

**MAPLETON CITY, UTAH
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2015**

MAPLETON CITY
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INDEPENDENT AUDITOR'S REPORT

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

Council Members:

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3-10 and pension information on pages 48-52 be presented to supplement the basic financial statements. Such information, 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 6, 2015, 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 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 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.


Greg Ogden
Certified Public Accountant
November 6, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This financial summary offers readers of Mapleton City's financial statements a narrative overview and analysis of the financial activities of Mapleton City for the fiscal year ended June 30, 2015. Readers are encouraged to consider the information presented here in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position of Mapleton City increased \$2,189,947 to \$55,966,568. The governmental net position increased by \$802,709 and the business-type net position increased by \$1,387,238.
- The total net position of \$55,966,568 is made up of \$49,177,543 in net investment in capital assets, \$1,420,164 for debt service, \$3,931,715 of unrestricted net position, and \$1,437,146 restricted net position for community improvements which includes \$412,948 for Class 'C' Roads, \$185,318 for Development Improvements, \$184,779 for Impact Fees (\$34,483 Public Safety, \$150,296 Parks), \$388,120, \$121,831, and \$144,150 for Water, Sewer Fees, and Pressurized Irrigation Impact Fees respectively.
- As reported on page 15, Balance Sheet of Governmental Funds, the General Fund (the primary operating fund) equity increased by \$424,687 to \$1,790,209. The increase came primarily from Cash and Cash Equivalents in the General Fund.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to Mapleton City's basic financial statements. Mapleton City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

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

- *The statement of net position* presents information on all of Mapleton City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Mapleton City is improving or deteriorating. However, you will also need to consider other nonfinancial factors.
- *The statement of activities* presents information showing how the City's net position changed during the fiscal year reported. 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 all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Mapleton 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 government-wide financial statements can be found on pages 12-14 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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. Mapleton City also 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 - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Capital Projects Fund. The remaining governmental fund, the Debt Service Fund, is determined to be non-major.

- Proprietary funds - Mapleton City maintains one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Mapleton City uses enterprise funds to account for its Water Utility, Sewer Utility, Solid Waste Collection, and Pressurized Irrigation. All of the funds are shown under the major fund classification. The remaining enterprise fund, Storm Drain, is determined to be non-major.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Mapleton City, assets and deferred outflows exceed liabilities and deferred inflows by \$55,966,568.

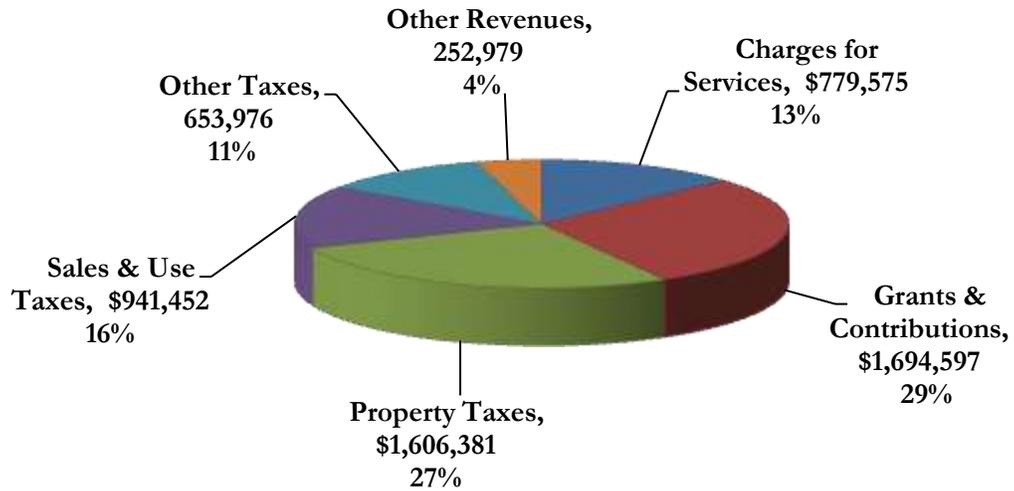
By far the largest portion of Mapleton City's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide 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.

STATEMENT OF NET POSITION				
	Governmental Activities		Business Type Activities	
	<u>2013-2014</u>	<u>2014-2015</u>	<u>2013-2014</u>	<u>2014-2015</u>
Current and Net Assets	\$ 5,425,164	\$ 5,858,894	\$ 4,324,760	\$ 5,224,430
Net Capital Assets	22,790,920	22,894,846	33,706,661	33,416,812
Total Assets	28,216,084	28,753,740	38,031,421	38,641,242
Deferred Outflow of Resources	-	139,685	66,241	126,749
Total Assets & Deferred Outflows of Resources	<u>28,216,084</u>	<u>28,893,425</u>	<u>38,097,662</u>	<u>38,767,991</u>
Current Liabilities	1,049,645	1,657,131	809,166	1,275,493
Non-Current Liabilities	1,961,132	1,744,015	6,202,710	5,291,747
Total Liabilities	3,010,777	3,401,146	7,011,876	6,567,240
Deferred Inflow of Resources	1,511,280	1,678,148	-	48,314
Total Liabilities & Deferred Inflow of Resources	<u>4,522,057</u>	<u>5,079,294</u>	<u>7,011,876</u>	<u>6,615,554</u>
Net Position				
Net Investment in Capital Assets	20,920,801	21,244,846	27,301,423	27,932,697
Restricted	1,012,622	807,945	1,884,059	2,049,365
Unrestricted	1,760,604	1,761,340	1,900,304	2,170,375
Total Net Position	\$ <u>23,694,027</u>	\$ <u>23,814,131</u>	\$ <u>31,085,786</u>	\$ <u>32,152,437</u>

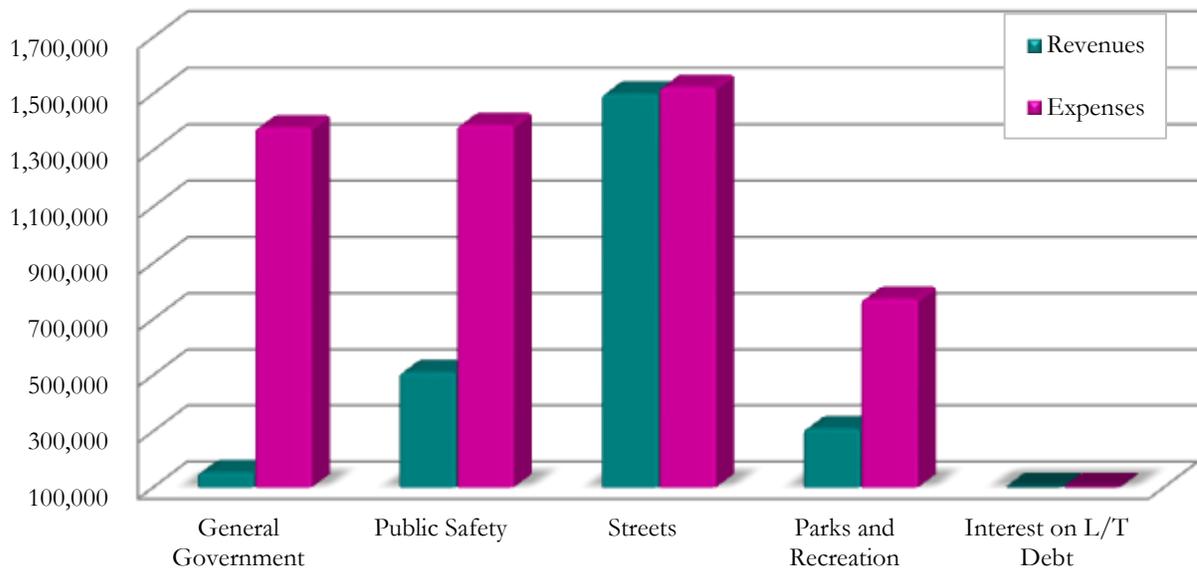
CHANGE IN NET POSITION				
	<u>2013-2014</u>	<u>2014-2015</u>	<u>2013-2014</u>	<u>2014-2015</u>
Revenues				
Program Revenues:				
Charges for Services	\$ 864,991	\$ 779,575	\$ 3,477,625	\$ 4,074,962
Operating Grants and Contributions	20,969	23,122	-	-
Capital Grants and Contributions	390,447	1,671,475	348,040	1,125,939
General Revenues:				
Property Taxes	1,605,838	1,606,381	-	-
Sales and Use Taxes	863,758	941,452	-	-
Other Taxes	685,550	653,976	-	-
Other Revenues	(84,310)	252,979	143,677	(195,662)
Total Revenues	<u>4,347,243</u>	<u>5,928,960</u>	<u>3,969,342</u>	<u>5,005,239</u>
Expenses				
General Government	1,336,848	1,380,482	-	-
Public Safety	1,443,174	1,389,320	-	-
Streets	1,494,097	1,523,840	-	-
Parks & Recreation	691,242	772,378	-	-
Interest on Long-Term Debt	68,332	60,231	-	-
Water	-	-	1,515,055	1,561,532
Sewer	-	-	1,096,907	1,066,309
Pressurized Irrigation	-	-	475,556	503,725
Solid Waste	-	-	361,753	382,000
Storm Drain	-	-	34,056	104,435
Total Expenses	<u>5,033,693</u>	<u>5,126,251</u>	<u>3,483,327</u>	<u>3,618,001</u>
Change in Net Position	(686,450)	802,709	486,015	1,387,238
Net Position - Beginning	24,380,477	23,694,027	30,599,771	31,085,786
Prior Period Adjustment	-	(682,605)	-	(320,587)
Net Position - Ending	\$ <u>23,694,027</u>	\$ <u>23,814,131</u>	\$ <u>31,085,786</u>	\$ <u>32,152,437</u>

The following graphs display the government-wide activities reflected in the prior tables. Program revenues included in the second graph are fees charged for specific services performed by the various governmental functions. General revenues such as property taxes, sales and uses taxes, etc. are not included.

Revenues by Source - Governmental Activities

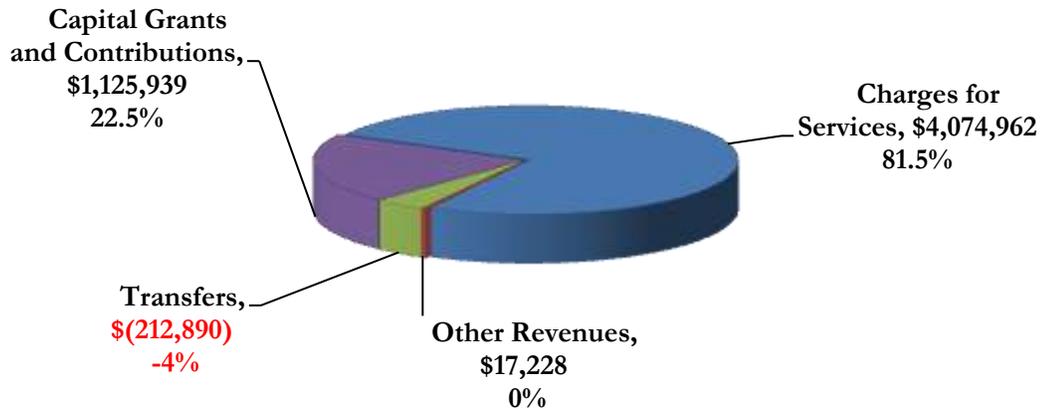


Expenses & Program Revenues - Governmental Activities

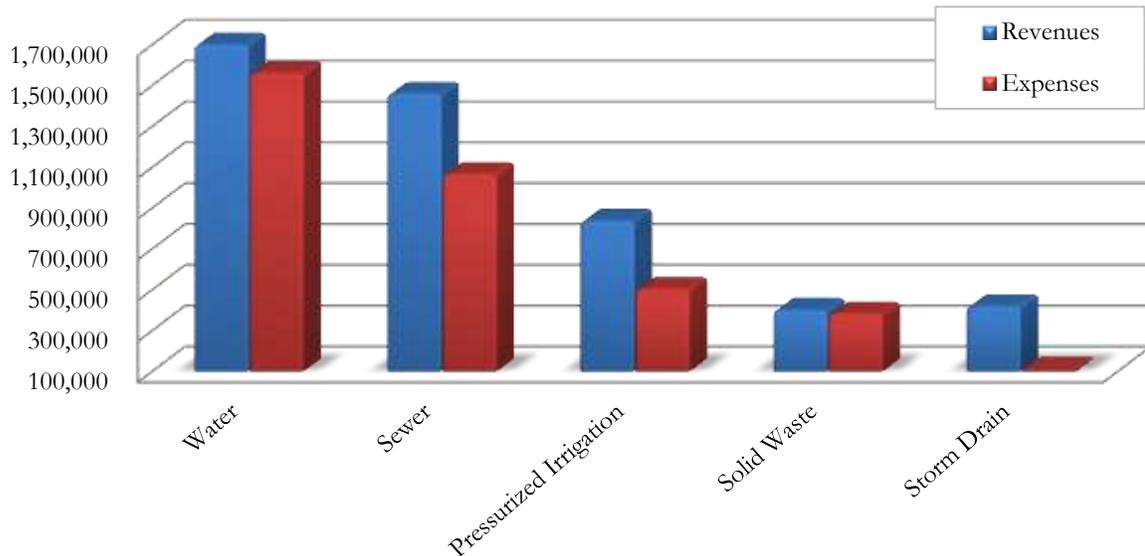


“Charges for Services” traditionally represent the majority of revenues generated by the Enterprise Funds. This year 81.5% of Enterprise Fund revenues came from “Charges for Services”.

Revenue by Source Business-type Activities



Expenses and Program Revenues - Business-type Activities



FINANCIAL ANALYSIS OF GOVERNMENT'S 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. As of June 30, 2015, the City's governmental funds reported combined fund equity of \$3,260,785. This represents an increase of \$394,029 from last year's ending balances. 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. As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, revenue in the General Funds original budget was increased from \$4,186,244 to \$4,212,733. The \$26,489 increase in revenues was primarily funded by increases in tax collections and Class 'C' road funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - Mapleton City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, equals \$56,086,319 (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. The City's investment in fixed assets during 2015 totaled \$2,731,504 while depreciation expense equaled \$2,851,781.

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

General Government

- Land, \$240,000
- Construction in Progress, \$59,476
- Improvements and Infrastructure, \$910,000
- Machinery Equipment & Vehicles, \$321,931

Proprietary Funds

- Construction in Progress, \$17,296
- Improvements in Infrastructure, \$1,182,801

MAPLETON CITY'S CAPITAL ASSETS

	Governmental Activities		Business Type Activities	
	<u>2013-2014</u>	<u>2014-2015</u>	<u>2013-2014</u>	<u>2014-2015</u>
Land	6,929,193	7,169,193	1,984,381	1,984,381
Intangible Assets	-	-	25,519	25,519
Water Shares	-	-	31,680	31,680
Buildings	5,984,730	5,984,730	1,031,212	1,031,212
System Improvements	21,250,913	22,160,913	43,957,536	45,140,337
Machinery and Equipment	2,483,642	3,388,383	1,304,458	1,144,370
Construction In Progress	-	59,476	-	17,296
Less Accumulated Depreciation	<u>(13,857,558)</u>	<u>(15,867,849)</u>	<u>(14,859,962)</u>	<u>(16,183,322)</u>
Net Capital Assets	<u>22,790,920</u>	<u>22,894,846</u>	<u>33,474,824</u>	<u>33,191,473</u>

Long-term debt - At June 30, 2015 the City had total debt outstanding of \$7,035,762. \$6,908,775 is debt secured solely by specific revenue sources. The remaining balance is in compensated absences of \$126,987. The Vactor Truck capital lease of \$63,626 and the 2004 note payable to Zions for \$105,119 were paid off during the year.

MAPLETON CITY'S OUTSTANDING DEBT

	Governmental Activities		Business Type Activities	
	<u>2013-2014</u>	<u>2014-2015</u>	<u>2013-2014</u>	<u>2014-2015</u>
Refunding Bonds				
1997 Sewer	-	-	433,000	262,000
2010 Water	-	-	4,160,000	3,890,000
Revenue Bonds				
1995 Sewer	-	-	1,005,080	650,080
2004 Sewer	-	-	511,695	456,695
2007 Water			-	-
2010 Tax Refunding Bond	1,765,000	1,650,000	-	-
Notes Payable				
2005 Community Center Loan	105,119	-	-	-
Leases				
2011 Vactor Truck	-	-	63,626	-
Compensated Absences	<u>91,013</u>	<u>94,015</u>	<u>29,309</u>	<u>32,972</u>
Total	<u>1,961,132</u>	<u>1,744,015</u>	<u>6,202,710</u>	<u>5,291,747</u>

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 \$23,644,385. 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. The current limitation for these water and sewer projects is thus \$47,288,770 which again significantly exceeds the outstanding business-type activity debt.

NEXT YEAR'S BUDGET

The General Fund budget of \$4,335,259 for fiscal year-ending June 30, 2016 reflects an increase of \$122,526 over the final amended budget of \$4,212,733 for the fiscal year-ended June 30, 2015. The increase is primarily due to personnel costs in Community Development and Police, and equipment purchases in the Parks department.

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:

Finance Director, Mapleton City, 125 West 400 North, Mapleton, UT 84664.

BASIC FINANCIAL STATEMENTS

MAPLETON CITY
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
ASSETS			
Cash and Cash Equivalents	\$ 3,283,105	\$ 2,730,509	\$ 6,013,614
Accounts Receivable	1,759,993	362,515	2,122,508
Prepaid Expenses	6,000	1,695	7,695
Restricted Assets			
Cash and Cash Equivalents	807,945	2,128,841	2,936,786
Net Pension Asset	1,851	870	2,721
Capital Assets			
Not Being Depreciated	7,228,669	2,058,875	9,287,544
Net of Depreciation	15,666,177	31,132,598	46,798,775
Investment in Joint Venture	-	225,339	225,339
TOTAL ASSETS	<u>28,753,740</u>	<u>38,641,242</u>	<u>67,394,982</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>139,685</u>	<u>126,749</u>	<u>266,434</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>28,893,425</u>	<u>38,767,991</u>	<u>67,661,416</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>			
LIABILITIES			
Accounts Payable and Accrued Liabilities	298,535	186,437	484,972
Deposits Payable	-	40,950	40,950
Unearned Revenue	3,066	750,438	753,504
Developer Completion Bonds Payable	685,552	-	685,552
Contingent Liability	36,172	-	36,172
Net Pension Liability	633,806	297,668	931,474
Due Within One Year	181,335	894,972	1,076,307
Due in more than One Year	1,562,680	4,396,775	5,959,455
TOTAL LIABILITIES	<u>3,401,146</u>	<u>6,567,240</u>	<u>9,968,386</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,678,148</u>	<u>48,314</u>	<u>1,726,462</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>5,079,294</u>	<u>6,615,554</u>	<u>11,694,848</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	21,244,846	27,932,697	49,177,543
Restricted for			
Community Improvements	783,045	654,101	1,437,146
Debt Service	24,900	1,395,264	1,420,164
Unrestricted	1,761,340	2,170,375	3,931,715
TOTAL NET POSITION	<u>\$ 23,814,131</u>	<u>\$ 32,152,437</u>	<u>\$ 55,966,568</u>

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<u>FUNCTIONS/PROGRAMS</u>				
Governmental Activities				
General Government	\$ 1,380,482	\$ 153,474	\$ -	\$ -
Public Safety	1,389,320	442,301	23,122	45,445
Streets	1,523,840	23,850	-	1,476,207
Parks and Recreation	772,378	159,950	-	149,823
Interest on Long-Term Debt	60,231	-	-	-
Total Governmental Activities	<u>5,126,251</u>	<u>779,575</u>	<u>23,122</u>	<u>1,671,475</u>
Business-type Activities				
Water	1,561,532	1,697,801	-	385,971
Sewer	1,066,309	1,173,031	-	286,692
Pressurized Irrigation	503,725	638,144	-	199,276
Solid Waste	382,000	400,507	-	-
Storm Drain	104,435	165,479	-	254,000
Total Business-type Activities	<u>3,618,001</u>	<u>4,074,962</u>	<u>-</u>	<u>1,125,939</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 8,744,252</u>	<u>\$ 4,854,537</u>	<u>\$ 23,122</u>	<u>\$ 2,797,414</u>

General Revenues
Property Taxes
Vehicle Taxes
Sales Taxes
Franchise Taxes
Unrestricted Investment Earnings
Miscellaneous
Transfers
Total General Revenues
Change in Net Position
Net Position - Beginning
Prior Period Adjustment
Net Position - Ending

See the accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,227,008)	\$ -	\$ (1,227,008)
(878,452)	-	(878,452)
(23,783)	-	(23,783)
(462,605)	-	(462,605)
(60,231)	-	(60,231)
<u>(2,652,079)</u>	<u>-</u>	<u>(2,652,079)</u>
-	522,240	522,240
-	393,414	393,414
-	333,695	333,695
-	18,507	18,507
-	315,044	315,044
<u>-</u>	<u>1,582,900</u>	<u>1,582,900</u>
<u>(2,652,079)</u>	<u>1,582,900</u>	<u>(1,069,179)</u>
1,606,381	-	1,606,381
137,754	-	137,754
941,452	-	941,452
516,222	-	516,222
29,032	17,228	46,260
11,057	-	11,057
212,890	(212,890)	-
<u>3,454,788</u>	<u>(195,662)</u>	<u>3,259,126</u>
802,709	1,387,238	2,189,947
23,694,027	31,085,786	54,779,813
<u>(682,605)</u>	<u>(320,587)</u>	<u>(1,003,192)</u>
<u>\$ 23,814,131</u>	<u>\$ 32,152,437</u>	<u>\$ 55,966,568</u>

MAPLETON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,997,084	\$ 1,286,021	\$ -	\$ 3,283,105
Property Taxes Receivable	1,597,965	-	-	1,597,965
Other Receivables	162,028	-	-	162,028
Restricted Cash and Cash Equivalents	598,266	184,779	24,900	807,945
Prepaid Expenses	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
TOTAL ASSETS	<u>\$ 4,361,343</u>	<u>\$ 1,470,800</u>	<u>\$ 24,900</u>	<u>\$ 5,857,043</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY</u>				
LIABILITIES				
Accounts Payable	\$ 271,067	\$ 25,124	\$ -	\$ 296,191
Unearned Revenue	3,066	-	-	3,066
Developer Completion Bonds Payable	685,552	-	-	685,552
Contingent Liability	<u>36,172</u>	<u>-</u>	<u>-</u>	<u>36,172</u>
TOTAL LIABILITIES	<u>995,857</u>	<u>25,124</u>	<u>-</u>	<u>1,020,981</u>
DEFERRED INFLOW OF RESOURCES	<u>1,575,277</u>	<u>-</u>	<u>-</u>	<u>1,575,277</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>2,571,134</u>	<u>25,124</u>	<u>-</u>	<u>2,596,258</u>
FUND BALANCE				
Nonspendable	6,000	-	-	6,000
Restricted				
Impact Fees	-	184,779	-	184,779
Class C Roads	412,948	-	-	412,948
Debt Service	-	-	24,900	24,900
Development Improvements	185,318	-	-	185,318
Assigned	-	1,260,897	-	1,260,897
Unassigned	<u>1,185,943</u>	<u>-</u>	<u>-</u>	<u>1,185,943</u>
TOTAL FUND EQUITY	<u>1,790,209</u>	<u>1,445,676</u>	<u>24,900</u>	<u>3,260,785</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	<u>\$ 4,361,343</u>	<u>\$ 1,470,800</u>	<u>\$ 24,900</u>	<u>\$ 5,857,043</u>

See the accompanying notes to the financial statements

MAPLETON CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

TOTAL GOVERNMENTAL FUNDS BALANCES **\$ 3,260,785**

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

Long-term receivables are not recognized as revenues in the current period and therefore, are not reported in the funds

Net Pension Asset 1,851

Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds 22,894,846

Deferred outflows of resources represent a consumption of net net position that applies to future periods and therefore, are not reported in the funds 139,685

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

Long-term debt outstanding (1,652,344)

Compensated Absences (94,015)

Net Pension Liability (633,806)

Deferred Inflows of resources - Pensions (102,871)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 23,814,131**

See the accompanying notes to the financial statements

MAPLETON CITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 3,201,809	\$ -	\$ -	\$ 3,201,809
Licenses and Permits	362,212	-	-	362,212
Intergovernmental	370,121	-	-	370,121
Charges for Services	347,310	-	-	347,310
Fines and Forfeitures	70,053	-	-	70,053
Interest	25,223	3,743	66	29,032
Miscellaneous	7,507	3,550	-	11,057
	<u>4,384,235</u>	<u>7,293</u>	<u>66</u>	<u>4,391,594</u>
EXPENDITURES				
General Government	1,324,532	-	-	1,324,532
Public Safety	1,260,065	-	-	1,260,065
Streets	403,032	24,684	-	427,716
Parks and Recreation	710,688	-	-	710,688
Debt Service				
Principal	-	-	220,119	220,119
Interest	-	-	60,404	60,404
Capital Outlay	65,150	316,257	-	381,407
	<u>3,763,467</u>	<u>340,941</u>	<u>280,523</u>	<u>4,384,931</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>620,768</u>	<u>(333,648)</u>	<u>(280,457)</u>	<u>6,663</u>
OTHER FINANCING SOURCES (USES)				
Impact Fees	-	174,476	-	174,476
Transfers from Other Fund	80,415	301,722	280,524	662,661
Transfers to Other Fund	(276,496)	(173,275)	-	(449,771)
	<u>(196,081)</u>	<u>302,923</u>	<u>280,524</u>	<u>387,366</u>
NET OTHER FINANCING SOURCES (USES)	<u>(196,081)</u>	<u>302,923</u>	<u>280,524</u>	<u>387,366</u>
NET CHANGE IN FUND BALANCE	424,687	(30,725)	67	394,029
BEGINNING FUND BALANCE	<u>1,365,522</u>	<u>1,476,401</u>	<u>24,833</u>	<u>2,866,756</u>
ENDING FUND BALANCE	<u>\$ 1,790,209</u>	<u>\$ 1,445,676</u>	<u>\$ 24,900</u>	<u>\$ 3,260,785</u>

See the accompanying notes to the financial statements

MAPLETON CITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

NET CHANGE IN FUND BALANCE \$ 394,029

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

Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and developer contributions exceeded depreciation and losses on dispositions in the current period. 103,923

Issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net difference in the treatment of long-term debt and related items. 220,119

Some revenues and expenses reported in the statement of activities do not add to or required the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. 84,638

CHANGE IN NET POSITION OF GOVERNMENTAL FUNDS \$ 802,709

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Pressurized Irrigation	Waste Collection	Nonmajor Enterprise Fund	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 1,726,547	\$ 650,495	\$ -	\$ 179,043	\$ 174,424	\$ 2,730,509
Due from other Funds	2,235,119	-	-	-	-	2,235,119
Accounts Receivable, Net	165,314	94,561	68,741	33,727	172	362,515
Prepaid Expenses	-	-	-	-	1,695	1,695
TOTAL CURRENT ASSETS	4,126,980	745,056	68,741	212,770	176,291	5,329,838
NONCURRENT ASSETS						
Restricted Assets						
Cash and Cash Equivalents	781,079	1,203,612	144,150	-	-	2,128,841
Net Pension Asset	502	203	129	32	4	870
Capital Assets						
Not Being Depreciated	181,579	17,296	1,860,000	-	-	2,058,875
Net of Depreciation	11,376,744	9,351,783	10,084,348	-	319,723	31,132,598
Investment in Joint Venture	-	-	-	225,339	-	225,339
TOTAL NONCURRENT ASSETS	12,339,904	10,572,894	12,088,627	225,371	319,727	35,546,523
DEFERRED OUTFLOWS OF RESOURCES						
	99,041	15,321	9,719	2,363	305	126,749
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	16,565,925	11,333,271	12,167,087	440,504	496,323	41,003,110
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
CURRENT LIABILITIES						
Accounts Payable	34,154	40,632	18,522	16,450	16,559	126,317
Accrued Interest Payable	56,314	3,806	-	-	-	60,120
Due to other Funds	-	-	2,235,119	-	-	2,235,119
Deposits Payable	40,950	-	-	-	-	40,950
Unearned Revenue	750,438	-	-	-	-	750,438
Compensated Absences	13,604	9,958	7,842	1,568	-	32,972
Current Portion of Long-Term Debt	280,000	582,000	-	-	-	862,000
TOTAL CURRENT LIABILITIES	1,175,460	636,396	2,261,483	18,018	16,559	4,107,916
NONCURRENT LIABILITIES						
Net Pension Liability	171,949	69,517	44,098	10,721	1,383	297,668
Bonds Payable	3,610,000	786,775	-	-	-	4,396,775
TOTAL NONCURRENT LIABILITIES	3,781,949	856,292	44,098	10,721	1,383	4,694,443
TOTAL LIABILITIES	4,957,409	1,492,688	2,305,581	28,739	17,942	8,802,359
DEFERRED INFLOWS OF RESOURCES						
	27,909	11,283	7,157	1,740	225	48,314
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,985,318	1,503,971	2,312,738	30,479	18,167	8,850,673
NET POSITION						
Net Investment in Capital Assets	7,668,323	8,000,304	11,944,348	-	319,723	27,932,698
Restricted						
Impact Fees	388,120	121,831	144,150	-	-	654,101
Debt Service	313,484	1,081,780	-	-	-	1,395,264
Designated for Water Shares	79,475	-	-	-	-	79,475
Unrestricted	3,131,205	625,385	(2,234,149)	410,025	158,433	2,090,899
TOTAL NET POSITION	\$ 11,580,607	\$ 9,829,300	\$ 9,854,349	\$ 410,025	\$ 478,156	\$ 32,152,437

See the accompanying notes to the financial statements

MAPLETON CITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Total Enterprise Funds
	Water	Sewer	Pressurized Irrigation	Waste Collection	Nonmajor Enterprise Fund	
OPERATING REVENUES						
Charges for Services	\$ 1,623,841	\$ 1,155,031	\$ 614,987	\$ 400,507	\$ 143,229	\$ 3,937,595
Connection Fees	40,100	18,000	23,157	-	-	81,257
Miscellaneous	33,860	-	-	-	22,250	56,110
TOTAL OPERATING REVENUES	1,697,801	1,173,031	638,144	400,507	165,479	4,074,962
OPERATING EXPENSES						
Salaries and Benefits	479,874	198,097	130,302	28,655	20,449	857,377
Operation and Maintenance	403,989	227,216	56,241	346,847	79,075	1,113,368
Depreciation	515,362	630,022	317,182	-	4,911	1,467,477
TOTAL OPERATING EXPENSES	1,399,225	1,055,335	503,725	375,502	104,435	3,438,222
OPERATING INCOME (LOSS)	298,576	117,696	134,419	25,005	61,044	636,740
NON-OPERATING REVENUES (EXPENSES)						
Change in Joint Venture Equity	-	-	-	(6,498)	-	(6,498)
Impact Fees	167,971	100,692	72,276	-	-	340,939
Interest Income	3,069	11,690	2,469	-	-	17,228
Interest Expense	(162,307)	(10,974)	-	-	-	(173,281)
TOTAL NON-OPERATING REVENUES (EXPENSES)	8,733	101,408	74,745	(6,498)	-	178,388
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	307,309	219,104	209,164	18,507	61,044	815,128
Transfer to Other Funds	(61,835)	(29,430)	(94,950)	-	(26,675)	(212,890)
Developer Contributions	218,000	186,000	127,000	-	254,000	785,000
CHANGE IN NET POSITION	463,474	375,674	241,214	18,507	288,369	1,387,238
TOTAL NET POSITION AT BEGINNING OF YEAR	11,302,321	9,528,495	9,660,628	403,065	191,277	31,085,786
PRIOR PERIOD ADJUSTMENT	(185,188)	(74,869)	(47,493)	(11,547)	(1,490)	(320,587)
TOTAL NET POSITION AT END OF YEAR	\$ 11,580,607	\$ 9,829,300	\$ 9,854,349	\$ 410,025	\$ 478,156	\$ 32,152,437

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Total Enterprise Funds
	Water	Sewer	Pressurized Irrigation	Waste Collection	Nonmajor Enterprise Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Receipts from Customers	\$ 1,707,055	\$ 1,176,363	\$ 598,674	\$ 397,988	\$ 165,307	\$ 4,045,387
Payments to Suppliers	(400,823)	(205,128)	(38,519)	(389,301)	(64,211)	(1,097,982)
Payments to Employees	(496,702)	(208,533)	(134,138)	(29,685)	(20,640)	(889,698)
NET CASH FLOWS FROM OPERATING ACTIVITIES	809,530	762,702	426,017	(20,998)	80,456	2,057,707
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>						
Impact Fees	167,971	100,692	72,276	-	-	340,939
Unearned Revenue	131,457	-	-	-	-	131,457
Due from other Fund	333,032	-	-	-	-	333,032
Due to other Fund	-	-	(333,032)	-	-	(333,032)
Transfers to Other Funds	(61,835)	(29,430)	(94,950)	-	(26,675)	(212,890)
Capital Asset Acquisition/Disposition	(287,999)	(65,985)	(45,140)	-	-	(399,124)
Debt Payments	(270,000)	(644,626)	-	-	-	(914,626)
Interest Expense	(146,200)	(12,210)	-	-	-	(158,410)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(133,574)	(651,559)	(400,846)	-	(26,675)	(1,212,654)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>						
Interest Income	3,069	11,690	2,469	-	-	17,228
NET CASH FLOWS FROM INVESTING ACTIVITIES	3,069	11,690	2,469	-	-	17,228
NET CHANGE IN CASH AND CASH EQUIVALENTS	679,025	122,833	27,640	(20,998)	53,781	862,281
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,828,601	1,731,274	116,510	200,041	120,643	3,997,069
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,507,626	\$ 1,854,107	\$ 144,150	\$ 179,043	\$ 174,424	\$ 4,859,350

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Total Enterprise Funds
	Water	Sewer	Pressurized Irrigation	Waste Collection	Nonmajor Enterprise Fund	
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Operating Income (Loss)	\$ 298,576	\$ 117,696	\$ 134,419	\$ 25,005	\$ 61,044	\$ 636,740
Adjustments						
Depreciation	515,362	630,022	317,182	-	4,911	1,467,477
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows						
Accounts Receivable, Net	4,004	3,332	(39,470)	(2,519)	(172)	(34,825)
Net Pension Asset	(312)	(126)	(80)	(21)	(3)	(542)
Deferred Outflows	(1,148)	(2,525)	(1,602)	(389)	(50)	(5,714)
Prepaid Expenses	-	-	-	-	(1,695)	(1,695)
Accounts Payable	3,166	22,088	17,722	(42,454)	16,559	17,081
Deposits Payable	5,250	-	-	-	-	5,250
Compensated Absences	1,804	(842)	2,250	451	-	3,663
Net Pension Liability	(45,081)	(18,226)	(11,561)	(2,811)	(363)	(78,042)
Deferred Inflows	27,909	11,283	7,157	1,740	225	48,314
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 809,530</u>	<u>\$ 762,702</u>	<u>\$ 426,017</u>	<u>\$ (20,998)</u>	<u>\$ 80,456</u>	<u>\$ 2,057,707</u>
Noncash Financing and Investing Transactions						
Change in Joint Venture Equity	\$ -	\$ -	\$ -	\$ (6,498)	\$ -	\$ (6,498)
Developer Contributions of Capital Assets	\$ 218,000	\$ 186,000	\$ 127,000	\$ -	\$ 254,000	\$ 785,000

See the accompanying notes to the financial statements

MAPLETON CITY, UTAH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

Mapleton City was incorporated in 1855 under the laws of the State of Utah. The City is a municipal corporation governed by an elected five-member Council and Mayor. 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,
Buildings and Grounds

Literacy Center: Director and Assistant

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

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.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – 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.

NOTE 1 – (CONTINUED)

The statement of net position presents the financial position of the governmental and business-type activities of the City at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and are clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function or segment offset by program revenues directly connected to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or activity; 2) operating grants and contributions which finance annual operating activities, including restricted investment income; and 3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets.

For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Taxes, interest, and other revenue sources not properly included with program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Fund Accounting – The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two types of categories: governmental and proprietary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance.

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.

NOTE 1 – (CONTINUED)

The *capital projects fund* is used to account for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds).

The *debt service fund* is the only nonmajor governmental fund included in the City's basic financial statements.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

The City reports the following major proprietary 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* is new in 2015. It accounts for the City's storm drain activities. It is the only nonmajor business-type fund included in the City's basic financial statements.

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.

NOTE 1 – (CONTINUED)

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.

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 sale taxes place. 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, 2015 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.

NOTE 1 – (CONTINUED)

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.

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less, when purchased, meet this definition.

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.

NOTE 1 – (CONTINUED)

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, right-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.

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

<u>Classification</u>	<u>Range of Lives</u>
Buildings and structures	20-40 years
Improvements and infrastructure	10-40 years
Machinery, equipment and vehicles	5-20 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.

NOTE 1 – (CONTINUED)

Long-term liabilities

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of these funds. Bonds are recognized as a liability in the governmental fund financial statements only when they are due for payment in the current fiscal year.

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 current 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.

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:

NOTE 1 – (CONTINUED)

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.

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.

NOTE 1 – (CONTINUED)

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.

NOTE 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.

NOTE 2 – (CONTINUED)

Capital Asset Differences

When capital assets (land, buildings, improvements and equipment) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, those costs are reported as capital assets in the statement of net position. The details of these differences are presented below:

Land	\$ 7,169,193
Construction in Progress	59,476
Buildings	5,984,730
Improvements and Infrastructure	22,160,913
Machinery, Equipment and Vehicles	3,388,383
Less Accumulated Depreciation	<u>(15,867,849)</u>
Net Capital Asset Difference	<u>\$ 22,894,846</u>

Long-Term Liability Differences

Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities (both current and long-term) are reported in the statement of net position. The details of these differences are presented below:

Bonds Payable	\$ (1,650,000)
Accrued Interest	<u>(2,344)</u>
Total Long-Term Debt Outstanding	<u>\$ (1,652,344)</u>

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:

Developer Contributions	\$ 1,150,000
Loss on Disposition of Assets	(43,176)
Capital Outlay	381,407
Depreciation Expense	<u>(1,384,305)</u>
Net Difference	<u>\$ 103,926</u>

NOTE 2 – (CONTINUED)

Long-Term Debt Issuance and Repayment Differences

When long-term debt is issued it is reported as an other financing source. Repayments are reported as expenditures in the statement of revenues, expenditures and changes in fund balance. Issuance of debt is reported as a long-term liability and repayments are reported as reductions of those liabilities in the statement of activities. The details of these differences are reported below:

Note Repayments	\$ 105,119
Bond Repayments	<u>115,000</u>
Net Difference	<u>\$ 220,119</u>

Other Revenue and Expense Differences

The changes in long-term compensated absences and in accrued interest payable are not reported in the statement of revenues, expenditures and changes in fund balance. Both changes are reported in the statement of activities. The details of these differences are reported below:

Change in Pension Benefits	\$ 87,467
Change in Accrued Interest	173
Change in Compensated Absences	<u>(3,002)</u>
Net Difference	<u>\$ 84,638</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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.

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.

NOTE 3 – (CONTINUED)

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.

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 at June 30th.

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2015, \$3,865 of the City's bank balances of \$253,865 was uninsured and uncollateralized.

NOTE 4 – (CONTINUED)

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as a first-tier by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The City government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subjected to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

The following are the City's investments at June 30, 2015:

<u>Investment Type</u>	<u>Fair Value</u>
State of Utah Public Treasurer's Investment Fund (PTIF)	\$ 8,276,669
U.S. Treasuries	<u>479,938</u>
Total Investments	<u>\$ 8,756,607</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted above.

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

Deposits	\$ 193,293
Investments	8,756,607
Cash on Hand	<u>500</u>
Total	<u>\$ 8,950,400</u>
Cash and Cash Equivalents	\$ 6,013,614
Restricted Cash and Cash Equivalents	<u>2,936,786</u>
Total	<u>\$ 8,950,400</u>

NOTE 5 – RECEIVABLES

Accounts receivable and the associated allowances for uncollectible accounts at June 30, 2015 are presented in the schedule below.

Property taxes are levied on January 1 of 2015, are due in November of 2015, and are budgeted for the 2015 fiscal year. Even though they are not intended to fund the 2015 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 at June 30, 2015:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts Receivable	\$ -	\$ 389,416	\$ 389,416
Allowance for Doubtful Accounts	-	(26,900)	(26,900)
Property Taxes Receivable	1,597,965	-	1,597,965
Class C Road Receivable	62,471	-	62,471
Sales Tax Receivable	71,732	-	71,732
Franchise Tax Receivable	<u>27,825</u>	-	<u>27,825</u>
Total	<u>\$ 1,759,993</u>	<u>\$ 362,516</u>	<u>\$ 2,122,509</u>

NOTE 6 – CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2015:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Changes</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 6,929,193	\$ 240,000	\$ -	\$ 7,169,193
Construction in Progress	-	59,476	-	59,476
Capital Assets being Depreciated				
Buildings	5,984,730	-	-	5,984,730
Improvements and Infrastructure	21,250,913	910,000	-	22,160,913
Machinery, Equipment and Vehicles	<u>2,483,642</u>	<u>321,931</u>	<u>582,810</u>	<u>3,388,383</u>
Total	36,648,478	1,531,407	582,810	38,762,695
Less Accumulated Depreciation	<u>(13,857,558)</u>	<u>(1,384,305)</u>	<u>(625,986)</u>	<u>(15,867,849)</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,790,920</u>	<u>\$ 147,102</u>	<u>\$ (43,176)</u>	<u>\$ 22,894,846</u>

NOTE 6 – (CONTINUED)

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2015:

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Changes</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 1,984,381	\$ -	\$ -	\$ 1,984,381
Construction in Progress	-	17,296	-	17,296
Intangible Assets	25,519	-	-	25,519
Water Shares	31,680	-	-	31,680
Capital Assets being Depreciated				
Buildings	1,031,212	-	-	1,031,212
Improvement and Infrastructure	43,957,536	1,182,801	-	45,140,337
Machinery, Equipment and Vehicles	<u>1,304,458</u>	<u>-</u>	<u>(160,088)</u>	<u>1,144,370</u>
Total	48,334,786	1,200,097	(160,088)	49,374,795
Less Accumulated Depreciation	<u>(14,859,962)</u>	<u>(1,467,476)</u>	<u>144,116</u>	<u>(16,183,322)</u>
Business-type Activities Capital Assets, Net	<u>\$ 33,474,824</u>	<u>\$ (267,379)</u>	<u>\$ (15,972)</u>	<u>\$ 33,191,473</u>

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

Government Activities	
General Government	\$ 83,126
Public Safety	143,002
Streets	1,088,326
Parks and Recreation	<u>69,851</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 1,384,305</u>
Business-type Activities	
Water	\$ 515,362
Sewer	630,022
Pressurized Irrigation	317,182
Storm Drain	<u>4,911</u>
Total Depreciation Expense-Business-type Activities	<u>\$ 1,467,477</u>

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The City reports the deferred amount on refunding of \$66,241 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 \$60,508 in the business-type funds and activities as well as \$139,685 in the governmental activities.

Property taxes of \$1,575,277, 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 \$48,314 in the business-type funds and activities as well as \$102,871 in the governmental activities.

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

NOTE 8 – INVESTMENT IN JOINT VENTURES

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. Additional information is as follows:

a. Participants and their percentage shares:

Mapleton City	2.00%
Provo City	69.75%
Springville City	15.00%
Spanish Fork City	11.75%
Salem City	1.50%
Goshen Town	<u>0.00%</u>
	<u>100.00%</u>

- b. 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 of 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, they would need one additional city to vote with them.
- c. 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.

NOTE 8 – (CONTINUED)

- d. Summary financial information as of the joint venture's last fiscal year end, June 30, 2014 is as follows:

	<u>South Utah Valley Solid Waste District</u>
Total Assets	\$ 18,009,089
Total Liabilities	<u>(6,742,156)</u>
Net Position	<u>\$ 11,266,933</u>
Operating Revenues	\$ 6,088,754
Operating Expenses	<u>6,713,962</u>
Net Operating Income (Loss)	(625,208)
Total Non-Operating Income (Expenses)	300,280
Capital Contributions	<u>-</u>
Change in Net Position	<u>\$ (324,928)</u>

The Joint Venture has the following long-term debt:

	<u>South Utah Valley Solid Waste District</u>
Notes Payable	\$ 3,796,320
Closure and Post Closure Liability	2,511,234
Accrued Compensated Absences	<u>224,972</u>
Total Long-Term Liabilities	<u>\$ 6,532,526</u>

Audited financial statements for the South Utah Valley Solid Waste District are available at the District offices, 2450 West 400 South Springville, Utah.

NOTE 9 – 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. At June 30, 2015, Mapleton City held deposits from developers, including interest, in the following categories and amounts:

Construction Commitments	\$ 310,422
Construction Bonds	368,930
Subdivision Performance Bonds	<u>6,200</u>
Total Developer Completion Bonds	<u>\$ 685,552</u>

NOTE 10 – LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City at June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Bonds Payable					
2010 Tax Refunding Bonds	\$ 1,765,000	\$ -	\$ (115,000)	\$ 1,650,000	\$ 115,000
Notes Payable					
2005 Community Center Loan	105,119	-	(105,119)	-	-
Compensated Absences	<u>91,013</u>	<u>7,766</u>	<u>(4,764)</u>	<u>94,015</u>	<u>66,335</u>
	<u>\$ 1,961,132</u>	<u>\$ 7,766</u>	<u>\$ (224,883)</u>	<u>\$ 1,744,015</u>	<u>\$ 181,335</u>
<u>Business-type Activities</u>					
Refunding Bonds					
1997 Sewer	\$ 433,000	\$ -	\$ (171,000)	\$ 262,000	\$ 171,000
2010 Water	4,160,000	-	(270,000)	3,890,000	280,000
Revenue Bonds					
1995 Sewer	1,005,080	-	(355,000)	650,080	355,000
2004 Sewer	511,695	-	(55,000)	456,695	56,000
Leases					
2011 Vactor Truck	63,626	-	(63,626)	-	-
Compensated Absences	<u>29,309</u>	<u>4,505</u>	<u>(842)</u>	<u>32,972</u>	<u>32,972</u>
	<u>\$ 6,202,710</u>	<u>\$ 4,505</u>	<u>\$ (915,468)</u>	<u>\$ 5,291,747</u>	<u>\$ 894,972</u>

Long-term debt and obligations payable at June 30, 2015 were as follows:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
<u>Governmental Activities</u>				
Bonds Payable				
Excise Tax Refunding Bonds, Series 2010 (original amount-- \$2,225,000)	1.00% to 4.00%	2027	\$ 115,000	\$ 1,535,000
Compensated Absences			<u>66,335</u>	<u>27,680</u>
Total Governmental Activities Long-term Debt			<u>\$ 181,335</u>	<u>\$ 1,562,680</u>

The excise tax refunding bonds were issued to construct the new City Hall. The City pledges excise tax revenues to repay the bonds through its maturity date as listed above. Annual principal and interest payments are expected to require less than twenty five percent of the excise tax revenues.

In prior years, the City defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2015, \$1,921,000 of bonds outstanding are considered defeased.

NOTE 10 – (CONTINUED)

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
<u>Business-type Activities</u>				
Bonds Payable				
Sewer Revenue Bonds, Series 1995 (original amount--\$6,330,000)	0.00%	2017	\$ 355,000	\$ 295,080
Sewer Refunding Bonds, Series 1997 (original amount--\$3,070,000)	0.00%	2017	171,000	91,000
Sewer Refunding Bonds, Series 2004 (original amount--\$1,100,000)	2.00%	2004	56,000	400,695
Water Refunding Bonds, Series 2011 (original amount --\$4,965,000)	2.00% to 4.125%	2028	280,000	3,610,000
Compensated Absences			<u>32,972</u>	<u>-</u>
Total Business-type Activities Long-term Debt			<u>\$ 894,972</u>	<u>\$ 4,396,775</u>

The water refunding bonds were issued to advance refund the balance of the water revenue bonds which were issued to refund the balance of the 1982 water loan from GMAC and to purchase and install a new water tank. The City has pledged the water revenues to repay the revenue bonds through the maturity date listed above. Annual principal and interest payments are expected to require less than forty percent of the total water revenues.

The sewer revenue bonds were issued to purchase a portion of the Spanish Fork City sewer plant and to pay for improvements. The City has pledged the sewer revenues to repay the revenue bonds through the maturity dates listed above. Annual principal and interest payments are expected to require less than sixty five percent of the total sewer revenues.

In prior years, the City defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the City's financial statements. On June 30, 2015, \$3,928,000 of bonds outstanding are considered defeased.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Government-Wide</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 115,000	\$ 56,262	\$ 862,000	\$ 143,004	\$ 977,000	\$ 199,266
2017	120,000	53,963	729,080	135,171	849,080	189,134
2018	120,000	50,962	354,000	126,393	474,000	177,355
2019	125,000	50,963	360,000	116,281	485,000	167,244
2020	130,000	44,525	371,000	105,169	501,000	149,694
2021-2025	715,000	152,550	1,587,695	356,527	2,302,695	509,077
2026-2028	<u>325,000</u>	<u>19,600</u>	<u>995,000</u>	<u>62,477</u>	<u>1,320,000</u>	<u>82,077</u>
	<u>\$1,650,000</u>	<u>\$ 428,825</u>	<u>\$5,258,775</u>	<u>\$1,045,022</u>	<u>\$6,908,775</u>	<u>\$1,473,847</u>

NOTE 11 – FUND EQUITY

Net Investment in Capital Assets – The net investment in capital assets reported on the government-wide statement of net position as of June 30, 2015 is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>
Cost of capital assets	\$ 38,762,695	\$ 49,374,794
Less accumulated depreciation	<u>(15,867,849)</u>	<u>(16,183,322)</u>
Book value	22,894,846	33,191,472
Less capital related debt	<u>(1,650,000)</u>	<u>(5,259,775)</u>
Net investment in capital assets	<u>\$ 21,244,846</u>	<u>\$ 27,931,697</u>

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.

NOTE 12 – RETIREMENT PLANS

General Information about the Pension Plan

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

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

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 Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. The Utah Retirement System (URS) is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

NOTE 12 – (CONTINUED)

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

Summary of Benefits by System

<u>System</u>	<u>Final Average Salary</u>	<u>Years of service Required and/or age eligible for benefit</u>	<u>Benefit percent per year of service</u>	<u>COLA**</u>
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% to 4% depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

*with actuarial reductions

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

Contributions: 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 are as follows:

Utah Retirement Systems

	<u>Employee Paid</u>	<u>Pay by Employer for Employee</u>	<u>Employer Contribution Rates</u>
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System			
43 - Other Division A Noncontributory Tier 1	N/A	N/A	34.040%
122 - Other Division A Contributory Tier 2	N/A	N/A	22.550%

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

At December 31, 2014, we reported a net pension asset of \$2,720 and a net pension liability of \$931,475.

NOTE 12 – (CONTINUED)

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.1444161%	\$ 0	\$627,089
Public Safety System	0.2420405%	0	304,386
Tier 2 Public Employees System	0.0045715%	139	0
Tier 2 Public Safety and Firefighter System	0.1744531%	<u>2,581</u>	<u>0</u>
Total Net Pension Asset/Liability		<u>\$ 2,720</u>	<u>\$931,475</u>

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of \$240,113. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u></u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 84	\$ 49,034
Change in assumptions	0	102,151
Net difference between projected and actual earnings on pension plan investments	21,465	0
Changes in proportion and differences between contributions and proportionate share of contributions	0	0
Contributions subsequent to the measurement date	<u>183,739</u>	<u>0</u>
Total	<u>\$ 205,288</u>	<u>\$ 151,185</u>

\$183,739 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, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflows) of Resources</u>
2015	(\$35,444)
2016	(\$35,444)
2017	(\$35,444)
2018	(\$23,054)
2019	(\$31)
Thereafter	(\$216)

Actuarial assumptions: The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary increases	3.50 - 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

NOTE 12 – (CONTINUED)

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Retired Member Mortality

Class of Member

Public Safely and Firefighters

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by a given percentage

EDUF = Constructed mortality table based on actual experience of females multiplied by a given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 – December 31, 2013.

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. 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 portfolio real Rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: the discount rate used to measure the total pension liability was 7.50 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.

NOTE 12 – (CONTINUED)

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 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage –point higher (8.50 percent) than the current rate:

	1% Decrease <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Proportionate share of Net pension (asset)/liability	\$2,278,907	\$928,755	(\$186,541)

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

NOTE 13 – DEFERRED COMPENSATION PLANS

The City sponsors a defined contribution deferred compensation plan administered by the Utah Retirement Systems under the Internal Revenue Code Section 401(k) for City employees covered by the State’s contributory and noncontributory retirement plans. The plan, available to certain full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City’s contributions for each employee (and interest allocated to the employee’s account) are fully vested in the employee’s account from the date of employment. The City participates at rates between 0% and 3.35% depending on the employees’ contributions. The rate of City participation can be changed by the City Council. During the years ended June 30, 2015, 2014, and 2013 contributions totaling \$12,170, \$14,461 and \$30,198 respectively, were made to the plan by employees and \$1,263, \$533 and \$161, respectively, were made by the City.

NOTE 14 – 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 joined together with other governments in the State of Utah to form the Utah Local Governments Trust (ULGT), 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 ULGT 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.

NOTE 15 – OPERATING TRANSFER RECONCILIATION

The operating transfers among the funds were as follows:

	<u>In</u>	<u>Out</u>
General Fund	\$ 80,415	\$ 276,496
Debt Services Fund	280,524	-
Capital Project Fund	301,722	173,275
Water Fund	-	61,835
Sewer Fund	-	29,430
Storm Drain Fund	-	26,675
Pressurized Irrigation Fund	-	94,950
	<u>\$ 662,661</u>	<u>\$ 662,661</u>

Transfers from the general fund and from the capital projects fund were made to pay the general long-term debt. A transfer from the general fund to the capital project fund was made for future projects. Other transfers were made from several funds to help pay for portions of vehicle purchases. 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.

NOTE 16 – SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through November 6, 2015, the date the financial statements were available to be issued.

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

The City adopted Governmental Accounting Standards Board Statement No. 68 during the 2015 fiscal year which resulted in adjustments to prior period net positions in various funds. These adjustments resulted from the requirement to recognize the opening balances of a Net Pension Asset, a Net Pension Liability, and Deferred Inflows and Outflows of Resources Related to Pensions.

The adjustments to beginning net positions are as follows:

	<u>Net Position</u> <u>Beginning</u>	<u>GASB 68</u> <u>Adjustment</u>	<u>Net Position</u> <u>Restated</u>
Governmental Activities	\$23,694,027	\$(682,605)	\$23,011,422
Water Fund	11,302,321	(185,188)	11,117,133
Sewer Fund	9,528,495	(74,869)	9,453,626
Pressurized Irrigation Fund	9,660,628	(47,493)	9,613,135
Waste Collection Fund	403,065	(11,547)	391,518
Storm Drain Fund	191,277	(1,490)	189,787

REQUIRED SUPPLEMENTARY INFORMATION

MAPLETON CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$ 3,149,500	\$ 3,149,500	\$ 3,201,809	\$ 52,309
Licenses and Permits	257,150	257,150	362,212	105,062
Intergovernmental	350,900	377,389	370,121	(7,268)
Charges for Services	291,194	291,194	347,310	56,116
Fines and Forfeitures	100,000	100,000	70,053	(29,947)
Interest	30,000	30,000	25,223	(4,777)
Miscellaneous	7,500	7,500	7,507	7
TOTAL REVENUES	4,186,244	4,212,733	4,384,235	171,502
<u>EXPENDITURES</u>				
General Government	1,402,833	1,406,328	1,324,532	81,796
Public Safety	1,270,387	1,345,952	1,313,215	32,737
Streets	455,827	480,827	403,032	77,795
Parks and Recreation	689,746	716,923	722,688	(5,765)
TOTAL EXPENDITURES	3,818,793	3,950,030	3,763,467	186,563
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	367,451	262,703	620,768	358,065
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds	-	-	80,415	80,415
Transfers to Other Funds	(261,121)	(276,496)	(276,496)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	106,330	(13,793)	424,687	438,480
FUND BALANCE ALLOCATION	(106,330)	13,793	-	(13,793)
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ -	\$ -	\$ 424,687	\$ 424,687

MAPLETON CITY

NOTES TO THE BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2015

Budgetary Comparison Schedule

The Budgetary Comparison Schedule presented in this section of the report is for the City's General Fund.

Budgeting and Budgetary Control

The budget for the General Fund is legally required and is prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2015, while overall spending was within the appropriated budget, the departmental budget for parks and recreation exceeded budget appropriations by \$5,765.

MAPLETON CITY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY UTAH RETIREMENT SYSTEMS DECEMBER 31, 2014

Last 10 Fiscal Years *

	<u>Non- contributory System</u>	<u>Public Safety System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighter System</u>
Proportion of the net pension liability (asset)	0.1444161%	0.2420405%	0.0045715%	0.1744531%
Proportionate share of the net pension liability (asset)	\$ 627,089	\$ 304,386	\$ (139)	\$ (2,581)
Covered employee payroll	\$ 1,319,176	\$ 336,756	\$ 22,641	\$ 72,106
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	47.5%	90.4%	-0.6%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	90.5%	103.5%	120.5%

* In accordance with paragraph 80.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in the required supplementary information. The 10-year schedule will be built prospectively. The schedule above is only for the current year.

MAPLETON CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2014

Last 10 Fiscal Years *

	<u>Non- contributory System</u>	<u>Public Safety System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighter System</u>
Contractually required contribution	\$ 226,982	\$ 119,218	\$ 1,886	\$ 7,861
Contributions in relation to the contractually required contribution	<u>(226,982)</u>	<u>(119,218)</u>	<u>(1,886)</u>	<u>(7,861)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,319,176	\$ 336,756	\$ 22,641	\$ 72,106
Contributions as a percentage of covered-employee payroll **	17.21%	35.40%	8.33%	10.90%

* Amounts presented were determined as of calendar year January 1 - December 31. The City will be required to prospectively develop this table in future years to show 10 years of information. The schedule above is only for the current year.

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

MAPLETON CITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS

UTAH RETIREMENT SYSTEMS

DECEMBER 31, 2014

Changes of Assumptions

There were no reported changes to actuarial assumptions at December 31, 2014.

STATE COMPLIANCE REPORT

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE
STATE COMPLIANCE AUDIT GUIDE ON:**

- COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
- INTERNAL CONTROL OVER COMPLIANCE

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

REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS

I have audited Mapleton City, Utah's (City) compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on the City for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

Budgetary Compliance	Tax Levy Revenue Recognition
Fund Balance	Restricted Taxes
Justice Courts	Open and Public Meetings Act
Utah Retirement Systems	
Enterprise Fund Transfers, Reimbursements, Loans and Services	

The City did not have any state funding classified as a major program during the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

My responsibility is to express an opinion on the City's compliance based on my audit of the compliance requirements referred to above. I conducted my audit 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 compliance requirements referred to above that could have a

direct and material effect on the City or its major state programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on General State Compliance Requirements

In my opinion, Mapleton City, Utah, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2015.

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 management letter dated November 6, 2015 as items 2015-1, 2015-2, and 2015-3 under the heading State Compliance Findings. My opinion on compliance is not modified with respect to these matters.

City's Response to Finding

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general 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 general 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 general 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 general 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.

A handwritten signature in black ink that reads "Greg Ogden CPA". The signature is written in a cursive style with a large, stylized "G" and "O".

Greg Ogden,
Certified Public Accountant
November 6, 2015

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, 2015, 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 6, 2015.

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) to determine the 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 over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 determination of financial statement amounts. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the management letter as internal control deficiency 2015-1.

Mapleton City, Utah's Response to Finding

Mapleton City, Utah's response to the finding identified in my audit is described in the management letter. Mapleton City, Utah's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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.

A handwritten signature in black ink that reads "Greg Ogden CPA". The signature is written in a cursive style.

Greg Ogden
Certified Public Accountant
November 6, 2015

**MAPLETON CITY, UTAH
MANAGEMENT LETTER
JUNE 30, 2015**

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

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

November 6, 2015

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, 2015, I noted matters regarding compliance with requirements of the *Utah Code* and 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

INTERNAL CONTROL DEFICIENCY

2015-1 FINDING - DRAFT FINANCIAL STATEMENTS

The City currently hires the auditor, with oversight from management, to draft the City's basic financial statements and related footnotes. Management then reviews, approves and accepts responsibility for financial statements.

RECOMMENDATION

Management should continue to carefully review the financial statements so they can feel confident approving them and accepting responsibility for their accuracy.

RESPONSE - MAPLETON CITY

Management will continue to review the financial statements and take responsibility for their accuracy.

STATE COMPLIANCE FINDING

2015-1 FINDING – BUDGETS OF TWO FUNDS WERE OVERSPENT

The final amended budget is the legal spending limit for the City. The capital projects fund budget was \$719,098 compared to total fund expenditures of \$760,927. The pressurized irrigation fund budget was \$320,436 compared to total fund expenses of \$598,675.

RECOMMENDATION

I recommend that all relevant expenditures, including depreciation, be included in the budget to ensure that overspending does not occur. Review each fund's budget at year-end to determine if amendments are required to avoid overspending. Analyze the potential for invoices be received after year-end which will affect the current budget.

RESPONSE - MAPLETON CITY

The City will budget for depreciation in the future and work diligently to ensure that overspending does not occur.

2015-2 FINDING – MINUTES OF CITY COUNCIL MEETINGS NOT POSTED PROPERLY

As of January 1, 2015, cities are required to post agendas and minutes of city council meetings to the Utah Public Notice Website within three days of being approved. The

City has been posting the required agendas, but has not been posting the minutes following their approval.

RECOMMENDATION

I recommend that all minutes of City Council meetings which have been approved since January 2015 be posted and that all minutes of future City Council meetings be posted within three days of being approved.

RESPONSE - MAPLETON CITY

The City will continue posting agendas and will comply with the State's requirement to post the minutes following their approval.

2015-3 FINDING – UNRESTRICTED GENERAL FUND BALANCE EXCEEDED LIMIT

Cities are required to limit the balance of unrestricted general fund equity to no more than 25% of the current year revenues. At year end the City's unrestricted general fund balance was 31% of the current year revenues. The balance is approximately \$261,000 too high.

RECOMMENDATION

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

RESPONSE - MAPLETON CITY

The City will spend the excess amount in the current fiscal year.