 2023 fiscal year, they must be recognized as an asset because the City has an enforceable claim to the revenue. The property taxes that have been remitted to the City within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as deferred revenue.

Franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable within the current period is considered susceptible to accrual as revenue of the current period. All other items are considered to be measurable and available only when cash is received by the City.

The following is a summary of receivables as of June 30, 2023:

	General Fund	City Projects	Community Network	Streets/Roads	Total
Receivables					
Accounts	\$ 281,457	\$ -	\$ 7,324	\$ 28,437	\$ 317,218
Less: allowance for bad debts	(210,574)	-	-	-	(210,574)
Property taxes	2,997,427	-	-	-	2,997,427
Sales and use taxes	204,382	-	-	-	204,382
Franchise and other taxes	69,845	-	-	-	69,845
Intergovernmental:					
State funds (Class C roads and transit)	183,958	-	-	-	183,958
Federal grant (Outdoor recreation)	-	947,846	-	-	947,846
Total governmental activities	<u>\$ 3,526,495</u>	<u>\$ 947,846</u>	<u>\$ 7,324</u>	<u>\$ 28,437</u>	<u>\$ 4,510,102</u>

	Water	Sewer	Pressurized Irrigation	Waste Collection	Storm Drain	Total
Business-type activities						
Utility customer accounts	\$ 200,649	\$ 179,355	\$ 145,491	\$ 59,104	\$ 18,076	\$ 602,675
Less: allowance for bad debts	(21,700)	(3,900)	-	(1,300)	-	(26,900)
Total business-type activities	<u>\$ 178,949</u>	<u>\$ 175,455</u>	<u>\$ 145,491</u>	<u>\$ 57,804</u>	<u>\$ 18,076</u>	<u>\$ 575,775</u>

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

5. CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2023:

	07/01/22	Additions	Deletions	06/30/23
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 12,733,307	\$ 1,210,652	\$ -	\$ 13,943,959
Construction-in-progress	3,330,122	4,213,129	(3,330,122)	4,213,129
Total capital assets, not being depreciated	16,063,429	5,423,781	(3,330,122)	18,157,088
Capital assets, being depreciated:				
Buildings	6,232,401	73,938	-	6,306,339
Improvements	5,564,731	118,190	-	5,682,921
Machinery, equipment, and vehicles	6,804,074	1,395,103	(327,659)	7,871,518
Infrastructure	43,003,618	5,144,553	-	48,148,171
Total capital assets, being depreciated	61,604,824	6,731,784	(327,659)	68,008,949
Less accumulated depreciation for:				
Buildings	(2,616,983)	(171,348)	-	(2,788,331)
Improvements	(1,426,710)	(286,630)	-	(1,713,340)
Machinery, equipment, and vehicles	(3,829,033)	(484,138)	267,795	(4,045,376)
Infrastructure	(21,522,294)	(1,686,988)	-	(23,209,282)
Total accumulated depreciation	(29,395,020)	(2,629,104)	267,795	(31,756,329)
Total capital assets, being depreciated, net	32,209,804	4,102,680	(59,864)	36,252,620
Total governmental activities capital assets	\$ 48,273,233	\$ 9,526,461	\$ (3,389,986)	\$ 54,409,708

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

5. CAPITAL ASSETS (CONTINUED)

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2023:

	07/01/22	Increases	Decreases	06/30/23
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,009,899	\$ -	\$ -	\$ 2,009,899
Water shares	31,680	-	-	31,680
Construction in progress	-	290,135	-	290,135
Total capital assets, not being depreciated	2,041,579	290,135	-	2,331,714
Capital assets, being depreciated:				
Buildings and improvements	1,042,749	-	-	1,042,749
Machinery, equipment, and vehicles	1,288,052	166,299	(43,630)	1,410,721
Infrastructure:				
Water system	26,446,167	1,996,662	-	28,442,829
Sewer system	26,879,306	1,513,103	-	28,392,409
Pressurized irrigation system	19,143,369	1,634,973	-	20,778,342
Storm drain system	304,508	100,029	-	404,537
Total capital assets, depreciated	75,104,151	5,411,066	(43,630)	80,471,587
Accumulated depreciation:				
Buildings and improvements	(759,159)	(51,910)	-	(811,069)
Machinery, equipment, and vehicles	(1,073,570)	(34,108)	43,630	(1,064,048)
Infrastructure:				
Water system	(10,273,780)	(924,700)	-	(11,198,480)
Sewer system	(11,453,783)	(843,731)	-	(12,297,514)
Pressurized irrigation system	(4,095,489)	(712,612)	-	(4,808,101)
Storm drain system	(95,197)	(14,561)	-	(109,758)
Total accumulated depreciation	(27,750,978)	(2,581,622)	43,630	(30,288,970)
Total capital assets being depreciated, net	47,353,173	2,829,444	-	50,182,617
Business-type capital assets, net	\$ 49,394,752	\$ 3,119,579	\$ -	\$ 52,514,331

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

Governmental activities:	
General government	\$ 67,023
Public safety	288,711
Highways and public improvements	1,986,459
Culture and recreation	286,911
Total depreciation expense - governmental activities	<u>\$ 2,629,104</u>
Business-type activities:	
Water system	\$ 970,743
Sewer system	874,179
Pressurized irrigation system	715,449
Storm drain system	21,251
Total depreciation expense - business-type activities	<u>\$ 2,581,622</u>

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The City reports the deferred amount on refunding of \$21,211 in the water fund and in the government-wide statement of net position. The deferred amount on refunding resulted from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred outflows of resources related to pensions of \$213,036 and \$21,211 related to deferred loss on bond refunding in the business-type funds and activities as well as \$661,271 related to pensions in the governmental activities.

Property taxes of \$2,952,628, to be collected in November, were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. Also, the City reported deferred inflows of resources related to pensions of \$1,713 in the business-type funds and activities as well as \$51,277 in the governmental activities.

These amounts are reported in the governmental funds balance sheet and in the government-wide statement of net position.

7. DEVELOPER COMPLETION BONDS PAYABLE

The City collects deposits from those wishing to develop land for subdivisions within the City. These amounts are deposited into the City's bank account. The original deposit and any interest earned on the account are returned to the developer after the related project is completed. On June 30, 2023, Mapleton City held deposits from developers, including interest, in the following categories and amounts:

Construction commitments	\$ 3,112,853
Subdivision performance bonds	1,244,566
Construction bonds	1,266,480
Total developer retainage bonds	<u>\$ 5,623,899</u>

8. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City on June 30, 2023:

	07/01/22	Additions	Deletions	06/30/23	Amount Due Within One Year
Governmental activities					
Bonds payable					
Sales Tax Revenue Bonds, Series 2021	\$ 9,360,000	\$ -	\$ -	\$ 9,360,000	\$ -
Bond Issuance Premium	325,139	-	(13,572)	311,567	13,572
Total bonds payable	9,685,139	-	(13,572)	9,671,567	13,572
Compensated absences	174,226	196,333	(149,675)	220,884	209,734
Net pension liability actuarially funded	-	572,766	-	572,766	-
Total governmental activities	<u>\$ 9,859,365</u>	<u>\$ 769,099</u>	<u>\$ (163,247)</u>	<u>\$ 10,465,217</u>	<u>\$ 223,306</u>
Business-type activities					
Bonds payable:					
Water Revenue Refunding Bonds, Series 2020	\$ 1,684,000	\$ -	\$ (270,000)	\$ 1,414,000	\$ 274,000
Note payable:					
Spanish Fork, Sewer Construction	15,382,709	-	(846,340)	14,536,369	704,662
Spanish Fork, Sewer Capacity	2,800,000	-	-	2,800,000	-
Compensated absences	64,198	65,718	(55,979)	73,937	70,409
Net pension liability actuarially funded	-	114,254	-	114,254	-
Total business-type activities	<u>\$ 19,930,907</u>	<u>\$ 179,972</u>	<u>\$ (1,172,319)</u>	<u>\$ 18,938,560</u>	<u>\$ 1,049,071</u>

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

8. LONG-TERM DEBT (CONTINUED)

Principal and interest requirements to retire the City's long-term bond obligations are as follows:

	Sales Tax Revenue Bonds, Series 2021		Water Revenue Refunding Bonds, Series 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
FY2024	\$ -	\$ 249,188	\$ 274,000	\$ 22,603	\$ 274,000	\$ 271,791
FY2025	315,000	249,188	277,000	17,727	592,000	266,915
FY2026	320,000	239,738	285,000	12,753	605,000	252,491
FY2027	330,000	230,138	286,000	7,700	616,000	237,838
FY2028	340,000	220,238	292,000	2,584	632,000	222,822
FY2029 - FY2033	1,865,000	941,738	-	-	1,865,000	941,738
FY2034 - FY2038	2,155,000	648,781	-	-	2,155,000	648,781
FY2039 - FY2043	2,430,000	378,450	-	-	2,430,000	378,450
FY2044 - FY2046	1,605,000	81,000	-	-	1,605,000	81,000
	<u>\$ 9,360,000</u>	<u>\$ 3,238,459</u>	<u>\$ 1,414,000</u>	<u>\$ 63,367</u>	<u>\$ 10,774,000</u>	<u>\$ 3,301,826</u>

Principal and interest requirements to retire the City's long-term bond obligations are as follows:

	Note Payable, Spanish Fork (Construction)		Note Payable, Spanish Fork (Sewer Capacity)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
FY2024	\$ 704,662	\$ 230,085	\$ -	\$ -	\$ 704,662	\$ 230,085
FY2025	716,271	218,475	933,333	-	1,649,604	218,475
FY2026	728,072	206,674	933,333	-	1,661,405	206,674
FY2027	740,068	194,679	933,334	-	1,673,402	194,679
FY2028	752,261	182,486	-	-	752,261	182,486
FY2029 - FY2033	3,951,348	722,386	-	-	3,951,348	722,386
FY2034 - FY2038	4,287,755	385,978	-	-	4,287,755	385,978
FY2039 - FY2041	2,655,933	58,613	-	-	2,655,933	58,613
	<u>\$ 14,536,370</u>	<u>\$ 2,199,376</u>	<u>\$ 2,800,000</u>	<u>\$ -</u>	<u>\$ 17,336,370</u>	<u>\$ 2,199,376</u>

Long-term debt and obligations payable as of June 30, 2023 were as follows:

	Interest rate	Maturity	Original Amount	Noncurrent portion	Current portion
Governmental activities					
Sales Tax Revenue Bonds, Series 2021	2.125 - 3.00%	6/15/2046	\$ 9,360,000	\$ 9,360,000	\$ -
Bond Issuance Premium		6/15/2046	332,490	297,995	13,572
			<u>9,692,490</u>	<u>9,657,995</u>	<u>13,572</u>
Business-type activities					
Water Revenue Refunding Bonds, Series 2020	1.77 - 2.00%	9/15/2027	1,951,000	1,140,000	274,000
Spanish Fork Note payable (Sewer Construction)	1.64%	3/1/2041	15,955,000	13,831,707	704,662
Spanish Fork Note payable (Sewer Capacity)	0.00%	4/30/2027	2,850,000	2,800,000	-
			<u>20,756,000</u>	<u>17,771,707</u>	<u>978,662</u>
			<u>\$ 30,448,490</u>	<u>\$ 27,429,702</u>	<u>\$ 992,234</u>

On December 15, 2020, the City issued sales tax revenue bonds, series 2021, in the amount of \$9,360,000, for the purpose constructing a city-wide fiber network.

On June 17, 2020, the City issued water revenue refunding bonds, series 2020, in the amount of \$1,951,000, for the purpose refunding the existing water revenue bonds, series 2011, to take advantage of long-term cost savings.

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

8. LONG-TERM DEBT (CONTINUED)

In 2011, the City defeased water revenue bonds (series 2004) by placing the proceeds of new bonds (series 2011) in an irrevocable trust to provide for all future debt service payments on the series 2004 bonds. Accordingly, the trust account assets and the liability for the defeased series 2004 bonds are not included on the City's financial statements. As of June 30, 2023, \$1,657,000 of series 2004 bonds outstanding are considered defeased.

The City issued 2020 water refunding bonds (2020 series) in the amount of \$1,951,000, with the intent to use the additional \$246,258 from the 2011 series water refunding bonds reserve account held by the City to refund the 2011 series. The 2011 series was refunded and fully defeased in September 2020. The 2020 series has a maturity date of June 30, 2027. As of June 30, 2023, approximately \$759,000 of the 2011 bonds outstanding are considered defeased.

On December 10, 2020, in conjunction with the interlocal agreement entered into between Mapleton City and Spanish Fork City (see note 10), the City signed a promissory note with Spanish Fork City in the amount of \$15,955,000, for the purpose of sharing in the costs of construction of the new sewer system. It is expected that the system will be operational during 2027.

9. RELATED PARTY TRANSACTIONS

Interlocal Agreement with Spanish Fork City

In February 2004, the City entered into an interlocal agreement (the Agreement) with Spanish Fork City for the use and maintenance of a joint wastewater treatment facility, wherein, the cities agreed to jointly build and own this facility, for the transmission and disposal of wastewater sewage (the System). An addendum was added to the Agreement for construction to add a joint trunkline to the System in 2011.

Due to degrading of the existing infrastructure and government regulation, a new system was deemed necessary. A Second Amendment and Restated Interlocal Agreement was signed in January 2021, for the purpose of determining (i) the use, operation and maintenance of the System for the mutual benefit of the Cities; (ii) to provide for an Advisory Group to give recommendations regarding the operation and maintenance of the System; and (iii) the establishment of a system for sharing the costs and expenses related to the use, operation, and maintenance of the System.

Spanish Fork was responsible to obtain funding for the construction through cash and the issuance of municipal bonds and was charged with coordinating the construction and all necessary maintenance of the System. Spanish Fork issued Sewer Revenue Bonds, Series 2020, in the amount of \$73,345,000 (\$82,750,000 when including the reoffering premium), under its own full faith and credit. Mapleton City is not party to these bonds and has no legal obligation for the repayment of them. Spanish Fork allocated the bond proceeds, which have been deposited into a construction fund, as follows: \$64,750,000 from Spanish Fork and \$18,000,000 from Mapleton City. These allocations represent the deposits and purchase price of the System from each City of 80% and 20%, respectively. During 2023, Spanish Fork applied for and received a state grant, earmarked for construction of the System in the amount of \$5,000,000. The City was allocated 20% (\$1,000,000) of the grant. The amount was recorded as a capital contribution. The City's balance of unspent construction deposits as of June 30, 2023, was \$8,910,548, and is recorded as *Cash Held by Others* on the Balance Sheet.

If the City's 20% share of capital costs at the end of construction is less than \$18,000,000, the difference will be given as a credit toward a future bond payment under this Agreement. The credited amount shall be placed in an interest-bearing account and shall be used towards Mapleton's share of the next bond payment. If Mapleton's 20% share of the capital costs is greater than \$18,000,000, the Cities agree to amend the Agreement to account for the difference.

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

9. RELATED PARTY TRANSACTIONS (CONTINUED)

Interlocal Agreement with Spanish Fork City (Continued)

The promissory note between the Cities was executed in December 2020, in the amount of \$15,955,000, at a fixed rate of 1.635%, commencing March 1, 2021, and maturing March 1, 2041. The City shall make monthly payments, secured by the net revenues of Mapleton's portion of the System (see note 8). Mapleton shall also pay 20% of the Trustee's fees on the bond, which amount shall be billed separately by Spanish Fork. A late payment penalty of 1.5% per month of any payment past due shall be charged. The balance of the note as of June 30, 2023, was \$14,536,369.

In addition to the deposits from the bond proceeds, the Cities were required to deposit funds into an interest-bearing, rate-stabilization fund. The City deposited \$1,685,145 in the account during 2022. Spanish Fork deposited \$1,114,855. The City's deposit, including interest earned, shall be returned to the City, once it is no longer needed, which is currently estimated to be in fiscal year 2032. represent the deposits and purchase price of the System from each City of 80% and 20%, respectively. The City's balance of unspent construction deposits as of June 30, 2023, was \$1,761,210, including interest earned, and is recorded as *Cash Held by Others* on the Balance Sheet.

The Agreement signed in 2011, required the City to pay Spanish Fork \$2,800,000, which was to be paid in full on or before April 30, 2026. The Second Amendment requires the City to pay three annual installments of \$933,333 in April of 2025, 2026, and 2027, from the net revenues of the City's portion of the System. Interest is not charged on these payments. The balance of the note as of June 30, 2022, was \$2,800,000 (see Note 8).

The Agreement states that if the City decides, at a future date, to construct its own sewer treatment system, it may terminate the Agreement and negotiate with Spanish Fork the amount of reimbursement of its capital contributions, based upon the depreciation of the System, its condition and value.

As of June 30, 2023, the City has no intention of terminating the Agreement, however, as of the date of issuance of these financial statements, the Agreement is under re-negotiation and clarification between the two cities, as it relate to the terms of the note payable. Mapleton City management anticipates the note payable terms to potentially increase the interest rate and ultimate debt service obligation of the City over the life of the note.

Interlocal Agreement with South Utah Valley Water Municipal Association

Organized in March 2005, under authority of *The Interlocal Cooperation Act*, the South Utah Valley Water Municipal Association (SUVWMA) is comprised of the following cities: Springville, Mapleton, Spanish Fork, Salem, Woodland Hills, Elk Ridge, Payson, Santaquin, Genola, and Goshen, for the purpose of purchasing water for irrigation, municipal, domestic, industrial, and other purposes from Central Utah Valley Water Conservancy District (CUWCD) annually. The City's fee obligation is \$854 per year, plus the costs of any applicable water acreage purchased.

South Utah Valley Solid Waste District

The City is party to a joint venture, with five other municipalities, in the South Utah Valley Solid Waste District (the District). The District was created for the purpose of building a landfill and transfer station and operating the same for the benefit of member municipalities. The majority of the District's solid waste revenue comes from these governmental entities. The District is owned by Springville City (15.00%), Provo City (69.75%), Spanish Fork City (11.75%), Mapleton City (2.00%) and Salem City (1.50%).

9. RELATED PARTY TRANSACTIONS (CONTINUED)

The District is governed by a board of directors, which is comprised of six members. The mayor and city council of each member city appoints one director. All decisions by the board are by majority vote, except in the case of a tie. In a tie, the votes would be taken by tonnage. For Provo

City to prevail in a tie vote, Provo would need one additional city to vote with them. The District's board of directors governs the operations of the District through management employed by the board. The District is subject to the same laws as the creating entities, therefore, it must follow Utah State laws for cities in the areas of fiscal management, budgeting, and financing.

Annually, the City recognizes its pro-rata share of the District's operating income or loss. For the fiscal year ended June 30, 2022 (the most recently issued financial statements available), the District reported an increase in net position of \$2,852,016. The City recognized its 2.00% of the District's income as equity income of a joint venture of \$57,040 in its *Waste Collection Fund*. The complete financial statements for South Utah Valley Solid Waste District are available at the District's offices, 2450 West 400 South, Springville, Utah. As of June 30, 2023, the balance of the equity investment in joint venture is \$458,567.

Other Transactions

The Mayor is a part-owner of two unrelated companies that performed or rendered services for the City during the fiscal year ended June 30, 2023, totaling \$15,689 and \$3,360, respectively. The Council and management of the City are fully aware of the relationships, and all transactions are appropriately authorized. Management does not believe the amount to be significant.

10. NET POSITION

Net Investment in Capital Assets – The net investment in capital assets reported on the government-wide statement of net position as of June 30, 2023 is as follows:

Restricted Fund Equity – The Class "C" Roads allotment from the state excise tax is restricted for construction and maintenance of City streets and roads. The City's bond covenants require certain restrictions of retained earnings in the pressurized irrigation fund. Utah State statute requires unexpended impact fees held at year-end to be restricted for future expansion in the charging department or fund. In addition, funds have been assigned for various capital projects.

11. PENSION PLANS

General Information about the Pension Plan

Plan Description: Eligible plan participants are provided with pensions throughout the Utah Retirement Systems (URS). The URS are comprised of the following pension trust funds:

Defined Benefit Plans

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

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

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

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

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

11. PENSION PLANS (CONTINUED)

Benefits Provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 Years	20 years, any age 10 years, age 60 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Firefighters System	Highest 3 Years	20 years, any age 10 years, age 60 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.5% per year to June 2020 2.00% per year July 2020 to present	Up to 2.5%

**Actuarial reductions are applied.*

***All post-retirement cost-of-living adjustments (COLA) are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The COLAs are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met, may be carried forward to subsequent years.*

Contribution Rate Summary: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2023 are as follows:

System	Employee	Employer	Employer 401(k)
Contributory System			
111 Local Government Div - Tier 2	N/A	16.01	0.18
Noncontributory System			
15 Local Government Div - Tier 1	N/A	17.97	N/A
Public Safety System			
Contributory			
122 Tier 2 DB Hybrid Public Safety	2.59	25.83	N/A
Noncontributory			
43 Other Div A with 2.5% COLA	N/A	34.04	N/A
Firefighters Retirement System			
31 Other Division A	15.05	3.61	N/A
132 Tier 2 DB Hybrid Firefighters	2.59	14.08	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.19	10.00
222 Public Safety	N/A	11.83	14.00
232 Firefighters	N/A	0.08	14.00

***Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

11. PENSION PLANS (CONTINUED)

For the fiscal year ended June 30, 2023, the employer and employee contribution to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 232,956	\$ -
Public Safety System	128,452	-
Firefighters System	1,182	3,338
Tier 2 Public Employees System	168,434	-
Tier 2 Public Safety and Firefighter	122,367	14,263
Tier 2 DC Public Employees	12,468	-
Tier 2 DC Public Safety and Firefighter System	3,443	-
Total Contributions	\$ 669,302	\$ 17,601

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

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

On June 20, 2023, we reported a net pension asset of \$42,036 and a net pension liability of \$687,020.

Measurement Date - December 31, 2022					
System	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2021	Change (Decrease)
Noncontributory System	\$ -	\$ 262,973	0.1535384%	0.1447866%	0.0087518%
Contributory System	-	-	0.0%	0.0%	0.0%
Public Safety System	-	364,455	0.2818517%	0.2470265%	0.0348252%
Firefighters System	42,036	-	0.1618612%	0.0059143%	0.1559469%
Judges Retirement System	-	-	0.0%	0.0%	0.0%
Governors & Legislators Plan	-	-	0.0%	0.0%	0.0%
Tier 2 Public Employees System	-	44,802	0.0411445%	0.0289440%	0.0122005%
Tier 2 Public Safety and Firefighter	-	14,790	0.1772847%	0.1684558%	0.0088289%
	<u>\$ 42,036</u>	<u>\$ 687,020</u>			

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

For the year ended June 30, 2023, we recognized pension expense of \$401,238.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 120,493	\$ 6,898
Changes in assumptions	81,997	2,645
Net difference between projected and actual earnings on pension plan investments	302,588	-
Changes in proportion and differences between contributions and proportionate share of contributions	53,912	43,447
Contributions subsequent to the measurement date	315,317	-
Total	\$ 874,307	\$ 52,990

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

11. PENSION PLANS (CONTINUED)

\$315,317 was reported as deferred outflows of resources related to pensions and results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ (71,089)
2024	(2,122)
2025	114,779
2026	436,657
2027	4,820
Thereafter	22,955

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

For the year ended June 30, 2023, we recognized pension expense of \$136,961.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 89,196	\$ -
Changes in assumptions	43,098	1,050
Net difference between projected and actual earnings on pension plan investments	173,459	-
Changes in proportion and differences between contributions and proportionate share of contributions	17,178	407
Contributions subsequent to the measurement date	107,995	-
Total	\$ 430,926	\$ 1,457

\$107,995 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ (25,855)
2024	11,278
2025	69,672
2026	266,380
2027	-
Thereafter	-

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

11. PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2023, we recognized pension expense of \$136,875.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,614	\$ -
Changes in assumptions	9,775	-
Net difference between projected and actual earnings on pension plan investments	84,475	-
Changes in proportion and differences between contributions and proportionate share of contributions	25,158	-
Contributions subsequent to the measurement date	60,540	-
Total	\$ 181,562	\$ -

\$60,540 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ (37,720)
2024	(14,266)
2025	35,215
2026	137,793
2027	-
Thereafter	-

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

For the year ended June 30, 2023, we recognized pension expense of (\$22,638).

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,417	\$ 215
Changes in assumptions	5,225	-
Net difference between projected and actual earnings on pension plan investments	11,246	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	39,689
Contributions subsequent to the measurement date	-	-
Total	\$ 23,888	\$ 39,904

\$0 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

11. PENSION PLANS (CONTINUED)

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ (11,435)
2024	(7,515)
2025	(3,465)
2026	6,398
2027	-
Thereafter	-

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

For the year ended June 30, 2023, we recognized pension expense of \$85,735.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,132	\$ 1,778
Changes in assumptions	14,545	114
Net difference between projected and actual earnings on pension plan investments	18,063	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,608	1,266
Contributions subsequent to the measurement date	88,597	-
Total	\$ 142,945	\$ 3,158

\$88,597 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ 2,416
2024	5,262
2025	8,451
2026	16,173
2027	3,795
Thereafter	15,094

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

11. PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2023, we recognized pension expense of \$64,304.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,134	\$ 4,905
Changes in assumptions	9,354	1,481
Net difference between projected and actual earnings on pension plan investments	15,345	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,968	2,085
Contributions subsequent to the measurement date	58,185	-
Total	\$ 94,986	\$ 8,471

\$58,185 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ 1,505
2024	3,119
2025	4,906
2026	9,913
2027	1,025
Thereafter	7,861

Actuarial Assumptions

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

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

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively. The actuarial assumptions used in the January 1, 2022, valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

11. PENSION PLANS (CONTINUED)

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term expected portfolio real rate of return
Equity securities	35.00%	6.58%	2.30%
Debt securities	20.00%	1.08%	0.22%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	2.91%	0.44%
Cash and cash equivalents	0.00%	-0.11%	0.00%
Totals	100.00%		5.17%
	Inflation		2.50%
	Expected arithmetic nominal return		7.67%

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

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease or 5.85%	Discount Rate of 6.85%	1% Increase or 7.85%
Noncontributory	\$ 1,657,342	\$ 262,973	\$ (902,096)
Public Safety System	1,173,730	364,455	(293,676)
Firefighters System	33,504	(42,036)	(103,339)
Tier 2 Public Employees System	195,760	44,802	(71,492)
Tier 2 Public Safety and Firefighter	118,389	14,790	(67,547)
Total	\$ 3,178,725	\$ 644,984	\$ (1,438,150)

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

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

11. PENSION PLANS (CONTINUED)

Defined Contributions Savings Plans

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

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

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

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

	2023	2022	2021
401(k) Plan			
Employer Contributions	\$ 26,865	\$ 15,905	\$ 9,897
Employee Contributions	\$ 46,908	\$ 41,602	\$ 36,053
457(b) Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 13,553	\$ 6,773	\$ 3,000
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 15,720	\$ 10,465	\$ 10,080

12. RISK MANAGEMENT

Mapleton City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains insurance through the Utah Risk Management Agency (URMA), a public entity risk pool currently operating as a common risk management and insurance program for Utah State governments. The City pays an annual premium to URMA for its general insurance coverage.

The City also carries comprehensive general liability insurance coverage through a commercial insurance company. Settled claims from this risk type have not exceeded coverage in any of the past three fiscal years.

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2023

13. OPERATING TRANSFER RECONCILIATION

The operating transfers among the funds were as follows:

	Transfers in:							
	Enterprise Funds							
	General Fund	City Projects	Roads	Debt Service	Water	Sewer	Pressurized Irrigation	Total
Transfers out:								
Governmental funds:								
General Fund	\$ -	\$ 1,226,734	\$ 488,000	\$ -	\$ -	\$ -	\$ -	\$ 1,714,734
City Projects Fund	-	-	-	-	96,709	126,082	48,006	270,797
Community Network Fund	-	-	-	252,936	-	-	-	252,936
Enterprise funds:								
Water Fund	12,792	725,893	-	-	-	-	328,500	1,067,185
Sewer Fund	2,935	406,400	-	-	-	-	-	409,335
Pressurized Irrigation Fund	93,527	66,077	-	-	-	-	-	159,604
Storm Drain	180	12,712	-	-	-	-	-	12,892
Total	\$ 109,434	\$ 2,437,816	\$ 488,000	\$ 252,936	\$ 96,709	\$ 126,082	\$ 376,506	\$ 3,887,483

Transfers from the general fund were made to pay the general long-term debt and future capital projects. Transfers were made from utility funds to the general fund for the portion of city usage of utilities for which general fund departments were charged. A transfer of Class C Road money from the general fund to the special revenue fund to pay for a major road construction project.

The City budgeted all its vehicle purchases to be from the capital projects fund, which then transfers them to fund that will use the vehicle. During 2023, the City purchased vehicles totaling \$270,797 and transferred them to the water, sewer, and pressure irrigation funds. These transfers are nonreciprocal asset transfers.

14. ADOPTION OF ACCOUNTING STANDARD

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, the City is required to recognize a subscription liability and an intangible right-to-use subscription asset. Management has determined that no subscription activity meets the disclosure requirements as of June 30, 2023.

15. SUBSEQUENT EVENTS

During August 2023, the City issued, at par, Municipal Energy Sales and Sales Tax and Telecommunications Fee Revenue Bonds, Series 2023, for \$10,945,000. The interest rate ranges from 3.30% to 6.00%, with semi-annual debt service payments \$182,891 to \$793,170 until maturity in December 2047. The bond issuance will be used to complete the construction of the fiber telecommunication network.

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Mapleton City, Utah
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems
June 30, 2023

	As of December 31,	Proportion of Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
Noncontributory System	2014	0.1444161%	\$ 627,089	\$ 1,319,176	47.50%	90.20%
	2015	0.1467588%	830,433	1,338,767	62.03%	87.80%
	2016	0.1458886%	936,783	1,376,066	68.08%	87.30%
	2017	0.1355930%	594,101	1,248,016	47.60%	91.90%
	2018	0.1341395%	987,766	1,227,558	80.47%	87.00%
	2019	0.1368748%	515,863	1,206,126	42.77%	93.70%
	2020	0.1361211%	69,822	1,238,037	5.64%	99.20%
	2021	0.1447866%	(829,208)	1,392,314	-59.56%	108.70%
	2022	0.1535384%	262,973	1,463,731	17.97%	97.50%
Public Safety System	2014	0.2420405%	\$ 304,386	\$ 336,756	90.40%	90.50%
	2015	0.2182172%	390,882	292,885	133.46%	87.10%
	2016	0.2130220%	432,280	285,200	151.57%	86.50%
	2017	0.2179803%	341,937	295,818	115.59%	90.20%
	2018	0.2340956%	602,231	309,179	194.78%	84.70%
	2019	0.2387923%	383,409	314,954	121.73%	90.90%
	2020	0.2331352%	193,558	292,032	66.28%	95.60%
	2021	0.2470265%	(200,621)	314,523	-63.79%	104.20%
	2022	0.2818517%	364,455	375,731	97.00%	93.60%
Firefighters System	2014					
	2015					
	2016					
	2017	The City did not qualify for full-time firefighter pension until the Fiscal year ended June 30, 2022				
	2018					
	2019					
	2020					
	2021	0.0059143%	(3,449)	1,972	-174.91%	120.10%
	2022	0.1618612%	(42,036)	56,844	-73.95%	108.40%
Tier 2 Public Employees System	2014	0.4571500%	\$ (139)	\$ 22,641	-0.60%	103.50%
	2015	0.0112444%	(25)	72,643	-0.03%	100.20%
	2016	0.0115733%	1,291	94,911	1.36%	95.10%
	2017	0.0226562%	1,998	221,144	0.90%	97.40%
	2018	0.0264985%	11,349	309,066	3.67%	90.80%
	2019	0.0309416%	6,959	430,128	1.62%	96.50%
	2020	0.0275147%	3,957	439,866	0.90%	98.30%
	2021	0.0289440%	(12,250)	536,493	-2.28%	103.80%
	2022	0.0411445%	44,802	894,438	5.01%	93.20%
Tier 2 Public Safety and Firefighter System	2014	0.1744531%	\$ (2,581)	\$ 72,106	-3.60%	120.50%
	2015	0.1800977%	(2,631)	107,165	-2.46%	110.70%
	2016	0.1458921%	(1,266)	120,538	-1.05%	103.60%
	2017	0.1224532%	(1,417)	129,279	-1.10%	103.00%
	2018	0.1258785%	3,154	168,400	1.87%	95.60%
	2019	0.1431261%	13,463	235,827	5.71%	89.60%
	2020	0.1822407%	16,346	361,029	4.53%	93.10%
	2021	0.1684558%	(8,514)	402,841	-2.11%	102.80%
	2022	0.1772847%	14,790	545,470	2.71%	96.40%

Note:

* This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

Mapleton City, Utah
Schedule of Contributions
Utah Retirement Systems
For the Year Ended June 30, 2023

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Noncontributory System	2014	\$ 223,801	\$ 223,801	\$ -	\$ 1,338,608	16.72%
	2015	231,980	231,980	-	1,312,933	17.67%
	2016	240,793	240,793	-	1,361,793	17.68%
	2017	230,690	230,690	-	1,319,005	17.49%
	2018	211,105	211,105	-	1,224,582	17.24%
	2019	213,052	213,052	-	1,210,078	17.61%
	2020	219,693	219,693	-	1,237,036	17.76%
	2021	219,723	219,723	-	1,276,576	17.21%
	2022	232,669	232,669	-	1,421,279	16.37%
	2023	232,956	232,956	-	1,475,072	15.79%
Public Safety System	2014	\$ 113,497	\$ 113,497	\$ -	\$ 353,132	32.14%
	2015	107,624	107,624	-	316,171	34.04%
	2016	94,854	94,854	-	300,306	31.59%
	2017	100,179	100,179	-	294,297	34.04%
	2018	104,296	104,296	-	312,819	33.34%
	2019	108,307	108,307	-	318,174	34.04%
	2020	101,925	101,925	-	299,427	34.04%
	2021	102,371	102,371	-	300,737	34.04%
	2022	115,056	115,056	-	338,003	34.04%
	2023	128,452	128,452	-	377,355	34.04%
Firefighters System	2014					
	2015					
	2016					
	2017					
	2018					
	2019					
	2020					
	2021					
	2022	\$ 1,595	\$ 1,595	\$ -	\$ 34,594	4.61%
	2023	1,182	1,182	-	24,222	4.88%
Tier 2 Public Employees System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	8,555	8,555	-	57,262	14.94%
	2016	11,386	11,386	-	76,358	14.91%
	2017	23,776	23,776	-	161,955	14.68%
	2018	39,086	39,086	-	258,772	15.10%
	2019	59,426	59,426	-	382,720	15.53%
	2020	66,980	66,980	-	427,714	15.66%
	2021	72,427	72,427	-	458,396	15.80%
	2022	106,835	106,835	-	664,809	16.07%
	2023	168,434	168,434	-	1,052,057	16.01%
Tier 2 Public Safety and Firefighter System*	2014	\$ 10,775	\$ 10,775	\$ -	\$ 51,678	20.85%
	2015	20,065	20,065	-	88,981	22.55%
	2016	25,786	25,786	-	114,594	22.50%
	2017	28,903	28,903	-	128,457	22.50%
	2018	30,752	30,752	-	139,891	21.98%
	2019	41,326	41,326	-	179,128	23.07%
	2020	64,704	64,704	-	313,844	20.62%
	2021	86,866	86,866	-	386,189	22.49%
	2022	101,725	101,725	-	457,332	22.24%
	2023	122,367	122,367	-	550,684	22.22%
Tier 2 DC Public Employees System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	425	425	-	6,358	6.69%
	2018	2,426	2,426	-	36,264	6.69%
	2019	2,610	2,610	-	39,019	6.69%
	2020	2,705	2,705	-	40,428	6.69%
	2021	3,892	3,892	-	62,785	6.20%
	2022	7,883	7,883	-	120,390	6.55%
	2023	12,468	12,468	-	201,428	6.19%
Tier 2 DC Public Safety and Firefighters System*	2014					
	2015					
	2016					
	2017					
	2018					
	2019					
	2020					
	2021					
	2022					
	2023	\$ 3,443	\$ 3,443	\$ -	\$ 29,102	11.83%

The City did not qualify for full-time firefighter pension until the Fiscal year ended June 30, 2022

The City did not qualify for full-time this pension until the Fiscal year ended June 30, 2023

Mapleton City, Utah
Notes to Required Supplementary Information
Utah Retirement Systems
For the Year Ended June 30, 2023

1. CHANGES IN ASSUMPTIONS RELATED TO PENSIONS

No changes were made in actuarial assumptions from the June 30, 2022 valuation.

COMPLIANCE SECTION

**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***

Honorable Mayor
Members of the City Council
Mapleton City, Utah

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of Mapleton City, Utah, (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued my report thereon dated September 27, 2023.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

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

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I identified a certain deficiency in internal control, described in the management letter as item 2023-1 that I consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mapleton, Utah's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not

express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

 CPA
Greg Ogden
Certified Public Accountant
Springville, Utah
September 27, 2023

GREG OGDEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801) 489-8408

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor
Members of the City Council
Mapleton City, Utah

REPORT ON COMPLIANCE

I have audited Mapleton City, Utah's (City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2023.

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

Budgetary Compliance
Fund Balance
Restricted Taxes and Related Revenues
Fraud Risk Assessment
Government Fees

Cash Management
Tax Levy Revenue Recognition
Impact Fees
Public Treasurer's Bond
Open and Public Meetings Act

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on the City's compliance based on my audit of the state compliance requirements referred to above. I conducted my 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 I 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 the City's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Compliance

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

Other Matters

The results of my auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the State Compliance Audit Guide and which is described in my letter to management as item 2023-1 dated September 27, 2023. My opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in my audit is described in the management letter. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City'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, I do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

 CPA
Greg Ogden,
Certified Public Accountant
Springville, Utah
September 27, 2023

**MAPLETON CITY, UTAH
MANAGEMENT LETTER
JUNE 30, 2023**

GREG OGDEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801) 489-8408

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

September 27, 2023

Honorable Mayor
Members of the City Council
Mapleton City, Utah

Council Members:

While planning and performing my audit of the basic financial statements of Mapleton City, Utah (City) for the year ended June 30, 2023, I noted matters regarding compliance with requirements of the *Utah Code* and/or the City's internal control over financial reporting which need to be addressed by the City's management.

My findings from the audit are attached. If the weaknesses and deficiencies noted in this management letter are left uncorrected, an unacceptable amount of errors could occur without detection.

This report is intended solely for the use of the management of Mapleton City. However, this report is a matter of public record and its distribution is not limited.

By its nature, this report focuses on exceptions, weaknesses and problems. This focus should not be understood to mean that there are not also various strengths and accomplishments. I appreciate the courtesy and assistance extended to me by the personnel of the City during the course of my audit, and I look forward to a continuing professional relationship. I would be pleased to discuss any of these matters with you at your convenience and, if desired, to assist you in implementing any of these suggestions.


Greg Ogden,
Certified Public Accountant
Springville, Utah

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE COMPLIANCE FINDINGS

2023-1 CONDITION

The City's unrestricted general fund balance exceeded 35% of the total general fund revenues, which is the limit imposed by the State of Utah.

CRITERIA

Cities are required to limit the balance of unrestricted general fund equity to no more than 35% of the current year general fund revenues. At year-end the City's unrestricted general fund balance was 42% of the current year revenues. The balance at June 30, 2023 was approximately \$725,000 too high.

CAUSE

The revenues the City received exceeded their expectations. Several types of revenues came in much higher than anticipated.

EFFECT

The City's unrestricted general fund balance was in excess of the amount allowed by the State of Utah.

RECOMMENDATION

I recommend that the City spend the excess amount in the current fiscal year or transfer it to the capital projects fund to be used for a future project.

RESPONSE – MAPLETON CITY

The City has transferred the excess amount to the Capital Projects fund to be used for a future project.