

City Council Staff Report

**Date:**

12/7/2022

Prepared By:

Bryce Oyler

Public Hearing:

No

Attachments:

Financial Reports to be provided

REQUEST

Presentation of the FY 2021-2022 Audit Report.

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 submitted to the State Auditor's Office no later than 180 days following the fiscal year end – in this case, December 31, 2022. The audit will be presented to the council at the December 7, 2022 council meeting.

The audit report is the result of the Auditor's 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 Managements Dischussion and Analysis (MD&A) leter.

Greg Ogden, CPA and Auditor for the City, will appear before the Mayor and Council to present the audit report and highlight the City's financial positions in various funds. Also included will be the management letter which identifies any problems and/or weaknesses found during the audit, and the City's responses to these findings explaining the measures that will be taken to correct any deficiencies.

As part of the audit, Greg reviews budgeted expenditures to actual expenditures. We informed him of three areas where actual expenditures exceeded budgeted. Mapleton City Network originally budgetd to pay for the debt service, however, because the first few years of debt service is built into the bond, staff removed that from the budget. Even though debt service is built into the bond, it still needed to be budgeted for. The other two accounts that exceeded the budget were a result of the year-end closing procedure.

Please reach out to the Finance Director if you have any questions.

RECOMMENDATION

Move to accept the FY 2021-2022 Audit Report as presented by the Auditor.

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

Mapleton City, Utah
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For the Year Ended June 30, 2022

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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, 2022, 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, 2022, 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 November 30, 2022, 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
November 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mapleton City, Utah
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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, 2022. We encourage readers to consider the information presented here in conjunction with this report.

FINANCIAL HIGHLIGHTS

- The total net position of Mapleton City increased \$26,016,116 to \$128,667,504. The governmental net position increased by \$11,440,299 and the business-type net position increased by \$14,575,817.
- The total net position of \$128,667,504 consists of \$75,202,605 in net investment in capital assets, \$10,865,569 restricted for community improvements funded by developer impact fees, \$8,577,025 restricted for Class C Road and related projects, \$966,937 in vehicle purchases and replacement, \$1,733,683 for debt service, and \$31,321,685 in unrestricted net position. The \$19,442,594 restricted for community improvements includes \$1,211,819 from the Road Fund, \$480,028 for Development Improvements (street light installations), \$5,802,406 for construction of the Mapleton Community Network, \$1,082,772 restricted for Class C Roads, \$3,761,985 for Capital Project impact fees (\$418,979 for Public Safety, \$3,343,006 for Parks), and \$3,048,056, \$2,700,329, and \$1,355,199 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 decreased by (\$533,121) to \$4,122,081. The decrease was primarily due a \$4.7 million transfer to the Capital Projects and Roads Funds for public improvements.

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 of 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 of the 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, 2022

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 25-53 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 54-57.

Mapleton City, Utah
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

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 \$128,667,504, 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	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 33,101,284	\$ 31,922,597	\$ 38,653,077	\$ 30,575,983	\$ 71,754,361	\$ 62,498,580
Capital assets	48,273,233	36,858,643	49,394,752	43,669,270	97,667,985	80,527,913
Total Assets	81,374,517	68,781,240	88,047,829	74,245,253	169,422,346	143,026,493
Total deferred outflows of resources	438,085	303,692	178,795	141,474	616,880	445,166
Liabilities						
Long-term liabilities outstanding	9,859,365	9,893,729	19,930,907	20,265,505	29,790,272	30,159,234
Other liabilities	6,744,904	6,203,982	405,628	1,051,682	7,150,532	7,255,664
Total Liabilities	16,604,269	16,097,711	20,336,535	21,317,187	36,940,804	37,414,898
Total deferred inflows of resources	3,972,726	3,191,914	458,192	213,460	4,430,918	3,405,374
Net position						
Net investment in capital assets	29,920,508	26,638,548	44,291,764	38,920,270	74,212,272	65,558,818
Restricted	12,376,602	14,078,309	8,799,675	5,960,282	21,176,277	20,038,591
Unrestricted	18,938,497	9,078,450	14,340,458	7,975,528	33,278,955	17,053,978
Total net position	\$ 61,235,607	\$ 49,795,307	\$ 67,431,897	\$ 52,856,080	\$ 128,667,504	\$ 102,651,387

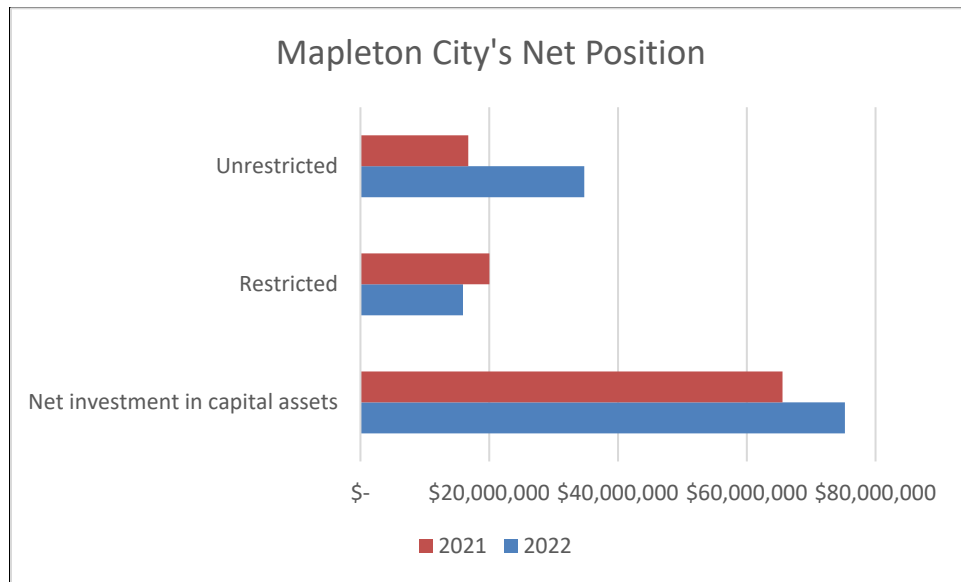
Current and other assets increased in governmental activities by \$1.18 million from the prior year. The City continues various community development and improvement projects, which required the use of its current reserves.

Other liabilities government-wide remained essentially flat, decreasing \$105,132 from the previous year. Long-term liabilities, which consist of bonds, compensated absences and pension obligations, decreased \$2.8 million from the previous year for governmental and business-type activities combined. During the previous year, the City issued \$9.3 million in sales tax 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 a promissory note payable with Spanish Fork City for \$15,955,000. 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, \$75,202,605, 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, \$22,143,214 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 the unrestricted net position was \$31,321,685.

Mapleton City, Utah
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022



The City's overall net position increased \$26,016,116 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

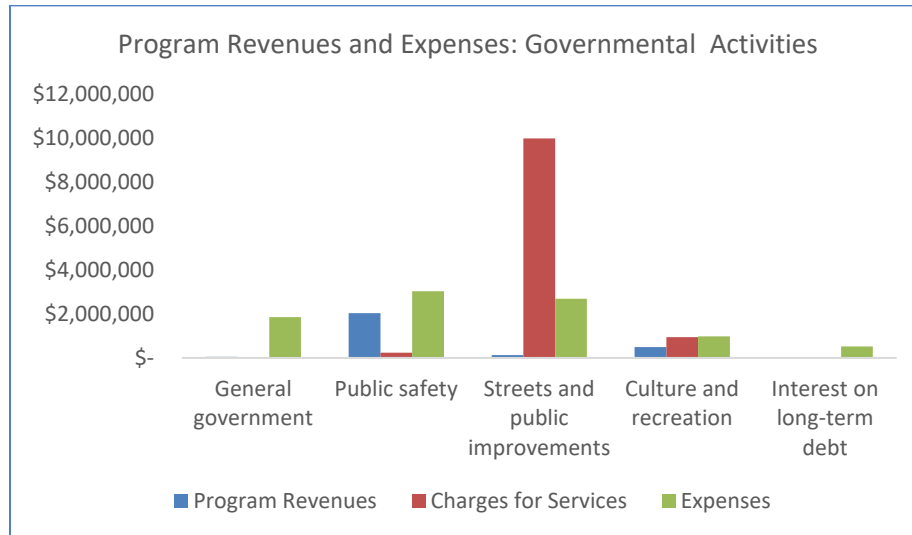
MAPLETON CITY'S CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 2,471,925	\$ 1,859,064	\$ 5,976,617	\$ 5,686,788	\$ 8,448,542	\$ 7,545,852
Operating grants and contributions	734,393	188,290	370,450	-	1,104,843	188,290
Capital grants and contributions	10,459,106	6,879,120	11,234,231	4,166,672	21,693,337	11,045,792
General revenues:						
Property taxes	2,620,804	2,692,419	-	-	2,620,804	2,692,419
Sales taxes	2,224,295	1,789,206	-	-	2,224,295	1,789,206
Franchise taxes	863,899	638,998	-	-	863,899	638,998
Unrestricted interest earnings	188,278	131,209	91,863	95,481	280,141	226,690
Payments in lieu of taxes	167,717	158,826	-	-	167,717	158,826
Gain on sale of capital and other assets	21,450	36,431	444,034	-	465,484	36,431
Equity investment income	-	-	2,333,664	-	2,333,664	-
Miscellaneous	194,329	56,970	45,463	-	239,792	56,970
Total revenues	19,946,196	14,430,533	20,496,322	9,948,941	40,442,518	24,379,474
Expenses						
General government	1,859,520	1,565,104	-	-	1,859,520	1,565,104
Public safety	3,000,771	2,568,723	-	-	3,000,771	2,568,723
Streets and public improvements	2,555,867	2,937,739	-	-	2,555,867	2,937,739
Culture and recreation	1,075,705	1,053,502	-	-	1,075,705	1,053,502
Interest on long-term debt	263,468	-	-	-	263,468	-
Water	-	-	2,109,122	2,102,850	2,109,122	2,102,850
Sewer	-	-	1,668,627	1,743,294	1,668,627	1,743,294
Pressurized irrigation	-	-	1,130,151	1,150,680	1,130,151	1,150,680
Waste collection	-	-	621,407	598,385	621,407	598,385
Storm drain	-	-	141,764	172,438	141,764	172,438
Total expenses	8,755,331	8,125,068	5,671,071	5,767,647	14,426,402	13,892,715
Increase in net position before transfers	11,190,865	6,305,465	14,825,251	4,181,294	26,016,116	10,486,759
Transfers	249,434	249,434	(249,434)	(249,434)	-	-
Increase in net position	11,440,299	6,554,899	14,575,817	3,931,860	26,016,116	10,486,759
Net position - beginning	49,795,308	43,240,409	52,856,080	48,617,253	102,651,388	91,857,662
Net position - ending	\$ 61,235,607	\$ 49,795,308	\$ 67,431,897	\$ 52,549,113	\$ 128,667,504	\$ 102,344,421

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$11,440,299 from the prior fiscal year for an ending balance of \$61,235,607. The increase in the overall net position of governmental activities is primarily due to a \$5.51 million increase in program revenues, most of which was from external capital grants and developer contributions.

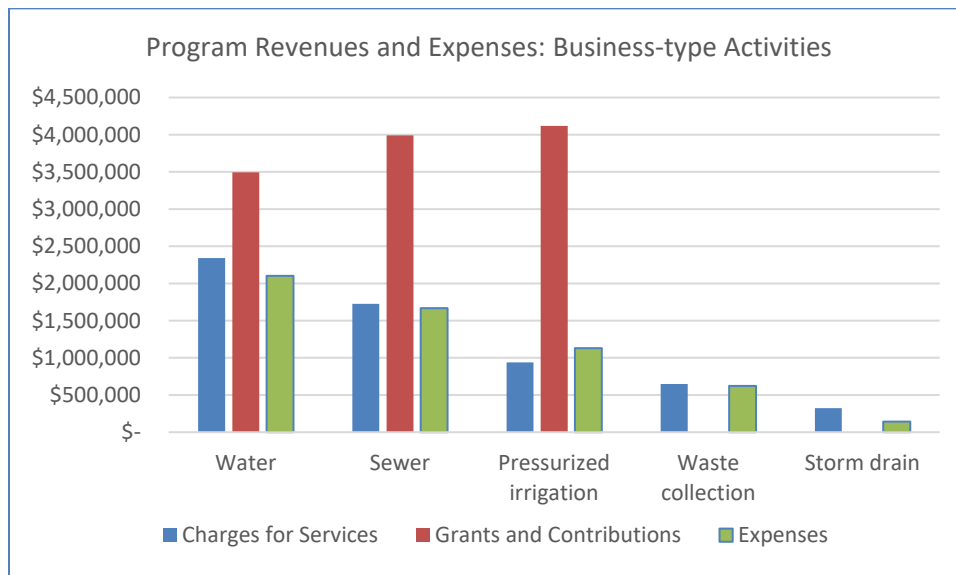
Mapleton City, Utah
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

As shown in the chart below, revenues generated by the City's programs are not sufficient to cover the costs, less developer contributions of \$8.2 million 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 \$67,431,897. The total increase in net position was \$14,575,817 from the prior fiscal year. The growth, in large part, is attributable to an increase of \$7 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, 2022

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, 2022, the City's governmental funds reported combined fund equity of \$22,961,642. This represents a decrease of (\$338,308) from last year's ending balances. Of this amount, \$2,558,081, or 11.1%, 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, \$1,200; (2) restricted for particular purposes, \$13,343,539; (3) committed for particular purposes (none); or (4) assigned for particular purposes, \$7,058,822.

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 \$695,689 decrease in fund balance during the current fiscal year, which put the overall fund balance to the amount of \$17,590,150.

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, 2022, the net position changed by \$890,253 to an ending balance of \$1,211,819.

The *debt service fund*, the remaining major governmental fund, had an increase in fund balance during the current year of \$249, to bring the year end fund balance to \$37,592. 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 transfers from the general fund to the capital projects funds, which was increased to \$4,669,776.

Mapleton City, Utah
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

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	\$ 1,079,300	\$ 1,621,450	\$ 542,150
Sales taxes	1,800,000	2,224,295	424,295
Intergovernmental	1,296,248	1,488,119	191,871

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. The general fund's original expenditure budget increased from \$5,815,428 to \$6,671,973, although actual expenditures equaled \$6,159,356.

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, 2022, equals \$97,667,985 (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 2022 totaled \$97,667,985 while combined depreciation expense equaled \$4,330,479, resulting in an increase in net capital assets of \$17,140,072 (including asset deletions totaling \$877,318). The increase was primarily due to developer contributions and system improvements of \$16,405,997. 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	
	2022	2021	2022	2021	2022	2021
Land	\$ 12,733,307	\$ 10,348,965	\$ 2,009,899	\$ 2,009,899	\$ 14,743,206	\$ 12,358,864
Water shares	-	-	31,680	31,680	31,680	31,680
Construction in progress	3,330,122	1,636,653	-	-	3,330,122	1,636,653
Buildings and improvements	7,753,439	6,238,864	283,590	335,500	8,037,029	6,574,364
Machinery, equipment, and vehicles	2,975,041	2,049,076	214,482	208,598	3,189,523	2,257,674
Infrastructure	21,481,324	16,585,085	46,855,101	38,283,593	68,336,425	54,868,678
Total	<u>\$ 48,273,233</u>	<u>\$ 36,858,643</u>	<u>\$ 49,394,752</u>	<u>\$ 40,869,270</u>	<u>\$ 97,667,985</u>	<u>\$ 77,727,913</u>

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

- Developer contributions totaling \$16,405,997: \$8,282,540 for roads and land, \$8,123,457 for utility systems infrastructure
- Fiber network infrastructure installation (construction in progress as of the close of the fiscal year had reached \$3,498,305).
- Public safety vehicles (including a fire truck) and equipment (including police radios and body cameras) totaling \$957,248

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, 2022

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$11,369,139, including \$325,139 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 \$18,182,709 remained outstanding as of June 30, 2022.

Mapleton City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Sales tax revenue bonds	\$ 9,360,000	\$ 9,360,000	\$ -	\$ -	\$ 9,360,000	\$ 9,360,000
Bond issuance premium	325,139	332,490	-	-	325,139	332,490
Water revenue refunding bonds	-	-	1,684,000	1,949,000	1,684,000	1,949,000
Notes payable	-	-	18,182,709	18,458,646	18,182,709	18,458,646
Total	<u>\$ 9,685,139</u>	<u>\$ 9,692,490</u>	<u>\$ 19,866,709</u>	<u>\$ 20,407,646</u>	<u>\$ 29,551,848</u>	<u>\$ 30,100,136</u>

The City's total debt decreased by \$548,288 (-1.82%) during the current fiscal year. The City did not enter into any new long-term debt agreements during 2022.

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 \$72,407,700. 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 \$144,815,400, 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 2022-2023 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, 2023, anticipates current and future expenditure increases.
- A new revenue source was enacted for the 2022-2023 budget year. Service charge revenue related to the City's new fiber network are budgeted to be \$380,000.
- Declines in housing prices, sales, and construction are expected to continue throughout the fiscal year, further straining mortgage tax revenues and assessed values.
- Interest rates are expected to remain at high levels throughout fiscal year 2022-2023, due to inflation and recession concerns.
- On the expenditure side, increases are expected in the fiber network and sewer system construction.

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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,279,131	\$ 9,354,250	\$ 25,633,381
Restricted assets - cash and cash equivalents	11,823,388	8,247,208	20,070,596
Restricted assets-cash held by others	-	14,772,673	14,772,673
Restricted assets - customer deposits	-	34,806	34,806
Receivables (net of allowance for doubtful accounts)	3,188,289	457,204	3,645,493
Intergovernmental receivable	1,088,774	-	1,088,774
Prepays	1,200	-	1,200
Capital assets not being depreciated	16,063,429	2,041,579	18,105,008
Capital assets, net of accumulated depreciation	32,209,804	47,353,173	79,562,977
Net pension asset - actuarially funded	720,502	333,539	1,054,041
Equity investment in joint ventures	-	5,453,397	5,453,397
Total assets	<u>81,374,517</u>	<u>88,047,829</u>	<u>169,422,346</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	438,085	152,700	590,785
Deferred loss on refunding	-	26,095	26,095
Total deferred outflows of resources	<u>438,085</u>	<u>178,795</u>	<u>616,880</u>
LIABILITIES			
Accounts payable	410,699	361,870	772,569
Accrued liabilities	19,408	-	19,408
Contracts and retainage payable	6,223,252	-	6,223,252
Accrued interest payable	21,141	8,952	30,093
Deposits payable	-	34,806	34,806
Intergovernmental payable	6,004	-	6,004
Unearned revenues	64,400	-	64,400
Noncurrent liabilities:			
Due within one year:			
Bonds, bond premiums, note, compensated absences	180,287	1,321,763	1,502,050
Due in more than one year:			
Bonds, bond premium, note, compensated absences	9,679,078	18,609,144	28,288,222
Total liabilities	<u>16,604,269</u>	<u>20,336,535</u>	<u>36,940,804</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,277,349	458,192	1,735,541
Unavailable revenue - property taxes	2,695,377	-	2,695,377
Total deferred inflows of resources	<u>3,972,726</u>	<u>458,192</u>	<u>4,430,918</u>
NET POSITION			
Net investment in capital assets	29,920,508	44,291,764	74,212,272
Restricted for:			
Impact fee funded improvements	3,761,985	7,103,584	10,865,569
Class C Road and other improvements	8,577,025	-	8,577,025
Debt service for bonds and note payable	37,592	1,696,091	1,733,683
Unrestricted	18,938,497	14,340,458	33,278,955
Total net position	<u>\$ 61,235,607</u>	<u>\$ 67,431,897</u>	<u>\$ 128,667,504</u>

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

Mapleton City, Utah
Statement of Activities

or the Year Ended June 30, 2022 The notes to financial statements are an integral part of this statement.

	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	\$ 1,859,520	\$ 50,687	\$ 56	\$ -	\$ (1,808,777)		\$ (1,808,777)
Public safety	3,000,771	2,039,577	734,337	150,562	(76,295)		(76,295)
Streets and public improvements	2,555,867	127,350	-	9,359,658	6,931,141		6,931,141
Culture and recreation	1,075,705	254,311	-	948,886	127,492		127,492
Interest	263,468	-	-	-	(263,468)		(263,468)
Total governmental activities	8,755,331	2,471,925	734,393	10,459,106	4,910,093		4,910,093
Business-type activities:							
Water	2,109,122	2,342,152	4,251	3,490,612		3,727,893	3,727,893
Sewer	1,668,627	1,725,514	9,471	3,982,304		4,048,662	4,048,662
Pressurized irrigation	1,130,151	937,686	356,728	3,761,315		3,925,578	3,925,578
Waste collection	621,407	647,784	-	-		26,377	26,377
Storm drain	141,764	323,481	-	-		181,717	181,717
Total business-type activities	5,671,071	5,976,617	370,450	11,234,231		11,910,227	11,910,227
Total government-wide	\$ 14,426,402	\$ 8,448,542	\$ 1,104,843	\$ 21,693,337		11,910,227	16,820,320
General Revenues and transfers							
General Revenues:							
Property taxes					2,620,804	-	2,620,804
Sales taxes					2,224,295	-	2,224,295
Franchise taxes					863,899	-	863,899
Unrestricted interest earnings					188,278	91,863	280,141
Payments in lieu of taxes					167,717	-	167,717
Gain on sale of capital and other assets					21,450	444,034	465,484
Equity investment income					-	2,333,664	2,333,664
Miscellaneous					194,329	45,463	239,792
Transfers					249,434	(249,434)	-
Total general revenues and transfers					6,530,206	2,665,590	9,195,796
Change in net position					11,440,299	14,575,817	26,016,116
Net position - beginning, as restated					49,795,308	52,856,080	102,651,388
Net position - ending					61,235,607	67,431,897	128,667,504

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

Mapleton City, Utah
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Capital Projects City Projects	Community Network	Special Revenue Roads	Debt Service	Total
ASSETS						
Cash and cash equivalents	\$ 9,937,127	\$ 6,342,004	\$ -	\$ -	\$ -	\$ 16,279,131
Restricted cash and cash equivalents	-	4,632,577	5,946,133	1,207,086	37,592	11,823,388
Receivables, net of allowance for uncollectibles:						
Accounts	208,306	-	-	26,062	-	234,368
Taxes and franchise fees	2,953,921	-	-	-	-	2,953,921
Intergovernmental receivable	140,928	947,846	-	-	-	1,088,774
Prepaid items	1,200	-	-	-	-	1,200
Total assets	<u>\$ 13,241,482</u>	<u>\$ 11,922,427</u>	<u>\$ 5,946,133</u>	<u>\$ 1,233,148</u>	<u>\$ 37,592</u>	<u>\$ 32,380,782</u>
LIABILITIES						
Accounts payable	\$ 110,960	\$ 134,683	\$ 143,727	\$ 21,329	\$ -	\$ 410,699
Accrued liabilities	19,408	-	-	-	-	19,408
Developer retainage bonds	6,223,252	-	-	-	-	6,223,252
Due to other government	6,004	-	-	-	-	6,004
Unearned revenue	64,400	-	-	-	-	64,400
Total liabilities	<u>6,424,024</u>	<u>134,683</u>	<u>143,727</u>	<u>21,329</u>	<u>-</u>	<u>6,723,763</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	2,695,377	-	-	-	-	2,695,377
FUND BALANCES						
Nonspendable:						
Prepays items	1,200	-	-	-	-	1,200
Restricted:						
Capital construction projects	480,028	-	5,802,406	-	-	6,282,434
Impact fee projects	-	3,761,985	-	-	-	3,761,985
Annexation fee project	-	-	-	-	-	-
Class C road projects	1,082,772	-	-	1,211,819	-	2,294,591
Bonds payable	-	-	-	-	37,592	37,592
Assigned:						
Future capital projects	-	7,058,822	-	-	-	7,058,822
Vehicle replacements	-	966,937	-	-	-	966,937
Unassigned	<u>2,558,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,558,081</u>
Total fund balances	<u>4,122,081</u>	<u>11,787,744</u>	<u>5,802,406</u>	<u>1,211,819</u>	<u>37,592</u>	<u>22,961,642</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,241,482</u>	<u>\$ 11,922,427</u>	<u>\$ 5,946,133</u>	<u>\$ 1,233,148</u>	<u>\$ 37,592</u>	<u>\$ 32,380,782</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, 2022

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

Total fund balances for governmental funds		\$ 22,961,642	
Capital assets of \$77,668,253, net of accumulated depreciation of \$29,395,020, used in governmental activities are not financial resources and, therefore, are not reported in the funds.			48,273,233
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	\$ 438,085		
Deferred inflows pension related	<u>(1,277,349)</u>		
Total deferred outflows and inflows			(839,264)
Other long term assets (net pension assets) that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.			720,502
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	(325,139)		
Compensated absences	(174,226)		
Accrued interest payable on long term debt	<u>(21,141)</u>		
Total long term liabilities			<u>(9,880,506)</u>
Net position of governmental activities		\$ 61,235,607	

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, 2022

	General Fund	Capital Projects		Special Revenue Roads	Debt Service	Total
		City Projects	Community Network			
REVENUES						
Property taxes	\$ 2,620,804	\$ -	\$ -	\$ -	\$ -	\$ 2,620,804
Sales taxes	2,224,295	-	-	-	-	2,224,295
Franchise taxes	863,899	-	-	-	-	863,899
Licenses and permits	845,360	-	-	-	-	845,360
Intergovernmental	1,488,119	-	-	-	-	1,488,119
Charges for services	1,621,450	-	-	-	-	1,621,450
Fines and forfeitures	5,115	-	-	-	-	5,115
Investment earnings	135,789	11,361	41,128	-	-	188,278
Special assessment	-	-	-	335,373	-	335,373
Payments in lieu of taxes	167,717	-	-	-	-	167,717
Developer assessed impact fees	-	1,023,957	-	-	-	1,023,957
Annexation fees	-	63,510	-	-	-	63,510
Miscellaneous	173,814	1,750	-	-	-	175,564
Total revenues	10,146,362	1,100,578	41,128	335,373	-	11,623,441
EXPENDITURES						
Current:						
General government	1,860,793	-	-	-	-	1,860,793
Public safety	2,950,870	-	-	-	-	2,950,870
Streets and public improvements	452,537	7,546	-	535,120	-	995,203
Culture and recreation	879,565	546	-	-	-	880,111
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	260,436	260,436
Capital outlay:						
General government	-	371,542	-	-	-	371,542
Public safety	6,800	973,722	-	-	-	980,522
Streets and public improvements	-	93,847	3,498,292	-	-	3,592,139
Culture and recreation	8,791	350,991	-	-	-	359,782
Total expenditures	6,159,356	1,798,194	3,498,292	535,120	260,436	12,251,398
Excess (deficiency) of revenues over (under) expenditures	3,987,006	(697,616)	(3,457,164)	(199,747)	(260,436)	(627,957)
OTHER FINANCING SOURCES (USES)						
Transfers in	109,434	3,952,776	-	1,090,000	260,685	5,412,895
Transfers out	(4,669,776)	(233,000)	(260,685)	-	-	(5,163,461)
Sale of general capital assets	21,450	-	-	-	-	21,450
Insurance recoveries	18,765	-	-	-	-	18,765
Total other financing sources (uses)	(4,520,127)	3,719,776	(260,685)	1,090,000	260,685	289,649
Net change in fund balances	(533,121)	3,022,160	(3,717,849)	890,253	249	(338,308)
Fund balances, beginning of year	4,655,202	8,765,584	9,520,255	321,566	37,343	23,299,950
Fund balances, end of year	\$ 4,122,081	\$ 11,787,744	\$ 5,802,406	\$ 1,211,819	\$ 37,592	\$ 22,961,642

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, 2022

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

Net change in fund balances - total governmental funds	\$	(338,308)
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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.		3,132,050
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The effect of transactions involving capital assets is to increase net position.		
Capital contributions by developers		8,282,540

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	\$	(10,383)
Amortization of bond premiums		7,351
Compensated absences		(11,560)
Changes in pension liabilities and related deferred outflows and inflows of resources		378,609
		<u>364,017</u>

Change in net position of governmental activities	\$	<u><u>11,440,299</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, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Property	\$ 2,365,903	\$ 2,465,903	\$ 2,620,804	\$ 154,901
Sales	1,530,000	1,800,000	2,224,295	424,295
Franchise	677,500	677,500	863,899	186,399
Licenses and permits	569,200	819,200	845,360	26,160
Intergovernmental	661,237	1,296,248	1,488,119	191,871
Charges for services	667,850	1,079,300	1,621,450	542,150
Fines and forfeitures	1,000	1,000	5,115	4,115
Investment earnings	175,000	125,000	135,789	10,789
Payments in lieu of taxes	160,000	160,000	167,717	7,717
Miscellaneous	60,500	60,500	173,814	113,314
Total revenues	6,868,190	8,484,651	10,146,362	1,661,711
EXPENDITURES				
Current:				
General government:				
Council	99,065	102,065	88,287	(13,778)
Courts	50,000	50,000	52,500	2,500
Finance and treasury	165,057	210,107	206,059	(4,048)
Community development	615,197	631,987	558,978	(73,009)
Administration	774,746	1,093,101	954,969	(138,132)
Total general government	1,704,065	2,087,260	1,860,793	(226,467)
Public safety:				
Police	1,541,009	1,607,621	1,549,500	(58,121)
Fire and emergency response	1,042,752	1,279,692	1,401,370	121,678
Total public safety	2,583,761	2,887,313	2,950,870	63,557
Streets and public improvements:				
Administration	133,152	143,353	141,563	(1,790)
Equipment, materials, and supplies	401,679	440,240	310,974	(129,266)
Total streets and public improvements	534,831	583,593	452,537	(131,056)
Culture and recreation:				
Parks and recreation	922,182	1,017,018	819,990	(197,028)
Library and museum	54,089	76,689	43,563	(33,126)
Community services	16,500	20,100	16,012	(4,088)
Total culture and recreation	992,771	1,113,807	879,565	(234,242)
Capital outlay:				
Public safety	-	-	6,800	6,800
Culture and recreation	-	-	8,791	8,791
	-	-	15,591	15,591
Total expenditures	5,815,428	6,671,973	6,159,356	(512,617)
Excess of revenues over expenditures	1,052,762	1,812,678	3,987,006	2,174,328
OTHER FINANCING SOURCES (USES)				
Transfers in	109,434	109,434	109,434	-
Transfers out	(1,172,196)	(4,669,776)	(4,669,776)	-
Sale of general capital assets	-	-	21,450	21,450
Insurance recoveries	10,000	10,000	18,765	8,765
Total other financing sources (uses)	(1,052,762)	(4,550,342)	(4,520,127)	30,215
Net change in fund balances*	-	(2,737,664)	(533,121)	2,204,543
Fund balances, beginning of year	-	2,737,664	4,655,202	4,655,202
Fund balances, end of year	\$ -	\$ -	\$ 4,122,081	\$ 6,859,745

*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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special assessment	\$ 273,600	\$ 323,600	\$ 335,373	\$ 11,773
Total revenues	<u>273,600</u>	<u>323,600</u>	<u>335,373</u>	<u>11,773</u>
EXPENDITURES				
Current:				
Streets and public improvements:				
Equipment, materials, and supplies	<u>1,090,000</u>	<u>1,090,000</u>	<u>535,120</u>	<u>(554,880)</u>
Excess (deficiency) of revenues over expenditures	<u>(816,400)</u>	<u>(766,400)</u>	<u>(199,747)</u>	<u>566,653</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,090,000</u>	<u>1,090,000</u>	<u>1,090,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,090,000</u>	<u>1,090,000</u>	<u>1,090,000</u>	<u>-</u>
Net change in fund balances*	273,600	323,600	890,253	566,653
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>321,566</u>	<u>321,566</u>
Fund balances, end of year	<u>\$ 273,600</u>	<u>\$ 323,600</u>	<u>\$ 1,211,819</u>	<u>\$ 888,219</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, 2022

	Business-type Activities					
	Water	Sewer	Pressurized Irrigation	Waste Collection	Storm Drain	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 5,799,949	\$ 1,149,952	\$ 1,323,483	\$ 382,147	\$ 698,719	\$ 9,354,250
Restricted assets-cash and cash equivalents	3,321,757	3,435,259	1,490,192	-	-	8,247,208
Restricted assets-cash held by others	-	14,772,673	-	-	-	14,772,673
Restricted assets - customer deposits	34,806	-	-	-	-	34,806
Accounts receivable, net	158,810	134,809	95,467	51,830	16,288	457,204
Total current assets	9,315,322	19,492,693	2,909,142	433,977	715,007	32,866,141
Noncurrent assets:						
Capital assets:						
Land	149,899	-	1,860,000	-	-	2,009,899
Water shares	31,680	-	-	-	-	31,680
Construction in progress	-	-	-	-	-	-
Buildings and improvements	478,589	487,105	-	-	77,055	1,042,749
Machinery, equipment, and vehicles	735,037	553,016	-	-	-	1,288,053
Infrastructure	26,446,167	26,879,306	19,143,368	-	304,508	72,773,349
Less: accumulated depreciation	(11,240,603)	(12,282,445)	(4,095,490)	-	(132,440)	(27,750,978)
Net pension asset - actuarially funded	158,544	75,097	67,497	8,808	23,593	333,539
Equity investment in joint venture:						
Sewer Construction with Spanish Fork	-	5,051,870	-	-	-	5,051,870
South Utah Valley Solid Waste District	-	-	-	401,527	-	401,527
Total noncurrent assets	16,759,313	20,763,949	16,975,375	410,335	272,716	55,181,688
Total assets	26,074,635	40,256,642	19,884,517	844,312	987,723	88,047,829
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	72,584	34,381	30,901	4,033	10,801	152,700
Deferred loss on refunding	26,095	-	-	-	-	26,095
Total deferred outflows of resources	98,679	34,381	30,901	4,033	10,801	178,795
LIABILITIES						
Current liabilities:						
Accounts payable	85,982	85,232	27,275	153,367	10,014	361,870
Compensated absences	29,610	13,694	12,581	1,206	4,339	61,430
Customer deposits payable restricted assets	34,806	-	-	-	-	34,806
Accrued interest payable	8,952	-	-	-	-	8,952
Bonds payable - current	270,000	-	-	-	-	270,000
Notes payable - current	-	990,333	-	-	-	990,333
Total current liabilities	429,350	1,089,259	39,856	154,573	14,353	1,727,391
Noncurrent liabilities:						
Compensated absences	1,334	617	567	54	196	2,768
Bonds payable	1,414,000	-	-	-	-	1,414,000
Notes payable	-	17,192,376	-	-	-	17,192,376
Total noncurrent liabilities	1,415,334	17,192,993	567	54	196	18,609,144
Total liabilities	1,844,684	18,282,252	40,423	154,627	14,549	20,336,535
DEFERRED INFLOWS OF RESOURCES						
Pension related	217,797	103,163	92,722	12,100	32,410	458,192
NET POSITION						
Net investment in capital assets	14,907,817	12,226,946	16,907,878	-	249,123	44,291,764
Restricted:						
Debt service for bonds	-	1,696,091	-	-	-	1,696,091
Impact fee projects	3,048,056	2,700,329	1,355,199	-	-	7,103,584
Designated:						
Annexation fee project	139,999	83,999	7,614	-	-	231,612
Water share purchases	79,475	-	-	-	-	79,475
Unrestricted	5,935,486	5,198,243	1,511,582	681,618	702,442	14,029,371
Total net position	\$ 24,110,833	\$ 21,905,608	\$ 19,782,273	\$ 681,618	\$ 951,565	\$ 67,431,897

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, 2022

	Business-type Activities					
	Water	Sewer	Pressurized Irrigation	Waste Collection	Storm Drain	Total
Operating revenues:						
Charges for services:						
Customer utility sales	\$ 2,102,593	\$ 1,641,514	\$ 885,836	\$ 647,784	\$ 207,756	\$ 5,485,483
Customer connection fees	239,559	84,000	51,850	-	-	375,409
Building permit fees (SWIPP)	-	-	-	-	115,725	115,725
Miscellaneous	-	45,463	-	-	-	45,463
Total operating revenues	<u>2,342,152</u>	<u>1,770,977</u>	<u>937,686</u>	<u>647,784</u>	<u>323,481</u>	<u>6,022,080</u>
Operating expenses:						
Personnel services	525,117	260,991	221,722	26,301	78,058	1,112,189
Operation and maintenance	712,005	429,473	328,682	595,106	45,292	2,110,558
Depreciation	834,964	725,420	579,747	-	18,414	2,158,545
Total operating expenses	<u>2,072,086</u>	<u>1,415,884</u>	<u>1,130,151</u>	<u>621,407</u>	<u>141,764</u>	<u>5,381,292</u>
Operating income (loss)	<u>270,066</u>	<u>355,093</u>	<u>(192,465)</u>	<u>26,377</u>	<u>181,717</u>	<u>640,788</u>
Nonoperating revenues (expenses):						
Investment earnings	10,259	78,076	3,528	-	-	91,863
Equity investment in joint ventures	-	2,239,104	-	94,560	-	2,333,664
Developer assessed impact fees	509,981	1,053,068	1,547,725	-	-	3,110,774
Annexation fees	4,251	9,471	356,728	-	-	370,450
Proceeds from sale of noncapital asset	444,034	-	-	-	-	444,034
Interest and other financial expense	(37,036)	(252,743)	-	-	-	(289,779)
Total nonoperating revenues (expenses)	<u>931,489</u>	<u>3,126,976</u>	<u>1,907,981</u>	<u>94,560</u>	<u>-</u>	<u>6,061,006</u>
Income before capital contributions and transfers	<u>1,201,555</u>	<u>3,482,069</u>	<u>1,715,516</u>	<u>120,937</u>	<u>181,717</u>	<u>6,701,794</u>
Capital contributions	2,980,631	2,929,236	2,213,590	-	-	8,123,457
Transfers in	-	-	655,201	-	-	655,201
Transfers out	<u>(702,993)</u>	<u>(37,935)</u>	<u>(128,527)</u>	<u>-</u>	<u>(35,180)</u>	<u>(904,635)</u>
Change in net position	3,479,193	6,373,370	4,455,780	120,937	146,537	14,575,817
Total net position, beginning, as restated	<u>20,631,640</u>	<u>15,532,238</u>	<u>15,326,493</u>	<u>560,681</u>	<u>805,028</u>	<u>52,856,080</u>
Total net position, ending	<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>

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, 2022

	Business-type Activities					
	Water	Sewer	Pressurized Irrigation	Waste Collection	Storm Drain	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 2,374,241	\$ 1,690,805	\$ 962,401	\$ 643,006	\$ 206,515	\$ 5,876,968
Other receipts	-	45,463	-	-	115,725	161,188
Payments to suppliers and service providers	(692,065)	(408,638)	(1,041,993)	(578,132)	(35,288)	(2,756,116)
Payments to employees	(617,297)	(307,292)	(262,677)	(33,906)	(91,627)	(1,312,799)
Net cash provided (used) by operating activities	1,064,879	1,020,338	(342,269)	30,968	195,325	1,969,241
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	-	655,201	-	-	655,201
Transfers to other funds	(702,993)	(37,935)	(128,527)	-	(35,180)	(904,635)
Proceeds from sale of land from joint venture (SUVSWD)	444,034	-	-	-	-	444,034
Net cash provided (used) by noncapital financing activities	(258,959)	(37,935)	526,674	-	(35,180)	194,600
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase and construction of capital assets	(105,632)	(40,089)	(443,723)	-	-	(589,444)
Developer assessed impact fees received	509,981	1,053,068	1,547,725	-	-	3,110,774
Annexation fees received	4,251	9,471	356,728	-	-	370,450
Equity investment in joint venture (sewer system)	-	255,212	-	-	-	255,212
Principal paid on capital debt	(265,000)	(275,937)	-	-	-	(540,937)
Interest paid on capital debt and other financial expense	(32,152)	(252,743)	-	-	-	(284,895)
Net cash provided by capital and related financing activities	111,448	748,982	1,460,730	-	-	2,321,160
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on cash and investments	10,259	78,076	3,528	-	-	91,863
Net cash provided by investing activities	10,259	78,076	3,528	-	-	91,863
Net increase (decrease) in cash and cash equivalents	927,627	1,809,461	1,648,663	30,968	160,145	4,576,864
Cash and cash equivalents, beginning of year	8,228,885	17,548,423	1,165,012	351,179	538,574	27,832,073
Cash and cash equivalents, end of year	\$ 9,156,512	\$ 19,357,884	\$ 2,813,675	\$ 382,147	\$ 698,719	\$ 32,408,937
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 270,066	\$ 355,093	\$ (192,465)	\$ 26,377	\$ 181,717	\$ 640,788
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	834,964	725,420	579,747	-	18,414	2,158,545
Changes in assets and liabilities:						
Decrease in pension related deferred outflows of resources	(21,830)	(9,000)	(8,394)	(36)	(2,945)	(42,205)
(Increase) decrease in accounts receivable	32,585	(34,709)	24,715	(4,778)	(1,241)	16,572
(Increase) in net pension asset	(158,544)	(75,097)	(67,497)	(8,808)	(23,593)	(333,539)
(Decrease) in deposits payable	(496)	-	-	-	-	(496)
(Decrease) increase in accounts payable	19,940	20,835	(713,311)	16,974	10,004	(645,558)
(Decrease) increase in compensated absences	6,472	2,753	2,758	29	837	12,849
(Decrease) in net pension liability	(38,194)	(19,249)	(17,353)	(3,369)	(4,282)	(82,447)
(Decrease) in pension related deferred inflows of resources	119,916	54,292	49,531	4,579	16,414	244,732
Total adjustments	794,813	665,245	(149,804)	4,591	13,608	1,328,453
Net cash provided (used) by operating activities	\$ 1,064,879	\$ 1,020,338	\$ (342,269)	\$ 30,968	\$ 195,325	\$ 1,969,241
Schedule of non cash capital and related financing activities						
Capital contributions - developers	\$ 2,980,631	\$ 2,929,236	\$ 2,213,590	\$ -	\$ -	\$ 8,123,457

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

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 on 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, 2022 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 the 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. At this time, 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, 2022

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, 2022, expenditures slightly exceeded appropriations in the courts department (the legal level of budgetary control) within the general government function of the general fund by \$2,500. Also, the fire and emergency response department, under the public safety function, exceeded budgeted expenditures by \$121,678. The overspending comes with a consequence for the subsequent year's budget and is considered a violation of state law, remedied by budget appropriations.

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, 2022, 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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

<u>Capital Asset Classes</u>	<u>Lives (Years)</u>
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 to 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 outside contributions of capital assets (e.g. developers), and grants or outside contributions of resources restricted to capital acquisition and construction.

Inter-Fund Transactions

During the course of 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	\$ 5,303,985
Depreciation expense	(2,171,935)
Net adjustment	<u>\$ 3,132,050</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, 2022, \$999,686 of the City's bank balances of \$1,249,686 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, 2022

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, 2022, the City had the following recurring fair value measurements:

	<u>June 30, 2022</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)	\$ 44,657,852	\$ -	\$ 44,657,852	\$ -
Cash held by Spanish Fork City	14,772,673	-	14,772,673	-
	<u>\$ 59,430,525</u>	<u>\$ -</u>	<u>\$ 59,430,525</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, 2022 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, 2022

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, 2022, the City had the following maturities:

	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>< 1 Year</u>	<u>1 - 5 Years</u>	<u>> 5 Years</u>
Debt Securities				
Utah Public Treasurers' Investment Fund (PTIF)	\$ 44,657,852	\$ 44,657,852	\$ -	\$ -
Cash held by Spanish Fork City	14,772,673	-	14,772,673	-
	<u>\$ 59,430,525</u>	<u>\$ 44,657,852</u>	<u>\$ 14,772,673</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, 2022, the City's investments had the following quality ratings:

	<u>Fair Value</u>	<u>Quality Ratings</u>		
		<u>AAA</u>	<u>AA - A</u>	<u>Unrated</u>
Debt Securities				
Utah Public Treasurers' Investment Fund (PTIF)	44,657,852	-	-	44,657,852
Cash held by Spanish Fork City	14,772,673	-	-	14,772,673
	<u>\$ 59,430,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,430,525</u>

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

Deposits	\$ 1,080,931
Utah Public Treasurers' Investment Fund (PTIF)	44,657,852
Cash held by others (PTIF)	14,772,673
Total	<u>\$ 60,511,456</u>
Cash and cash equivalents	\$ 25,633,381
Cash and cash equivalents, restricted	34,878,075
Total	<u>\$ 60,511,456</u>

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

4. RECEIVABLES

Accounts receivable and the associated allowances for uncollectible accounts on June 30, 2022 are presented in the schedule below.

Property taxes are levied on January 1 of 2022, are due in November of 2022, and are budgeted for the 2022 fiscal year. Even though they are not intended to fund the 2022 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, 2022:

	General Fund	City Projects	Streets/Roads	Total
Receivables				
Accounts	\$ 418,682	\$ -	\$ 26,062	\$ 444,744
Less: allowance for bad debts	(210,574)	-	-	(210,574)
Property taxes	2,718,011	-	-	2,718,011
Sales and use taxes	172,819	-	-	172,819
Franchise and other taxes	63,289	-	-	63,289
Intergovernmental:				
State funds (Class C roads)	140,928	-	-	140,928
Federal grant (Outdoor recreation)	-	947,846	-	947,846
Total governmental activities	<u>\$ 3,303,155</u>	<u>\$ 947,846</u>	<u>\$ 26,062</u>	<u>\$ 4,277,063</u>

	Water	Sewer	Pressurized Irrigation	Waste Collection	Storm Drain	Total
Business-type activities						
Utility customer accounts	\$ 180,510	\$ 138,709	\$ 95,467	\$ 53,130	\$ 16,288	\$ 484,104
Less: allowance for bad debts	(21,700)	(3,900)	-	(1,300)	-	(26,900)
Total business-type activities	<u>\$ 158,810</u>	<u>\$ 134,809</u>	<u>\$ 95,467</u>	<u>\$ 51,830</u>	<u>\$ 16,288</u>	<u>\$ 457,204</u>

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

5. CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2022:

	07/01/21	Additions	Deletions	06/30/22
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 10,348,965	\$ 2,384,342	\$ -	\$ 12,733,307
Construction-in-progress	1,636,653	3,642,736	(1,949,267)	3,330,122
Total capital assets, not being depreciated	11,985,618	6,027,078	(1,949,267)	16,063,429
Capital assets, being depreciated:				
Buildings	6,232,401	-	-	6,232,401
Improvements	3,608,664	1,956,067	-	5,564,731
Machinery, equipment, and vehicles	5,579,611	1,282,907	(58,444)	6,804,074
Infrastructure	36,733,878	6,269,740	-	43,003,618
Total capital assets, being depreciated	52,154,554	9,508,714	(58,444)	61,604,824
Less accumulated depreciation for:				
Buildings	(2,448,559)	(168,424)	-	(2,616,983)
Improvements	(1,153,642)	(273,068)	-	(1,426,710)
Machinery, equipment, and vehicles	(3,530,535)	(356,942)	58,444	(3,829,033)
Infrastructure	(20,148,793)	(1,373,501)	-	(21,522,294)
Total accumulated depreciation	(27,281,529)	(2,171,935)	58,444	(29,395,020)
Total capital assets, being depreciated, net	24,873,025	7,336,779	-	32,209,804
Total governmental activities capital assets	\$ 36,858,643	\$ 13,363,857	\$ (1,949,267)	\$ 48,273,233

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

5. CAPITAL ASSETS (CONTINUED)

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2022:

	07/01/21	Increases	Decreases	06/30/22
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,009,899	\$ -	\$ -	\$ 2,009,899
Water shares	31,680	-	-	31,680
Total capital assets, not being depreciated	2,041,579	-	-	2,041,579
Capital assets, being depreciated:				
Buildings and improvements	1,042,749	-	-	1,042,749
Machinery, equipment, and vehicles	1,260,365	27,687	-	1,288,052
Infrastructure:				
Water system	23,375,004	3,071,163	-	26,446,167
Sewer system	24,751,444	2,956,736	(828,874)	26,879,306
Pressurized irrigation system	16,486,055	2,657,314	-	19,143,369
Storm drain system	304,508	-	-	304,508
Total capital assets, depreciated	67,220,125	8,712,900	(828,874)	75,104,151
Accumulated depreciation:				
Buildings and improvements	(707,249)	(51,910)	-	(759,159)
Machinery, equipment, and vehicles	(1,051,767)	(21,803)	-	(1,073,570)
Infrastructure:				
Water system	(9,479,150)	(794,630)	-	(10,273,780)
Sewer system	(10,757,889)	(695,894)	-	(11,453,783)
Pressurized irrigation system	(3,515,743)	(579,746)	-	(4,095,489)
Storm drain system	(80,636)	(14,561)	-	(95,197)
Total accumulated depreciation	(25,592,434)	(2,158,544)	-	(27,750,978)
Total capital assets being depreciated, net	41,627,691	6,554,356	(828,874)	47,353,173
Business-type capital assets, net	<u>\$ 43,669,270</u>	<u>\$ 6,554,356</u>	<u>\$ (828,874)</u>	<u>\$ 49,394,752</u>

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

Governmental activities:	
General government	\$ 63,349
Public safety	234,020
Highways and public improvements	1,627,544
Culture and recreation	247,022
Total depreciation expense - governmental activities	<u>\$ 2,171,935</u>
Business-type activities:	
Water system	\$ 834,964
Sewer system	725,420
Pressurized irrigation system	579,746
Storm drain system	18,414
Total depreciation expense - business-type activities	<u>\$ 2,158,544</u>

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The City reports the deferred amount on refunding of \$26,095 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 \$152,700 and \$26,095 related to deferred loss on bond refunding in the business-type funds and activities as well as \$438,085 related to pensions in the governmental activities.

Property taxes of \$2,695,377, 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 \$458,192 in the business-type funds and activities as well as \$1,277,349 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, 2022, Mapleton City held deposits from developers, including interest, in the following categories and amounts:

Construction commitments	\$ 3,077,703
Subdivision performance bonds	1,715,869
Construction bonds	1,429,680
Total developer retainage bonds	<u>\$ 6,223,252</u>

8. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City on June 30, 2022:

	07/01/21	Additions	Deletions	06/30/22	Amount Due Within One Year
Governmental activities					
Bonds payable					
Sales Tax Revenue Bonds, Series 2021	\$ 9,360,000	\$ -	\$ -	\$ 9,360,000	\$ -
Bond Issuance Premium	332,490	-	(7,351)	325,139	13,572
Total bonds payable	9,692,490	-	(7,351)	9,685,139	13,572
Compensated absences	162,666	167,719	(156,159)	174,226	166,715
Net pension liability actuarially funded	201,239	-	(201,239)	-	-
Total governmental activities	<u>\$ 10,056,395</u>	<u>\$ 167,719</u>	<u>\$ (364,749)</u>	<u>\$ 9,859,365</u>	<u>\$ 180,287</u>
Business-type activities					
				TRUE	
Bonds payable:					
Water Revenue Refunding Bonds, Series 2020	\$ 1,949,000	\$ -	\$ (265,000)	\$ 1,684,000	\$ 270,000
Note payable:					
Spanish Fork, Sewer Construction	15,658,646	-	(275,937)	15,382,709	990,333
Spanish Fork, Sewer Capacity	2,800,000	-	-	2,800,000	-
Compensated absences	51,349	59,063	(46,214)	64,198	61,430
Net pension liability actuarially funded	82,447	-	(82,447)	-	-
Total business-type activities	<u>\$ 20,541,442</u>	<u>\$ 59,063</u>	<u>\$ (669,598)</u>	<u>\$ 19,930,907</u>	<u>\$ 1,321,763</u>

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

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
FY2023	\$ -	\$ 249,188	\$ 270,000	\$ 27,417	\$ 270,000	\$ 276,605
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 - FY2032	1,810,000	996,038	292,000	2,584	2,102,000	998,622
FY2033 - FY2037	2,095,000	707,738	-	-	2,095,000	707,738
FY2038 - FY2042	2,375,000	432,556	-	-	2,375,000	432,556
FY2043 - FY2046	2,115,000	133,875	-	-	2,115,000	133,875
	<u>\$ 9,360,000</u>	<u>\$ 3,487,647</u>	<u>\$ 1,684,000</u>	<u>\$ 90,784</u>	<u>\$ 11,044,000</u>	<u>\$ 3,578,431</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
FY2023	\$ 990,333	\$ 241,507	\$ -	\$ -	\$ 990,333	\$ 241,507
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 - FY2032	3,887,302	786,431	-	-	3,887,302	786,431
FY2033 - FY2037	4,218,257	455,476	-	-	4,218,257	455,476
FY2038 - FY2041	3,397,744	107,555	-	-	3,397,744	107,555
	<u>\$ 15,382,709</u>	<u>\$ 2,440,882</u>	<u>\$ 2,800,000</u>	<u>\$ -</u>	<u>\$ 18,182,709</u>	<u>\$ 2,440,882</u>

Long-term debt and obligations payable as of June 30, 2022 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	311,567	13,572
			<u>9,692,490</u>	<u>9,671,567</u>	<u>13,572</u>
Business-type activities					
Water Revenue Refunding Bonds, Series 2020	1.77 - 2.00%	9/15/2027	1,951,000	1,414,000	270,000
Spanish Fork Note payable (Sewer Construction)	1.64%	3/1/2041	15,955,000	14,392,376	990,333
Spanish Fork Note payable (Sewer Capacity)	0.00%	4/30/2027	2,850,000	2,800,000	-
			<u>20,756,000</u>	<u>18,606,376</u>	<u>1,260,333</u>
			<u>\$ 30,448,490</u>	<u>\$ 28,277,943</u>	<u>\$ 1,273,905</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, 2022

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, 2022, \$1,948,000 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, 2022, \$928,000 of 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. The City's balance of unspent construction deposits as of June 30, 2022, was \$13,076,582, 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, 2022

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, 2022, was \$15,382,709.

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, 2022, was \$1,696,091, 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, 2022, 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, 2021 (the most recently issued financial statements available), the District reported an increase in net position of \$4,727,983. The City recognized its 2.00% of the District's income as equity income of a joint venture of \$94,560 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, 2022, the balance of the equity investment in joint venture is \$401,527.

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, 2022, totaling \$27,602 and \$2,640, 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, 2022 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, 2022

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, 2022 are as follows:

System	Employee	Employer	Employer 401(k)
Contributory System			
111 Local Government Div - Tier 2	N/A	16.07	0.62
Noncontributory System			
15 Local Government Div - Tier 1	N/A	18.47	N/A
Public Safety System			
Contributory			
122 Tier 2 DB Hybrid Public Safety	2.27	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	4.61	N/A
132 Tier 2 DB Hybrid Firefighters	2.27	14.08	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69	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, 2022

11. PENSION PLANS (CONTINUED)

For the fiscal year ended June 30, 2022, the employer and employee contribution to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 232,669	N/A
Public Safety System	115,056	-
Firefighters System	1,595	-
Tier 2 Public Employees System	106,835	-
Tier 2 Public Safety and Firefighter	101,725	-
Tier 2 DC Only System	7,883	N/A
Total Contributions	\$ 565,763	\$ -

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, 2022, we reported a net pension asset of \$1,054,042 and a net pension liability of \$0.

Measurement Date - December 31, 2021					
System	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2020	Change (Decrease)
Noncontributory System	\$ 829,208	\$ -	0.1447866%	0.1361211%	0.0086655%
Contributory System	-	-	0.0%	0.0%	0.0%
Public Safety System	200,621	-	0.2470265%	0.2331352%	0.0138913%
Firefighters System	3,449	-	0.0059143%	0.0%	0.0059143%
Judges Retirement System	-	-	0.0%	0.0%	0.0%
Governors & Legislators Plan	-	-	0.0%	0.0%	0.0%
Tier 2 Public Employees System	12,250	-	0.0289440%	0.0275147%	0.0014293%
Tier 2 Public Safety and Firefighter	8,514	-	0.1684558%	0.1822407%	(0.0137849%)
	\$ 1,054,042	\$ -			

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

For the year ended June 30, 2022, we recognized pension expense of (\$26,475).

At June 30, 2022, 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	\$ 117,415	\$ 3,008
Changes in assumptions	134,313	9,068
Net difference between projected and actual earnings on pension plan investments	-	1,717,110
Changes in proportion and differences between contributions and proportionate share of contributions	49,758	6,353
Contributions subsequent to the measurement date	289,298	-
Total	\$ 590,784	\$ 1,735,539

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

11. PENSION PLANS (CONTINUED)

\$289,298 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, 2021.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (269,657)
2023	(495,182)
2024	(414,082)
2025	(282,295)
2026	3,746
Thereafter	23,416

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

For the year ended June 30, 2022, we recognized pension expense of (\$115,895).

At June 30, 2022, 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	\$ 86,851	\$ -
Changes in assumptions	77,824	5,352
Net difference between projected and actual earnings on pension plan investments	-	1,116,418
Changes in proportion and differences between contributions and proportionate share of contributions	22,880	2,197
Contributions subsequent to the measurement date	111,646	-
Total	\$ 299,201	\$ 1,123,967

\$111,646 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (173,308)
2023	(308,344)
2024	(269,264)
2025	(185,496)
2026	-
Thereafter	-

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

11. PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2022, we recognized pension expense of \$2,613.

At June 30, 2022, 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	\$ 17,075	\$ -
Changes in assumptions	35,173	2,087
Net difference between projected and actual earnings on pension plan investments	-	542,270
Changes in proportion and differences between contributions and proportionate share of contributions	14,053	2,554
Contributions subsequent to the measurement date	59,987	-
Total	\$ 126,288	\$ 546,911

\$59,987 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (84,700)
2023	(172,173)
2024	(133,833)
2025	(89,904)
2026	-
Thereafter	-

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 242	\$ 31
Changes in assumptions	339	-
Net difference between projected and actual earnings on pension plan investments	-	2,129
Changes in proportion and differences between contributions and proportionate share of contributions	-	866
Contributions subsequent to the measurement date	1,504	-
Total	\$ 2,085	\$ 3,026

\$1,504 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

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
2022	\$ (531)
2023	(774)
2024	(630)
2025	(482)
2026	(27)
Thereafter	-

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

For the year ended June 30, 2022, we recognized pension expense of \$42,607.

At June 30, 2022, 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	\$ 5,951	\$ 1,578
Changes in assumptions	11,422	116
Net difference between projected and actual earnings on pension plan investments	-	30,269
Changes in proportion and differences between contributions and proportionate share of contributions	7,474	-
Contributions subsequent to the measurement date	61,184	-
Total	\$ 86,031	\$ 31,963

\$61,184 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (5,618)
2023	(7,222)
2024	(5,220)
2025	(2,976)
2026	2,452
Thereafter	11,466

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

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, 2022, we recognized pension expense of \$45,113.

At June 30, 2022, 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	\$ 7,296	\$ 1,399
Changes in assumptions	9,554	1,513
Net difference between projected and actual earnings on pension plan investments	-	26,024
Changes in proportion and differences between contributions and proportionate share of contributions	5,351	736
Contributions subsequent to the measurement date	54,978	-
Total	\$ 77,179	\$ 29,672

\$54,978 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (5,500)
2023	(6,669)
2024	(5,135)
2025	(3,437)
2026	1,321
Thereafter	11,950

Actuarial Assumptions

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

Inflation	2.50 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, 2021, valuations were based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

Mapleton City, Utah
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2022

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	37.00%	6.58%	2.43%
Debt securities	20.00%	-0.28%	-0.06%
Real assets	15.00%	5.77%	0.87%
Private equity	12.00%	9.85%	1.18%
Absolute return	16.00%	2.91%	0.47%
Cash and cash equivalents	0.00%	-1.01%	0.00%
Totals	100.00%		4.89%
	Inflation		2.50%
	Expected arithmetic nominal return		7.39%

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. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

Sensitivity of the proportionate share of the net pension asset and liability to changes in 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	\$ 445,890	\$ (829,208)	\$ (1,893,030)
Public Safety System	494,797	(200,621)	(765,348)
Firefighters System	(845)	(3,449)	(5,560)
Tier 2 Public Employees System	72,989	(12,250)	(77,696)
Tier 2 Public Safety and Firefighter	68,305	(8,514)	(69,498)
Total	\$ 1,081,136	\$ (1,054,042)	\$ (2,811,132)

***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, 2022

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:

	2022	2021	2020
401(k) Plan			
Employer Contributions	\$ 15,905	\$ 9,897	\$ 10,651
Employee Contributions	\$ 41,602	\$ 36,053	\$ 27,462
457(b) Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 6,773	\$ 3,000	\$ 2,600
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 10,465	\$ 10,080	\$ 11,880

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 Mutual Association (URMMA), 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 URMMA 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, 2022

13. OPERATING TRANSFER RECONCILIATION

The operating transfers among the funds were as follows:

	Transfers in:					Enterprise Fund Pressurized Irrigation	Total
	General Fund	City Projects	Roads	Debt Service			
Transfers out:							
Governmental funds:							
General Fund	\$ -	\$ 3,812,776	\$ 857,000	\$ -	\$ -	\$ -	\$ 4,669,776
City Projects Fund	-	-	233,000	-	-	-	233,000
Community Network Fund	-	-	-	260,685	-	-	260,685
Enterprise funds:							
Water Fund	12,792	35,000	-	-	655,201	-	702,993
Sewer Fund	2,935	35,000	-	-	-	-	37,935
Pressurized Irrigation Fund	93,527	35,000	-	-	-	-	128,527
Storm Drain	180	35,000	-	-	-	-	35,180
Total	<u>\$ 109,434</u>	<u>\$ 3,952,776</u>	<u>\$ 1,090,000</u>	<u>\$ 260,685</u>	<u>\$ 655,201</u>		<u>\$ 6,068,096</u>

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.

14. PRIOR PERIOD ADJUSTMENTS

The City's financial statements as of June 30, 2021, contained the following errors: (1) understatement of note payable to Spanish Fork City (related to a 2011 agreement to purchase additional sewer capacity) by \$2,800,000, and an understatement of infrastructure capital assets by the same amount, (2) overstatement and reclassification of a separate note payable with Spanish Fork City (related to a 2020 interlocal agreement and joint venture to construct and maintain a shared-use sewer plant, between the two cities) by \$572,291 (previously disclosed as bonds payable), (3) overstatement of bonds premium (related to bonds payable discussed above previously recorded that were not an obligation of the City) by \$1,942,750, (4) overstatement of construction in progress and understatement of equity investment in joint venture (related to the sewer construction discussed above) by \$2,297,900, (5) understatement of joint venture in equity investment (related to South Utah Valley Solid Waste District) by \$306,967, and (6) reclassification of infrastructure to construction in progress (related to the parks and recreation projects) by \$1,636,653.

Fund balances, as of July 1, 2021, did not change, as the transactions were related to long-term, government-wide balances, exclusively in the business-type funds. The necessary adjustments all increased or decreased assets and liabilities, except for item (5) above, which increased net position in the waste collection fund by \$306,967, as of July 1, 2021. Had the error correction for item (5) not been made, change in net position for 2022 would have been decreased by \$94,560.

15. SUBSEQUENT EVENTS

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, 2022

	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%
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%
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%
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%
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%

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, 2022

	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%
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%
Firefighters System	2014					
	2015					
	2016					
	2017					
	2018					
	2019					
	2020					
	2021					
	2022	1,595	1,595	-	34,594	4.61%
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%
Tier 2 Public Safety 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%
Tier 2 Public Employees DC Only 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%

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

Mapleton City, Utah
Notes to Required Supplementary Information
Utah Retirement Systems
For the Year Ended June 30, 2022

1. CHANGES IN ASSUMPTIONS RELATED TO PENSIONS

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

GOVERNMENT AUDITING STANDARDS REPORT

**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued my report thereon dated November 30, 2022.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-1 and 2022-2 that I consider to be significant deficiencies.

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
November 30, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2022-1 CONDITION

Four separate errors, which each exceeded \$200,000, were discovered and corrected during the audit.

CRITERIA

Year-end closing procedures should help ensure the accuracy and completeness of the financial statements.

CAUSE

The errors were due to posting amounts to incorrect accounts or double-posting journal entries.

EFFECT

The financial statements contained several significant errors.

RECOMMENDATION

I recommend that the financial statements be reviewed following the posting of year-end journal entries to ensure that the effect of the entries was accurate.

RESPONSE - MAPLETON

Mapleton City will review the financial statements with a second party to ensure accuracy of the year-end journal entries.

2022-2 CONDITION

Several prior period adjustments were required to revise the accounting for equity investments in a solid waste district and Spanish Fork City's expansion of their sewer plant, as well as recording a note payable to Spanish Fork City, signed in 2011, for additional sewer capacity.

CRITERIA

Year-end closing procedures should help ensure the accuracy and completeness of the financial statements.

CAUSE

The City's agreement with Spanish Fork City to pay them for additional sewer capacity should have been recorded in 2011. Negotiations and side discussions with Spanish Fork City personnel, related to an investment in their sewer plant expansion, resulted in the investment being recorded as a capital asset rather than as an equity investment. The equity investment in South Utah Valley Solid Waste District should have been reported in the City's financial statements at the time of the original investment.

EFFECT

Two equity investments owned, and a note payable owed, by the City were not accurately recorded in the financial statements.

RECOMMENDATION

I recommend that all contracts which the City enters into be carefully reviewed to ensure accurate reporting of the City's ownership and obligations.

RESPONSE - MAPLETON

Mapleton City will evaluate all contracts to ensure accurate reporting of any obligations entered into or equity obtained from entering into the contract.

STATE COMPLIANCE REPORT

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, 2022.

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

Budgetary Compliance
Fund Balance
Restricted Taxes and Related Revenues
Fraud Risk Assessment
Government Fees
Utah Retirement Systems
Public Treasurer's Bond

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, 2022.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State Compliance Audit Guide and which are described in my letter to management as items 2022-1 and 2022-2 dated November 23, 2022. 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
November 30, 2022

**MAPLETON CITY, UTAH
MANAGEMENT LETTER
JUNE 30, 2022**

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

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

November 30, 2022

Honorable Mayor
Members of the City Council
Mapleton City, Utah

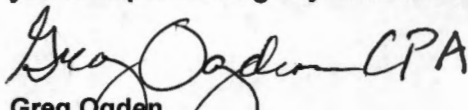
Council Members:

While planning and performing my audit of the basic financial statements of Mapleton City, Utah (City) for the year ended June 30, 2022, 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

2022-1 CONDITION – SECOND YEAR AS A FINDING

The City exceeded their budgeted expenditures/expenses in three funds by significant amounts.

CRITERIA

State Law requires that fund expenditures be limited to the amounts budgeted.

CAUSE

The City is in a year of transition, with construction of a city-wide network and activity related to an equity investment in the Spanish Fork sewer plant expansion. When the year-end accounting for these projects was completed, City staff discovered that the budgets related to these funds had been exceeded.

EFFECT

The final budget adopted for each fund is its legal spending limit. By exceeding their budgeted expenditures in each of these funds they have exceeded their legal spending limit.

RECOMMENDATION

I recommend that the budget be adjusted each year to ensure that it is not overspent. Projects that are in progress near the end of the year should be analyzed carefully to ensure that all possible costs are considered in the final budget.

RESPONSE - MAPLETON

When Mapleton City adjusts the year's budget, more care will be taken to ensure that projects that may be completed at the end of the year will be accounted for in the budget amendment.

2022-2 CONDITION

Mapleton City should have secured a fidelity bond for the treasurer of \$738,287 based on the budgeted gross revenues for 2022. They only had coverage of \$500,000.

CRITERIA

Utah Code 51-7-15 requires the City to secure a fidelity bond for the treasurer based on the year's budgeted gross revenue.

CAUSE

The City's budget has increased dramatically within the last three years. The fidelity bond was not raised to reflect the increasing budget.

The bonding coverage was less than required by Utah State law.

RECOMMENDATION

I recommend that the budget be reviewed at the start of each year to determine if the fidelity bond needs to be increased.

RESPONSE - MAPLETON

Mapleton City will review the budgeted revenues at the beginning of the year to determine if it is necessary to increase the fidelity bond for the treasurer.