

**Ephraim City**  
Sanpete County, Utah

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2022



Ephraim City  
**TABLE OF CONTENTS**  
 June 30, 2022

	Beginning on <u>Page</u>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position	10
Statement of Activities	11
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Notes to the Financial Statements	20
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of the Proportionate Share of the Net Pension Liability	44
Schedule of Contributions (Pensions)	45
Notes to the required supplementary information.	46
<b>SUPPLEMENTARY INFORMATION:</b>	
<b>Combining and Individual Fund Statements and Schedules:</b>	
Combining Statement of Net Position – Non-major Proprietary Funds	48
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Non-major Proprietary Funds	49
Combining Statement of Cash Flows – Non-major Proprietary Funds	50
<b>OTHER REPORTS:</b>	
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 <i>Government Auditing Standards</i>	51
Independent Auditor’s Report on Compliance and on Internal Control Over Compliance as required by the <i>State Compliance Audit Guide</i>	53
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	55
Schedule of Findings and Questioned Costs	57
Schedule of Expenditures of Federal Awards	59
Notes to the Schedule of Expenditures of Federal Awards	60



## Independent Auditor's Report

Honorable Mayor  
Members of the City Council  
Ephraim City, Utah

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ephraim City, Utah, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

#### *Basis for Opinions*

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

#### *Responsibility of Management's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ephraim City's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ephraim City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate that raise substantial doubt about Ephraim City's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information, as listed in the table of contents, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ephraim City's basic financial statements. The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2022, on our consideration of Ephraim City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Ephraim City's internal control over financial reporting and compliance

***Larson & Company, PC***

Larson & Company, PC

Spanish Fork, Utah  
November 9, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Ephraim City, we offer readers of the Ephraim City financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. It is designed to provide an overview of the City's financial activity. It is also intended to assist the reader in focusing on significant financial issues, including identifying changes in the City's financial position (its ability to address the next and subsequent years' challenges), identifying any material deviations from the approved budget, and identifying individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

### FINANCIAL HIGHLIGHTS

- The total net position of Ephraim City increased by \$1,973,407 to \$38,753,946. The governmental net position increased by \$885,285 and the business-type net position increased by \$1,088,122.
- The total net position of \$38,753,946 is made up of \$27,177,863 in capital assets net of related debt and \$11,576,083 in restricted and unrestricted net position.
- The General Fund (the primary operating fund) had a decrease in its fund balance of \$268,693.

### REPORTING THE CITY AS A WHOLE

The discussion and analysis is intended to serve as an introduction to Ephraim City's basic financial statements. Ephraim 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 Ephraim City's finances, in a manner similar to the financial statements of a private-sector business.

- The statement of net position presents information on all of Ephraim 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 Ephraim City is improving or deteriorating. However, other non-financial factors need to be considered.
- 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 Ephraim 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).

## **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. Ephraim 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 (Building Authority). The other governmental funds are determined to be non-major.

- Proprietary funds - Ephraim City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Ephraim City uses enterprise funds to account for its Electric, Water, Sewer, and Solid Waste Utilities, Fire District, Housing Authority, and Rodeo Grounds Complex. As determined by generally accepted accounting principles all Ephraim City's enterprise funds that meet the criteria for major fund classification are as follows: Water, Sewer, and the Electric Utilities.

## 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 Ephraim City, assets exceed liabilities by \$38,753,946. By far the largest portion of Ephraim City's net position, of \$27,177,863, reflects its investment in capital assets (e.g., land, buildings, 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.

The following two tables are summaries of the net position and changes in net position of Ephraim City:

### Net Position:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 5,834,719	\$ 5,143,418	\$ 9,734,374	\$ 8,710,991	\$ 15,569,093	\$ 13,854,409
Capital assets	13,237,493	13,042,878	21,654,231	21,384,453	34,891,724	34,427,331
Deferred outflows of resources	379,558	199,571	124,018	222,298	503,576	421,869
Total assets and deferred outflows of resources	19,451,770	18,385,867	31,512,623	30,317,742	50,964,393	48,703,609
Other liabilities	640,682	926,274	541,264	737,070	1,181,946	1,663,344
Long-term liabilities outstanding	1,191,000	1,428,792	7,361,079	8,069,098	8,552,079	9,497,890
Deferred inflows of resources	1,214,757	510,755	1,261,665	251,081	2,476,422	761,836
Total liabilities and inflows of resources	3,046,439	2,865,821	9,164,008	9,057,249	12,210,447	11,923,070
Net position:						
Invested in capital assets, net of related debt	12,046,493	11,657,878	15,131,370	14,443,961	27,177,863	26,101,839
Restricted	774,119	877,551	1,549,202	1,350,447	2,323,321	2,227,998
Unrestricted	3,584,719	2,984,617	5,668,043	5,466,085	9,252,762	8,450,702
Total net position	<b>\$ 16,405,331</b>	<b>\$ 15,520,046</b>	<b>\$ 22,348,615</b>	<b>\$ 21,260,493</b>	<b>\$ 38,753,946</b>	<b>\$ 36,780,539</b>

## Changes in Net Position:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 504,764	\$ 465,985	\$ 5,926,842	\$ 6,370,453	\$ 6,431,606	\$ 6,836,438
Operating grants and contribs	900,146	539,909	-	-	900,146	539,909
Capital grants and contribs	1,047,174	498,983	561,588	585,119	1,608,762	1,084,102
General revenues:						
Property taxes	459,113	445,537	-	-	459,113	445,537
Other taxes	2,811,899	2,638,087	-	-	2,811,899	2,638,087
Unrestricted investment earnings	49,947	42,455	8,927	9,804	58,874	52,259
Benefits exp-Change in NPL/NPA	-	-	227,214	121,721	227,214	121,721
Miscellaneous	1,302,964	1,208,285	296,663	159,705	1,599,627	1,367,990
Total revenues	<u>7,076,007</u>	<u>5,839,241</u>	<u>7,021,234</u>	<u>7,246,802</u>	<u>14,097,241</u>	<u>13,086,043</u>
Expenses:						
General government	1,218,517	2,041,701	-	-	1,218,517	2,041,701
Public safety	1,892,369	1,471,945	-	-	1,892,369	1,471,945
Highways and pub. improvements	1,139,234	968,904	-	-	1,139,234	968,904
Cemetery	97,796	91,015	-	-	97,796	91,015
Parks and recreation	1,353,373	762,404	-	-	1,353,373	762,404
Community & Economic Development	492,020	341,287	-	-	492,020	341,287
Operating Expenses (Business Type)	-	-	5,752,443	6,194,138	5,752,443	6,194,138
Interest Expense	33,109	36,651	144,973	151,534	178,082	188,185
Total expenses	<u>6,226,418</u>	<u>5,713,907</u>	<u>5,897,416</u>	<u>6,345,672</u>	<u>12,123,834</u>	<u>12,059,579</u>
Increase in net position before transfers	849,589	125,334	1,123,818	901,130	1,973,407	1,026,464
Transfers	35,696	35,696	(35,696)	(35,696)	-	-
Increase in net position	885,285	161,030	1,088,122	865,434	1,973,407	1,026,464
Net position - beginning	15,520,046	15,359,016	21,260,493	20,395,059	36,780,539	35,754,075
Net position - ending	<u>\$ 16,405,331</u>	<u>\$ 15,520,046</u>	<u>\$ 22,348,615</u>	<u>\$ 21,260,493</u>	<u>\$ 38,753,946</u>	<u>\$ 36,780,539</u>

## 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, 2022 the City's governmental funds (General, Capital Projects, and Special Revenue Fund) reported combined fund equity of \$4,663,238. This represents an increase of \$288,177 from last year's ending balances, which reflects normal operations during the year within the General Fund.

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 a large source of revenue in the Governmental Funds and represent 47.16% of total government fund revenues. The largest element of taxes is sales tax, as it has been for the last several years. It represents 75.69% of total tax revenues and represents 35.69% of total governmental fund revenues.

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, the General Fund original budget was amended from an original budget expenditure total of \$7,678,615 to a final budget of \$8,439,833.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital assets - Ephraim City's investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$34,891,724 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, and machinery and equipment.

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

### Acquisitions or Contributions:

General improvements	\$235,520
General equipment	\$370,823
Parks & Rec – CIP	\$91,061
Truck Bay Wash	\$19,678
Airport Projects	\$630,890
Proprietary equipment	\$99,248
Proprietary improvements	\$1,791,078

Long-term debt - At June 30, 2022 the City had total debt outstanding of \$8,552,079. Of this amount, \$640,274 is due within 12 months of the fiscal year.

Additional information on the outstanding debt obligations of the City can be found in the notes to this report.

## **ECONOMIC FACTORS FOR NEXT YEAR'S BUDGET AND RATES**

As of September 2022, the unemployment rate for Sanpete City is 2.2% compared with a state unemployment rate of 2.1% and a national rate of 3.7%. (Source: Utah Department of Workforce Services).

The General Fund budget for fiscal year ending June 30, 2022, reflects an increase of 11% from the final budget for the fiscal year ended June 30, 2021.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Ephraim 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: City Recorder, Ephraim City, 5 South Main, Ephraim, Utah 84627.

## **Basic Financial Statements**

**EPHRAIM CITY**  
**Statement of Net Position**  
As of June 30, 2022

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,507,909	\$ 7,339,348	\$ 10,847,257
Receivables (net of allowance for doubtful accounts):			
Trade accounts	555,200	589,694	1,144,894
Other	1,884	17,569	19,453
Inventory	13,861	696,780	710,641
Restricted Assets:			
Cash and cash equivalents	1,025,744	852,422	1,878,166
Capital assets not being depreciated:			
Land	236,139	1,062,448	1,298,587
Water rights	-	6,017,134	6,017,134
Work in process	93,215	275,246	368,461
Capital assets being depreciated (net of accumulated depreciation):			
Buildings	3,158,505	-	3,158,505
Improvements other than buildings	3,797,803	13,902,138	17,699,941
Equipment	801,200	397,265	1,198,465
Infrastructure	5,150,631	-	5,150,631
Net pension asset	730,121	238,561	968,682
Deferred outflows of resources related to pension	379,558	124,018	503,576
<b>Total assets and deferred outflows of resources</b>	<b>19,451,770</b>	<b>31,512,623</b>	<b>50,964,393</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Accounts payable	37,897	429,781	467,678
Accrued liabilities	190,523	17,961	208,484
Retainage payable	212,940	-	212,940
Compensated absences	199,322	93,522	292,844
Noncurrent Liabilities:			
Long-term debt due within one year	158,000	482,274	640,274
Long-term debt due after one year	1,033,000	6,878,805	7,911,805
Total Liabilities	<b>1,831,682</b>	<b>7,902,343</b>	<b>9,734,025</b>
Deferred inflows of resources:			
Deferred revenue ARPA	-	864,754	864,754
Deferred inflows related to pension	1,214,757	396,911	1,611,668
<b>Total liabilities and deferred inflows of resources</b>	<b>3,046,439</b>	<b>9,164,008</b>	<b>12,210,447</b>
<b>NET POSITION</b>			
Net investment in capital assets	12,046,493	15,131,370	27,177,863
Restricted for:			
Special Improvement agency	19,329	-	19,329
Perpetual care	240,599	-	240,599
Debt Service	10,036	-	10,036
Bond requirements	-	838,218	838,218
Impact fees	226,168	14,204	240,372
Inventory	-	696,780	696,780
Class C Roads	277,987	-	277,987
Unrestricted	3,584,719	5,668,043	9,252,762
<b>Total net position</b>	<b>\$ 16,405,331</b>	<b>\$ 22,348,615</b>	<b>\$ 38,753,946</b>

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

**EPHRAIM CITY**  
**Statement of Activities**  
For the year ended June 30, 2022

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 1,218,517	\$ 74,454	\$ 576,669	\$ -	\$ (567,394)	\$ -	\$ (567,394)
Public safety	1,892,369	116,702	29,018	9,598	(1,737,051)	-	(1,737,051)
Highways and public improvements	1,139,234	-	277,987	55,078	(806,169)	-	(806,169)
Cemetery	97,796	-	-	-	(97,796)	-	(97,796)
Parks, recreation, and public property	1,353,373	313,608	16,472	982,498	(40,795)	-	(40,795)
Community and economic development	492,020	-	-	-	(492,020)	-	(492,020)
Interest	33,109	-	-	-	(33,109)	-	(33,109)
<b>Total Governmental Activities</b>	<b>6,226,418</b>	<b>504,764</b>	<b>900,146</b>	<b>1,047,174</b>	<b>(3,774,334)</b>	<b>-</b>	<b>(3,774,334)</b>
Business-type Activities:							
Water	1,048,653	1,315,733	-	498,218	-	765,298	765,298
Sewer	749,514	813,234	-	63,370	-	127,090	127,090
Electric	3,679,557	3,591,459	-	-	-	(88,098)	(88,098)
Housing authority	6,720	-	-	-	-	(6,720)	(6,720)
Solid waste	185,758	206,416	-	-	-	20,658	20,658
<b>Total Business-type Activities</b>	<b>5,670,202</b>	<b>5,926,842</b>	<b>-</b>	<b>561,588</b>	<b>-</b>	<b>818,228</b>	<b>818,228</b>
<b>Total Primary Government</b>	<b>\$ 11,896,620</b>	<b>\$ 6,431,606</b>	<b>\$ 900,146</b>	<b>\$ 1,608,762</b>	<b>(3,774,334)</b>	<b>818,228</b>	<b>(2,956,106)</b>
General Revenues:							
Property taxes					459,113	-	459,113
Sales taxes					2,475,945	-	2,475,945
Franchise taxes					335,954	-	335,954
Unrestricted investment earnings					49,947	8,927	58,874
Administrative costs					784,584	-	784,584
Fee in lieu of taxes					197,005	-	197,005
Miscellaneous					321,375	296,663	618,038
Transfers					35,696	(35,696)	-
<b>Total General Revenues and Transfers</b>					<b>4,659,619</b>	<b>269,894</b>	<b>4,929,513</b>
Change in Net Assets					885,285	1,088,122	1,973,407
Net Position - Beginning					15,520,046	21,260,493	36,780,539
<b>Net Position - Ending</b>					<b>\$ 16,405,331</b>	<b>\$ 22,348,615</b>	<b>\$ 38,753,946</b>

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

# EPHRAIM CITY

## Balance Sheet – Governmental Funds

As of June 30, June 30, 2022

	General Fund	Capital Projects	Special Improvement Agency (Non-major)	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 233,436	\$ 3,274,473	\$ -	\$ 3,507,909
Accounts Receivable:				
Trade accounts (net of allowance)	555,200	-	-	555,200
Other	-	-	1,884	1,884
Inventory	13,861	-	-	13,861
Restricted assets:				
Cash and cash equivalents	715,212	291,203	19,329	1,025,744
Total Assets	<u>1,517,709</u>	<u>3,565,676</u>	<u>21,213</u>	<u>5,104,598</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	37,897	-	-	37,897
Accrued liabilities	174,741	15,782	-	190,523
Retainage payable	211,056	-	1,884	212,940
Total Liabilities	<u>423,694</u>	<u>15,782</u>	<u>1,884</u>	<u>441,360</u>
<b>TOTAL LIABILITIES</b>	<u>423,694</u>	<u>15,782</u>	<u>1,884</u>	<u>441,360</u>
<b>FUND BALANCES</b>				
Restricted for:				
Special Improvement agency	-	-	19,329	19,329
Perpetual care	-	240,599	-	240,599
Impact fees	226,168	-	-	226,168
Class C Roads	277,987	-	-	277,987
Debt Service	(40,568)	50,604	-	10,036
Assigned for:				
Community activities	16,840	-	-	16,840
Capital projects	-	3,258,691	-	3,258,691
Airport	103,109	-	-	103,109
Unassigned	510,479	-	-	510,479
Total Fund Balances	<u>1,094,015</u>	<u>3,549,894</u>	<u>19,329</u>	<u>4,663,238</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,517,709</u>	<u>\$ 3,565,676</u>	<u>\$ 21,213</u>	<u>\$ 5,104,598</u>

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



# EPHRAIM CITY

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

As of June 30, 2022

---

Total fund balances - governmental fund types:	<u>\$ 4,663,238</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,237,493
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(1,390,322)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	
Deferred outflows	379,558
Deferred inflows	(1,214,757)
Net position of government activities:	<u><u>\$ 16,405,331</u></u>

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

# EPHRAIM CITY

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### Governmental Funds

For the Year Ended June 30, 2022

	General Fund	Capital Projects	Special Improvement Agency (Non-major)	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 3,271,012	\$ -	\$ -	\$ 3,271,012
Licenses and permits	25,779	-	-	25,779
Intergovernmental revenues	1,791,994	17,000	-	1,808,994
Charges for services	362,283	-	-	362,283
Fines and forfeitures	116,702	-	-	116,702
Interest income	47,930	2,017	-	49,947
Administration	784,584	-	-	784,584
In lieu of taxes	197,005	-	-	197,005
Miscellaneous	188,550	131,825	-	320,375
Total Revenues	<u>6,785,839</u>	<u>150,842</u>	<u>-</u>	<u>6,936,681</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,125,930	5,935	-	2,131,865
Public safety	1,812,994	-	-	1,812,994
Highways and public improvements	671,227	-	-	671,227
Parks, recreation, and public property	1,315,917	-	-	1,315,917
Community and economic development	488,158	-	-	488,158
Cemetery	85,195	-	-	85,195
Capital outlay	-	91,061	-	91,061
Debt Service:				
Principal	-	214,952	-	214,952
Interest	-	12,157	-	12,157
Total Expenditures	<u>6,499,421</u>	<u>324,105</u>	<u>-</u>	<u>6,823,526</u>
Excess Revenues Over (Under) Expenditures	<u>286,418</u>	<u>(173,263)</u>	<u>-</u>	<u>113,155</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	47,696	730,133	-	777,829
Transfers out	(742,133)	-	-	(742,133)
Sale of capital assets	1,000	-	-	1,000
Impact fees	138,326	-	-	138,326
Total Other Financing Sources and Uses	<u>(555,111)</u>	<u>730,133</u>	<u>-</u>	<u>175,022</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(268,693)</u>	<u>556,870</u>	<u>-</u>	<u>288,177</u>
Fund Balances - Beginning	<u>1,362,708</u>	<u>2,993,024</u>	<u>19,329</u>	<u>4,375,061</u>
Prior Period Adjustment	-	-	-	-
Fund Balances - Ending	<u>\$ 1,094,015</u>	<u>\$ 3,549,894</u>	<u>\$ 19,329</u>	<u>\$ 4,663,238</u>

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

# EPHRAIM CITY

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2022

---

Net changes in fund balances - total governmental funds:	<u>\$ 288,177</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	194,615
Debt service principal payments are reported separately in the governmental fund statement of revenues, expenditures, and changes in fund balances. These expenditures must be removed and replaced by a corresponding reduction in the related liability reported in the government-wide statement of net assets.	194,000
Expenditures are recognized in the governmental funds when paid with available financial resources. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:	
Change in Compensated Absences	(41,405)
The Statement of Activities shows pension benefits and pension expenses from the adoption of GASB 68 that are not shown on the fund statements.	249,898
Change in net position of governmental activities:	<u><u>\$ 885,285</u></u>

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

# EPHRAIM CITY

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### Budget and Actual – General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,009,172	\$ 3,188,672	\$ 3,271,012	\$ 82,340
Licenses and permits	17,100	17,100	25,779	8,679
Intergovernmental revenues	1,994,880	1,618,094	1,791,994	173,900
Charges for services	305,900	305,900	362,283	56,383
Fines and forfeitures	100,000	100,000	116,702	16,702
Interest income	60,500	60,500	47,930	(12,570)
Administrative	787,084	787,084	784,584	2,500
In lieu of taxes	197,085	197,085	197,005	80
Miscellaneous	151,800	157,300	188,750	31,450
Total Revenues	<u>6,623,521</u>	<u>6,431,735</u>	<u>6,786,039</u>	<u>359,464</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,061,567	3,688,285	2,125,930	(1,562,355)
Public safety	1,935,157	1,935,157	1,812,994	(122,163)
Highways and public improvements	706,206	710,206	671,227	(38,979)
Cemetery	111,474	111,474	85,195	(26,279)
Airport	790,280	790,280	647,210	(143,070)
Parks, recreation, and public property	630,696	690,696	668,707	(21,989)
Community and economic development	443,235	513,735	488,158	(25,577)
Total Expenditures	<u>7,678,615</u>	<u>8,439,833</u>	<u>6,499,421</u>	<u>(1,940,412)</u>
Excess Revenues Over (Under)				
Expenditures	<u>(1,055,094)</u>	<u>(2,008,098)</u>	<u>286,618</u>	<u>2,299,876</u>
<b>Other financing sources (uses)</b>				
Transfers in	945,457	1,445,457	47,696	(1,397,761)
Transfers out	(242,133)	(742,133)	(742,133)	-
Sale of Capital Assets	-	-	800	800
Impact fees	(4,000)	(4,000)	138,326	142,326
Total Other Financing Sources and Uses	<u>699,324</u>	<u>699,324</u>	<u>(555,311)</u>	<u>(1,254,635)</u>
Excess of Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	<u>\$ (355,770)</u>	<u>\$ (1,308,774)</u>	<u>(268,693)</u>	<u>\$ 1,045,241</u>
Fund Balances - Beginning			1,362,708	
Fund Balances - Ending			<u>\$ 1,094,015</u>	

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

**EPHRAIM CITY**  
**Statement of Net Position – Proprietary Funds**  
As of June 30, 2022

	Business-Type Activities - Enterprise Funds				Total
	Water	Sewer	Electric	Other Proprietary (Non-Major)	
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 1,714,448	\$ 855,671	\$ 3,788,383	\$ 980,846	\$ 7,339,348
Accounts Receivable:					
Utilities receivable	159,877	73,502	346,848	19,359	599,586
Allowance for doubtful accounts	(1,705)	(1,346)	(6,303)	(538)	(9,892)
Other receivables	-	-	-	17,569	17,569
Inventory - at cost	199,222	22,764	474,794	-	696,780
Restricted Assets:					
Restricted cash and cash equivalents	299,552	552,870	-	-	852,422
<b>Total Current Assets</b>	<b>2,371,394</b>	<b>1,503,461</b>	<b>4,603,722</b>	<b>1,017,236</b>	<b>9,495,813</b>
Noncurrent Assets					
Land	686,265	376,183	-	-	1,062,448
Construction-in-progress	275,246	-	-	-	275,246
Improvements other than buildings	8,783,728	5,945,568	10,121,391	231,708	25,082,395
Less: accumulated depreciation	(4,063,109)	(2,053,746)	(4,901,863)	(161,539)	(11,180,257)
Machinery and equipment	784,197	542,484	1,505,415	156,778	2,988,874
Less: accumulated depreciation	(692,024)	(444,381)	(1,348,199)	(107,005)	(2,591,609)
Water rights	6,017,134	-	-	-	6,017,134
Net pension asset	51,653	53,285	133,623	-	238,561
<b>Total Noncurrent Assets</b>	<b>11,843,090</b>	<b>4,419,393</b>	<b>5,510,367</b>	<b>119,942</b>	<b>21,892,792</b>
Deferred outflow of resources	26,852	27,701	69,465	-	124,018
<b>Total Assets and Deferred Outflow of Resources</b>	<b>14,241,336</b>	<b>5,950,555</b>	<b>10,183,554</b>	<b>1,137,178</b>	<b>31,512,623</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	84,987	36,605	294,893	13,296	429,781
Accrued liabilities	4,568	4,791	8,602	-	17,961
Compensated absences	17,371	20,664	55,487	-	93,522
Current portion of bonds payable	299,304	163,000	19,970	-	482,274
<b>Total Current Liabilities</b>	<b>406,230</b>	<b>225,060</b>	<b>378,952</b>	<b>13,296</b>	<b>1,023,538</b>
Noncurrent Liabilities:					
Bonds and loans payable	4,127,226	2,135,289	616,290	-	6,878,805
<b>Total Noncurrent Liabilities</b>	<b>4,127,226</b>	<b>2,135,289</b>	<b>616,290</b>	<b>-</b>	<b>6,878,805</b>
Deferred inflows of resources:					
Deferred revenue ARPA	864,754	-	-	-	864,754
Deferred inflows related to pension	85,938	88,655	222,318	-	396,911
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>5,484,148</b>	<b>2,449,004</b>	<b>1,217,560</b>	<b>13,296</b>	<b>9,164,008</b>
<b>NET POSITION</b>					
Net investment in capital assets	7,664,459	2,606,485	4,740,484	119,942	15,131,370
Retained Earnings					
Restricted for:					
Bond requirements	299,552	538,666	-	-	838,218
Impact fees	-	14,204	-	-	14,204
Inventory	199,222	22,764	474,794	-	696,780
Unrestricted	593,955	319,432	3,750,716	1,003,940	5,668,043
<b>Total Net Position</b>	<b>\$ 8,757,188</b>	<b>\$ 3,501,551</b>	<b>\$ 8,965,994</b>	<b>\$ 1,123,882</b>	<b>\$ 22,348,615</b>

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

# EPHRAIM CITY

## Statement of Revenue, Expenses, and Changes in Fund Net Position

### Proprietary Funds

For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds				Total
	Water	Sewer	Electric	Other Proprietary (Non-Major)	
<b>Operating Revenues:</b>					
Charges for sales and services	\$ 1,315,733	\$ 813,234	\$ 3,591,459	\$ 206,416	\$ 5,926,842
Grants	275,246	-	-	-	275,246
Miscellaneous	561	223	257,593	38,286	296,663
Total Operating Revenues	<u>1,591,540</u>	<u>813,457</u>	<u>3,849,052</u>	<u>244,702</u>	<u>6,498,751</u>
<b>Operating Expenses:</b>					
Salaries and wages	148,434	153,126	383,990	5,134	690,684
Employee benefits	112,936	105,687	219,271	423	438,317
Power purchases	-	-	2,131,061	-	2,131,061
Administrative costs	177,454	109,556	472,321	25,253	784,584
Materials and supplies	31,231	4,262	93,522	-	129,015
Repairs and maintenance	4,518	6,492	9,761	-	20,771
Depreciation	357,027	157,033	265,473	7,190	786,723
Service in lieu of taxes	65,878	58,438	-	454	124,770
Insurance	14,339	3,983	16,045	216	34,583
Professional services	61,865	25,026	6,622	-	93,513
Utilities and telephone	9,930	106,795	23,950	-	140,675
Travel and training	3,797	3,863	17,896	-	25,556
Landfill costs	-	-	-	59,321	59,321
Leases & rents	7,450	3,390	9,233	-	20,073
Collection costs	-	-	-	93,938	93,938
Miscellaneous	25,138	11,069	142,103	549	178,859
Total Operating Expenses	<u>1,019,997</u>	<u>748,720</u>	<u>3,791,248</u>	<u>192,478</u>	<u>5,752,443</u>
Operating Income	<u>571,543</u>	<u>64,737</u>	<u>57,804</u>	<u>52,224</u>	<u>746,308</u>
<b>Nonoperating Revenues (Expenses):</b>					
Interest revenue	679	1,871	3,213	3,164	8,927
Interest expense	(84,017)	(47,292)	(13,664)	-	(144,973)
Benefits exp-Change in NPL/NPA (GASB 68)	55,361	46,498	125,355	-	227,214
Impact fees	222,972	63,370	-	-	286,342
Total Nonoperating Revenues (Expenses)	<u>194,995</u>	<u>64,447</u>	<u>114,904</u>	<u>3,164</u>	<u>377,510</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	3,718	101,822	-	-	105,540
Operating transfers out	-	(2,592)	(138,644)	-	(141,236)
Total Other Financing Sources (Uses)	<u>3,718</u>	<u>99,230</u>	<u>(138,644)</u>	<u>-</u>	<u>(35,696)</u>
Net Income (Loss)	<u>770,256</u>	<u>228,414</u>	<u>34,064</u>	<u>55,388</u>	<u>1,088,122</u>
Change in Net Position	<u>770,256</u>	<u>228,414</u>	<u>34,064</u>	<u>55,388</u>	<u>1,088,122</u>
Total Net Position - Beginning	7,986,932	3,273,137	8,931,930	1,068,494	21,260,493
Total Net Position - Ending	<u>\$ 8,757,188</u>	<u>\$ 3,501,551</u>	<u>\$ 8,965,994</u>	<u>\$ 1,123,882</u>	<u>\$ 22,348,615</u>

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

**EPHRAIM CITY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Electric	Non-major Proprietary	Total
<b>Cash Flows From Operating Activities</b>					
Receipts from customers	\$ 1,326,419	\$ 811,551	\$ 3,622,746	\$ 205,642	\$ 5,966,358
Other cash receipts	561	223	257,593	38,286	296,663
Grant funds received	1,140,000	-	-	-	1,140,000
Payments to suppliers	(436,034)	(356,478)	(3,299,844)	(179,440)	(4,271,796)
Payments to employees	(274,055)	(256,168)	(595,137)	(5,557)	(1,130,917)
Net cash provided (used) by operating activities	<b>1,756,891</b>	<b>199,128</b>	<b>(14,642)</b>	<b>58,931</b>	<b>2,000,308</b>
<b>Cash Flows From Non-Capital and Related Financing Activities</b>					
Operating transfers in	3,718	101,822	-	-	105,540
Operating transfers out	-	(2,592)	(138,644)	-	(141,236)
Net cash provided (used) by non-capital and related financing activities	<b>3,718</b>	<b>99,230</b>	<b>(138,644)</b>	<b>-</b>	<b>(35,696)</b>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Purchases of capital assets	(646,353)	(173,786)	(227,510)	(9,841)	(1,057,490)
Principal paid on capital debt	(294,582)	(160,000)	(19,686)	-	(474,268)
Collection of impact fees	222,972	63,370	-	-	286,342
Interest paid on capital debt	(84,017)	(47,292)	(13,664)	-	(144,973)
Net cash provided (used) by capital and related financing activities	<b>(801,980)</b>	<b>(317,708)</b>	<b>(260,860)</b>	<b>(9,841)</b>	<b>(1,390,389)</b>
<b>Cash Flows From Investing Activities</b>					
Interest and dividends received	679	1,871	3,213	3,164	8,927
Net cash provided (used) by investing activities	<b>679</b>	<b>1,871</b>	<b>3,213</b>	<b>3,164</b>	<b>8,927</b>
Net increase (decrease) in cash and cash equivalents	959,308	(17,479)	(410,933)	52,254	583,150
Cash and cash equivalents, July 1	1,054,692	1,426,020	4,199,316	928,592	7,608,620
Cash and cash equivalents, June 30	<b>\$ 2,014,000</b>	<b>\$ 1,408,541</b>	<b>\$ 3,788,383</b>	<b>\$ 980,846</b>	<b>\$ 8,191,770</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income	\$ 571,543	\$ 64,737	\$ 57,804	\$ 52,224	\$ 746,308
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	357,027	157,033	265,473	7,190	786,723
(Increase) decrease in accounts receivable	10,686	(1,683)	31,287	(774)	39,516
(Increase) decrease in inventories	(18,113)	(2,071)	(221,004)	-	(241,188)
Increase (decrease) in payables	(16,321)	(21,533)	(156,326)	291	(193,889)
Increase (decrease) in deferred revenue	864,754	-	-	-	864,754
Increase (decrease) in accrued liabilities	(2,067)	(385)	(2,045)	-	(4,497)
Increase (decrease) in compensated absences	(10,618)	3,030	10,169	-	2,581
Total adjustments	<b>1,185,348</b>	<b>134,391</b>	<b>(72,446)</b>	<b>6,707</b>	<b>1,254,000</b>
Net cash provided (used) by operating activities	<b>\$ 1,756,891</b>	<b>\$ 199,128</b>	<b>\$ (14,642)</b>	<b>\$ 58,931</b>	<b>\$ 2,000,308</b>

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

# EPHRAIM CITY

## Notes to the Financial Statements

For the Year Ended June 30, 2022

---

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

#### 1.A. FINANCIAL REPORTING ENTITY

Ephraim City is a political subdivision of the State of Utah. The City is governed by a mayor and an elected board of five council members. The financial statements of Ephraim City may include those of separately administered organizations that are controlled by or are dependent on the City. Control or dependence is determined on the basis of financial interdependence, selection of governing authority, designation of management ability to significantly influence operations and accountability for fiscal matters. Using these criteria, no potential component units are included in the City's financial statements.

The accounting policies of Ephraim City, Utah, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies.

The City's financial reporting entity comprises the following:

Primary Government:	City of Ephraim
Component Units:	None

#### 1.B. BASIS OF PRESENTATION

##### ***Government-wide Financial Statements:***

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

##### ***Fund Financial Statements:***

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and



**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

---

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Fund

The Capital Project Fund is used to account for resources assigned for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets with transfers made from the General Fund.

The City Council approved the conversion of the Perpetual Care Fund to a Cemetery Capital Project Fund effective during the fiscal year ending June 30, 2012.

**Proprietary Funds**

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the water, sewer, electric, housing authority, solid waste, fire district, and rodeo grounds.

**Major and Non-major Funds**

The funds are further classified as major or non-major as follows:

<i><b>Fund</b></i>	<i><b>Brief Description</b></i>
<b>Major:</b>	
General	See above for description.
Capital Projects Fund	See above for description.
<b>Enterprise Funds:</b>	
Water, Sewer, Electric and Housing Authority Funds	Accounts for revenues and expenditures of water, sewer and electric utilities.

**Nonmajor:**

# EPHRAIM CITY

## Notes to the Financial Statements

For the Year Ended June 30, 2022

---

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Enterprise Funds:

Solid Waste Fund, Fire District,  
And the Rodeo Grounds Fund.

Accounts for revenues and expenditures of each respective fund.

### 1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

#### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

#### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end.

# **EPHRAIM CITY**

## **Notes to the Financial Statements**

For the Year Ended June 30, 2022

---

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

### **1.D. ASSETS, LIABILITIES, AND EQUITY**

#### **Cash and Investments**

For the purpose of the Statement of Net Position, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less

Investments are reported at fair value, Deposits are reported at cost, which approximates fair value. Investments of the City are accounts at the Utah Public Treasurers Investments Fund. Additional cash and investment disclosures are presented in Notes 2.B. and 3.A.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurements and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

#### **Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3.G. for details of interfund transactions, including receivables and payables at year-end.

#### **Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include; property taxes, sales taxes, water, sewer and garbage utilities, resort community taxes, and class “C” road funds. Business-type activities report utilities as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

---

**Fixed Assets**

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**Government-wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The City’s capitalization policy is to capitalize assets \$5,000 or greater in value.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	30-45 years	30-45 years
Machinery and Equipment	10-15 years	10-15 years
Vehicles	5-10 years	5-10 years

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Restricted Assets**

Restricted assets consist of various cash balances that are restricted as to their use. Certain cash balances are restricted by provisions of the bond resolutions. These include the bond, and emergency repairs accounts in the enterprise funds. Customer deposits are also restricted in the enterprise funds. Class “C” Road revenue not spent is restricted in the general fund to be used for future roadwork.

**Long-term Debt**

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

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

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

# EPHRAIM CITY

## Notes to the Financial Statements

For the Year Ended June 30, 2022

---

### Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

### 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so it will not be recognized as an inflow of resources (revenue) until then.

### Equity Classifications

#### Government-wide Statements

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

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

#### Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as Non-spendable, Restricted, Committed, Assigned or Unassigned. Proprietary fund equity is classified the same as in the government-wide statements. See Note 3.H. for additional disclosures.

- a) Non-spendable Fund Balance – Fund balances that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- b) Restricted Fund Balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors, or contributors.

# EPHRAIM CITY

## Notes to the Financial Statements

For the Year Ended June 30, 2022

---

- c) Committed Fund Balance – Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless City Council likewise formally changes the use.
- d) Assigned Fund Balance – Fund balances include amounts that are constrained by the government’s intent to be used for specific purpose, but neither restricted nor committed. Also includes all remaining amounts that are reported in governmental funds, other than the General Fund that are not classified as non-spendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.
- e) Unassigned Fund Balance – Fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

### Use of Net Position

The City’s policy regarding use of restricted or unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available is to first use restricted net position and then unrestricted net position.

### 1.E. REVENUES, EXPENDITURES AND EXPENSES

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Property taxes are based on the assessments against property owners. Tax levies on such assessed values are certified to Sanpete City prior to the commencement of the fiscal year. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1st and are delinquent after November 30 of each year. Property taxes are collected by the Sanpete City Treasurer and remitted to the City shortly after collection.

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

### Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

### Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

# **EPHRAIM CITY**

## **Notes to the Financial Statements**

For the Year Ended June 30, 2022

---

In the fund financial statements, expenditures are classified as follows:

Governmental Funds—By Character:

- Current (further classified by function)
- Debt Service
- Capital Outlay

Proprietary Fund—By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

### **Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

### **1.F. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) 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.

### **NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

#### **2.A. FUND ACCOUNTING REQUIREMENTS**

The City complies with all state and local laws and regulations requiring the use of separate funds.

#### **2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS**

The City maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the City funds. Deposits are not collateralized, nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the deposit of City funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the federal government, and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Utah Money Management Act and adhering to the rules of the Utah Money Management Council.

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

---

The Utah Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

Statutes authorize the City to invest in negotiable or non-negotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poor’s bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined by the Act; and the Utah Public Treasurers’ Investment Fund (UPTIF).

Certain assets are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements or invested in securities representing direct obligations of or obligations guaranteed by the U.S. government, agencies of the U.S. government, any state within the territorial United States of America, repurchase agreements or interest-bearing time deposits with state or national banks meeting certain minimum net worth requirements, or certain other investments.

The UPTIF is an external deposit and investment pool wherein governmental entities are able to pool the moneys from several entities to improve investment efficiency and yield. These moneys are invested primarily in money market securities and contain no withdrawal restrictions. As such, the moneys invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds.

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1 – Quoted prices for identical investments in active markets; Level 2 – Observable inputs other than quoted market prices; and Level 3 – Unobservable inputs. All investments are with the PTIF, which uses a Level 2 fair value measurement.

**2.C. REVENUE RESTRICTIONS**

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 1.E.
Water, Sewer and Housing Authority	Debt Service and Utility Operations
B & C Road Funds	Eligible B & C Roads
Federal and State Grants	Specific to Grant

For the year ended June 30, 2022, the City complied, in all material respects, with these revenue restrictions.



# EPHRAIM CITY

## Notes to the Financial Statements

For the Year Ended June 30, 2022

---

### 2.D. DEBT RESTRICTIONS AND COVENANTS

#### General Obligation Debt

No debt in excess of total revenue for the current year shall be created by any city unless the proposition to create such debt shall have been submitted to a vote of qualified electors. Cities shall not contract for debt to an amount exceeding four percent of the fair market value of taxable property in their jurisdictions. For the year ended June 30, 2022, the City had \$443,000 of outstanding general obligation debt. This is significantly less than the four percent maximum limit as set by the State of Utah.

#### Other Long-term Debt

Cities may incur a larger indebtedness for the purpose of supplying such city water, sewer, or electricity when such public works are owned and controlled by the municipality. The additional indebtedness shall not exceed four percent for first- and second-class cities and eight percent for third class cities. For the year ended June 30, 2022, the City had \$8,109,079 of such indebtedness.

#### Notes and Bonds Payable

The various loan agreements relating to the notes payable issuances contain some restrictions or covenants that are financial related. These include covenants such as debt service coverage requirement and required reserve account balances. The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance thereon as of June 30, 2022.

Requirement	Level of Compliance
a. Bonds Payable Coverage:	
	The scheduled payments of the water bond issued in May of 2013 are to be obtained from the operating revenues of the Water Fund. There are no other restrictions or reserve requirements specified for this debt.
b. Reserve Account Requirement:	
	Various escrows are set up as reserves to make the annual debt payments. Minimum balances are required to be kept in each of the escrows.

### 2.E. FUND EQUITY RESTRICTIONS

#### Deficit Prohibition

Utah Code 10-6-116(4) indicates that only the "fund balance in excess of 5% of total revenues of the general fund may be utilized for budget purposes." The remaining 5% must be maintained as a minimum fund balance. The maximum in the general fund may not exceed 35% of the total estimated revenue of the general fund. (10-6-116(2)) The City was within the limitations allowed by law.

### 2.F. BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. For the year ended June 30, 2022, all departments and funds were within budgeted appropriations.

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

**NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3.A. CASH AND INVESTMENTS**

**Deposits**

Deposits – Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a policy for custodial credit risk. As of June 30, 2022, the City’s custodial credit risk for deposits is as follows:

	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2022</u>
<b>Depository Accounts:</b>	Insured	\$ 258,498
	Uninsured and uncollateralized	170,236
<b>Total Depository Accounts</b>		<u><u>\$ 428,734</u></u>

**Investments**

As of June 30, 2022 the government had the following investments and maturities:

	<u>Fair Value</u>	<u>Investment Maturity in Years</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>More Than 5</u>
Investment in Public				
Treasurers' Investment Fund	\$ 12,656,793	\$ 12,656,793		
<b>Total Fair Value</b>	<u><u>\$ 12,656,793</u></u>	<u><u>\$ 12,656,793</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Fair Value of Investments – The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered hierarchy, as follow: Level 1—Quoted prices for identical investments in active markets; Level 2 – Observable inputs other than quoted market prices; and, Level 3 – Unobservable inputs. At June 30, 2022 the City had all investments in the PTIF, which uses a Level 2 fair value measurement.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State’s Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Credit Risk – The City follows the requirements of the Utah Money Management act (Section 61, chapter 7 of the Utah Code) in handling its depository and investing transactions. City funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the City to invest in the Utah Public Treasurers’ Investment Fund (UPTIF), trade commercial paper, bankers’ acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligation of government entities within the State of Utah. The UPTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the UPTIF. The degree of risk of the UPTIF depends upon the

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

underlying portfolio. The act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the

designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The City considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The City has no investment policy that would further limit its investment choices. The UPTIF is unrated. The deposits and investments described above are included on the Statement of Net Position as per the following reconciliation:

Reconciliation to Government-wide Statement of Net Position:

Investments	\$	12,656,793
Deposits		68,630
Total	\$	<u>12,725,423</u>

Per Statement of Net Position

Unrestricted Cash	\$	10,847,257
Restricted Cash		1,878,166
Total	\$	<u>12,725,423</u>

**3.B. RESTRICTED ASSETS**

The restricted assets as of June 30, 2022, are as follows:

<u>Type of Restricted Asset</u>	<u>Cash/Time Deposits</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
<i>Business-Type Activities:</i>				
Bond Requirements	\$ 838,218	\$ -	\$ -	\$ 838,218
Impact Fees	14,204	-	-	14,204
Total	<u>852,422</u>	<u>-</u>	<u>-</u>	<u>852,422</u>
<i>Governmental Activities:</i>				
Retainage Payable	211,057	-	-	211,057
Special Improvement Agency	19,329	-	-	19,329
Perpetual care	240,599	-	-	240,599
Debt Service	50,604	-	-	50,604
Impact Fees	226,168	-	-	226,168
Class C Roads	277,987	-	-	277,987
Total	<u>1,025,744</u>	<u>-</u>	<u>-</u>	<u>1,025,744</u>
<b>Grand Totals</b>	<b>\$ 1,878,166</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,878,166</b>

**3.C. ACCOUNTS RECEIVABLE**

Accounts receivable for the business-type activities consist of electric utilities, sewer utilities, water utilities, other utilities, and other receivables. Accounts receivable of the governmental activities consist of sales and franchise taxes, class C road funds, misc. taxes, grants receivable and other receivables.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Receivable	\$ 555,200	\$ 599,586	\$ 1,154,786
Special Assessments	1,884	-	1,884
Housing Authority	-	17,569	17,569
Allowance for Doubtful Accounts	-	(9,892)	(9,892)
<b>Net Accounts Receivable</b>	<b>\$ 557,084</b>	<b>\$ 607,263</b>	<b>\$ 1,164,347</b>

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

**3.D. CAPITAL ASSETS**

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

	Balance at June 30, 2021	Additions	Disposals Transfers	Balance at June 30, 2022
<b>Governmental Activities:</b>				
Land	\$ 216,039	\$ -	\$ -	\$ 216,039
Impact Fees - Street Facilities	20,100	-	-	20,100
Buildings	5,948,508	-	-	5,948,508
Improvements	4,961,125	326,581	-	5,287,706
Machinery and Equipment	2,304,374	370,823	-	2,675,197
Infrastructure	15,045,144	630,890	-	15,676,034
Work in Progress	93,215	-	-	93,215
<b>Totals at historical cost</b>	<b>28,588,505</b>	<b>1,328,294</b>	<b>-</b>	<b>29,916,799</b>
<b>Less Accumulated Depreciation:</b>				
Buildings	(2,648,530)	(141,473)	-	(2,790,003)
Improvements	(1,338,257)	(151,645)	-	(1,489,902)
Machinery and Equipment	(1,721,222)	(152,775)	-	(1,873,997)
Infrastructure	(9,837,618)	(687,786)	-	(10,525,404)
<b>Total Accum. Depreciation</b>	<b>(15,545,627)</b>	<b>(1,133,679)</b>	<b>-</b>	<b>(16,679,306)</b>
<b>Governmental Activities capital assets, net</b>	<b>\$ 13,042,878</b>	<b>\$ 194,615</b>	<b>\$ -</b>	<b>\$ 13,237,493</b>
<b>Business-type Activities:</b>				
Land	\$ 1,062,448	\$ -	\$ -	\$ 1,062,448
Building and Improvements	23,028,691	1,791,078	-	24,819,769
Machinery and Equipment	2,939,442	99,249	-	3,038,691
Water Rights	5,497,534	-	-	5,497,534
Impact fee assets	732,411	-	-	732,411
Work in Progress	1,109,071	-	(833,824)	275,247
<b>Totals at historical cost</b>	<b>34,369,597</b>	<b>1,890,327</b>	<b>(833,824)</b>	<b>35,426,100</b>
<b>Less Accumulated Depreciation:</b>				
Building and Improvements	(10,131,304)	(548,820)	-	(10,680,124)
Machinery and Equipment	(2,489,280)	(102,330)	-	(2,591,610)
Impact fee assets	(364,560)	(135,575)	-	(500,135)
<b>Total Accum. Depreciation</b>	<b>(12,985,144)</b>	<b>(786,725)</b>	<b>-</b>	<b>(13,771,869)</b>
<b>Business-type Activities capital assets, net</b>	<b>\$ 21,384,453</b>	<b>\$ 1,103,602</b>	<b>\$ (833,824)</b>	<b>\$ 21,654,231</b>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 532,378
Public safety	79,375
Highways and public improvements	37,456
Parks, recreation and public property	468,007
Community and economic development	3,862
Cemetery	12,601
<b>Total depreciation expense</b>	<b>\$ 1,133,679</b>

**3.E. ACCOUNTS PAYABLE**

Payables in the general fund are composed of general operating expenses.

**3.F. LONG-TERM DEBT**

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

---

**Governmental Activities:**

As of June 30, 2022, the City had \$1,542,917 in governmental long-term-debt:

<b>Governmental:</b>	<u>2022</u>
<b>Bonds Payable:</b>	
Library Bonds, Series 2007	
Original Principal \$1,120,000 @ 2.5%	395,000
Building Authority, Series 2005	
Original Principal \$141,000 @ 0%	<u>48,000</u>
<b>Total Bonds Payable</b>	<b>443,000</b>
<b>Direct Borrowings:</b>	
City Office Notes, Series 2001	
Original Principal \$1,925,000 @ 3.85%	<u>748,000</u>
<b>Total Direct Borrowings</b>	<b>748,000</b>
<b>Compensated Absences</b>	<u>199,322</u>
<b>Total Governmental Long-Term Debt</b>	<b><u>\$ 1,390,322</u></b>

**Business-type Activities:**

As of June 30, 2022, the long-term debt payable from proprietary fund resources consisted of the following:

<b>Business:</b>	<u>2022</u>
<b>Bonds Payable:</b>	
2014 Utah Waste Water Expansion Bonds	
Original Principal \$2,583,000 @ 2.00%	2,298,289
2019 Parity Revenue Bond - Water	
Original Principal \$346,000 @ 2.5%	<u>314,000</u>
<b>Total Bonds Payable</b>	<b>2,612,289</b>
<b>Direct Borrowings:</b>	
2018 Nielsen Note Payable	
Original Principal \$3,965,000 @ 2%	2,750,270
2018 Ephriam Irrigation Note Payable	
Original Principal \$1,077,500 @ 2%	958,520
2019 Water Well Note Payable	
Original Principal \$1,145,000 @ 1%	<u>1,040,000</u>
<b>Total Direct Borrowings</b>	<b>4,748,790</b>
<b>Compensated Absences</b>	<u>93,522</u>
<b>Total Business-Type Long-Term Debt</b>	<b><u>\$ 7,454,601</u></b>

The outstanding bonds and other direct borrowings are all secured with their respective revenues and/or property and equipment as collateral.

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

***Changes in Long-term Debt***

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

<u>Type of Debt</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>
<b>Governmental Activities:</b>				
Compensated Absences	\$ 157,917	\$ 41,405	\$ -	\$ 199,322
Bonds Payable	543,000	-	(100,000)	443,000
Direct Borrowings	842,000	-	(94,000)	748,000
Total Governmental Debt	<u>1,542,917</u>	<u>41,405</u>	<u>(194,000)</u>	<u>1,390,322</u>
<b>Business-type Activities:</b>				
Compensated Absences	90,941	13,199	(10,618)	93,522
Bonds Payable	2,783,287	-	(171,000)	2,612,287
Direct Borrowings	5,052,060	-	(303,268)	4,748,792
Total Business-type Debt	<u>\$ 7,926,288</u>	<u>\$ 13,199</u>	<u>\$ (484,886)</u>	<u>\$ 7,454,601</u>

The revenue bonds are payable only from the net revenues of the water, and sewer systems, as defined in the bond ordinances. The ordinances further provide that the City establish certain accounts and reserves for bond payment and that all revenues of the system are to be used for operation and maintenance costs of the systems, principal and interest on the bonds, and establishment of the defined debt repayment reserves and capital facilities replacement account.

***Annual Debt Service Requirements***

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2022, are as follows:

Year Ending June 30,	<u>Governmental</u>		<u>Business-Type</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 158,000	\$ 30,207	\$ 482,274	\$ 140,310
2024	122,000	26,023	491,379	131,141
2025	120,000	22,721	500,587	121,798
2026	123,000	19,450	510,898	112,271
2027	129,000	16,094	519,316	102,543
2028-2032	392,000	45,150	2,752,721	360,205
2033-2037	147,000	5,109	1,340,855	125,736
2038-2042	-	-	471,693	52,522
2043-2047	-	-	291,356	18,161
Total	<u>\$ 1,191,000</u>	<u>\$ 164,754</u>	<u>\$ 7,361,079</u>	<u>\$ 1,164,687</u>

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

**3.G. INTER-FUND TRANSACTIONS AND BALANCES**

Operating Transfers

The City had the following inter-fund transactions for the year ended June 30, 2022.

	<u>Transfer to</u>	<u>Transfer from</u>
Transfer to/from General Fund	35,696	742,133
Transfer to Building Authority Fund	230,133	-
Transfer to/from Equip/Bldg Cap Proj Fund	500,000	-
Transfer to/from Water Fund	3,718	-
Transfer to/from Sewer Fund	101,822	2,592
Transfer from Electric Fund	-	138,644
Transfer to Airport Fund	12,000	-
	<u>\$ 883,369</u>	<u>\$ 883,369</u>

**3.H. FUND EQUITY**

Restricted Fund Equity

**NET POSITION**

Net investment in capital assets	12,046,493	15,131,370	27,177,863
Restricted for:			
Special Improvement agency	19,329	-	19,329
Perpetual care	240,599	-	240,599
Debt Service	10,036	-	10,036
Bond requirements	-	838,218	838,218
Impact fees	226,168	14,204	240,372
Inventory	-	696,780	696,780
Class C Roads	277,987	-	277,987
Unrestricted	3,584,719	5,668,043	9,252,762
Total net position	<u>\$ 16,405,331</u>	<u>\$ 22,348,615</u>	<u>\$ 38,753,946</u>

**NOTE 4. OTHER NOTES**

**4A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

*General Information about the Pension Plan*

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

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

# EPHRAIM CITY

## Notes to the Financial Statements

For the Year Ended June 30, 2022

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 System's 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. 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 report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website [www.urs.org/general/publications](http://www.urs.org/general/publications).

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

#### Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years 2.0% per year over 20 years	Up to 2.5% 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 to June 2020 2.00% per year July 2020 to present	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.



**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

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 and additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

**Utah Retirement Systems**

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
<b>Contributory System</b>			
111-Local Government Division - Tier 2	N/A	16.07	0.89
<b>Noncontributory System</b>			
15-Local Government Division Tier - 1	N/A	18.47	N/A
<b>Public Safety Retirement System</b>			
Contributory			
122-Tier 2 DB Hybrid Public Safety	2.27	25.83	N/A
Noncontributory			
43- Other Division A with 2.5% COLA	N/A	34.04	N/A
<b>Firefighters Retirement System</b>			
31-Other Division A	15.05	4.61	N/A
132-Tier 2 DB Hybrid Firefighters	2.27	14.08	N/A
<b>Tier 2 DC Only</b>			
211-Local Government	N/A	6.69	10.00
222-Public Safety	N/A	11.83	14
232-Firefighters	N/A	0.08	14

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

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$171,921	N/A
Public Safety System	144,999	-
Firefighters System	3,034	8,303
Tier 2 Public Employees System	122,518	-
Tier 2 Public Safety and Firefighter	29,043	-
Tier 2 DC Only System	3,027	N/A
<b>Total Contributions</b>	<b>\$ 474,542</b>	<b>\$ 8,303</b>

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

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

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

At June 30, 2022, we reported a net pension asset of \$968,683 and a net pension liability of \$0.

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share June 30, 2020	Change (Decrease)
Noncontributor: \$	694,928	\$ -	0.1213401%	0.1232511%	-0.0019110%
Public Safety Sy	215,671	-	0.2655578%	0.2495534%	0.0160044%
Firefighters Syst	41,361	-	0.0709189%	0.0000000%	0.0709189%
Tier 2 Public Er	14,955	-	0.0353351%	0.0324363%	0.0028988%
Tier 2 Public Sa	1,768	-	0.0349740%	0.0275357%	0.0074383%
<u>\$</u>	<u>968,683</u>	<u>\$ -</u>			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2022. We recognized pension expense of (\$3,958).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 102,829	\$ 2,587
Changes in assumptions	123,029	7,184
Net difference between projected and actual earnings on pension plan investments	-	1,586,466
Changes in proportion and differences between contributions and proportionate share of contributions	44,307	15,430
Contributions subsequent to the measurement date	233,411	-
Total	<u>\$ 503,576</u>	<u>\$ 1,611,667</u>

\$233,411 reported as deferred outflows of resources related to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

---

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

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2022	\$ (242,477)
2023	\$ (472,339)
2024	\$ (385,411)
2025	\$ (262,112)
2026	\$ 3,049
Thereafter	\$ 17,788

Actuarial assumptions: The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	2.50 percent
Salary increases	3.25-9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	37.00%	6.30%	2.33%
Debt securities	20.00%	0.00%	0.00%
Real assets	15.00%	6.19%	0.93%
Private equity	12.00%	9.50%	1.14%
Absolute return	16.00%	2.75%	0.44%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

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

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 373,684	\$ (694,928)	\$ (1,586,476)
Public Safety System	531,915	(215,671)	(822,762)
Firefighters System	(10,128)	(41,361)	(66,676)
Tier 2 Public Employees System	89,106	(14,955)	(94,852)
Tier 2 Public Safety and Firefighter	14,181	(1,768)	(14,429)
	\$998,758	(\$968,683)	(\$2,585,195)

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

# EPHRAIM CITY

## Notes to the Financial Statements

For the Year Ended June 30, 2022

---

### Defined Contribution Savings Plans

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

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

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

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

	2022	2021	2020	2019	2018	2017	2016
<b>401(k) Plan</b>							
Employer Contributions	\$141,065	\$133,681	\$130,695	\$98,187	\$82,280	\$95,784	\$72,332
Employee Contributions	\$101,127	\$86,007	\$86,284	\$69,825	\$54,761	\$46,417	\$37,871
<b>457 Plan</b>							
Employer Contributions	\$0	\$0	\$0	\$0	\$0	\$13,380	\$9,693
Employee Contributions	\$1,603	\$2,428	\$2,474	\$854	\$819	\$814	\$694
<b>Roth IRA Plan</b>							
Employer Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee Contributions	\$5,850	\$3,320	\$1,300	\$1,300	\$1,080	\$870	\$790

### 4.B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased comprehensive general liability insurance through the Utah Local Governments' Trust. The City pays premiums to the Trust for its general insurance coverage, automobile liability, and personal injury protection. The Trust is self-sustaining through member premiums. The City is subject to a minimal deductible for claims.

### 4.C. SUBSEQUENT EVENTS

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

**EPHRAIM CITY**  
**Notes to the Financial Statements**  
For the Year Ended June 30, 2022

---

**4.D. ELECTRICAL POWER PURCHASE AGREEMENTS**

**Utah Associated Municipal Power Systems (UAMPS)**

Ephraim City is a member of Utah Associated Municipal Power Systems (UAMPS), a separate legal entity and political subdivision of the State of Utah, which was formed pursuant to the provision of the interlocal Cooperation Act. UAMPS' membership consists of 45 public power utilities which agreed to purchase the electrical power produced by UAMPS. UAMPS was formed to plan, finance, develop, acquire, construct, improve, operate, or maintain projects for the generation, transmission, and distribution of electric energy for the benefit of its members. In order for UAMPS to issue the bonds to fund the necessary power projects, it was necessary for UAMPS to have substantially similar binding contracts with the participants to pledge the debt payments required to be made in accordance with the terms of the binding contracts.

The contract with UAMPS entitles Ephraim City to an average of 3.3347% of the output of the various power projects. Ephraim City, as a participant in the projects, is obligated, on average, for 0.9246% of the debt service issued to finance the projects. Under the terms of the agreement, the operational costs and debt service requirements are reflected in the cost of power purchased. No separate payments are made to UAMPS by Ephraim City under this agreement.

Questions or requests for additional financial information regarding this agreement should be addressed to UAMPS Controller, 155 North 400 West, Suite #480, Salt Lake City, Utah 84103.

**4.E. ROUNDING CONVENTION**

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1.

**Required Supplementary Information  
(Unaudited)**

**EPHRAIM CITY**  
**Schedule of Contributions**  
**Utah Retirement Systems**  
**Last 10 Fiscal Years\***

As of fiscal year ended June 30,	Noncontributory System	Public Safety System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighter Retirement
Proportion of the net pension liability (asset):					
2022	0.1213401%	0.2655578%	0.0709189%	0.0353351%	0.0349740%
2021	0.1232511%	0.2495534%	0.0000000%	0.0324363%	0.0275357%
2020	0.1208930%	0.2374358%	0.0000000%	0.0307410%	0.0127607%
2019	0.1104928%	0.2132244%	0.0000000%	0.0277947%	0.0163839%
2018	0.1047535%	0.1445514%	0.0000000%	0.0274776%	0.0183082%
2017	0.1003659%	0.1535813%	0.0000000%	0.0245557%	0.0000000%
2016	0.0909519%	0.1122023%	0.0000000%	0.0215828%	0.0339561%
Proportionate share of the net pension liability (asset):					
2022	\$ (694,928)	\$ (215,671)	\$ (41,361)	\$ (14,955)	\$ (1,768)
2021	63,221	207,190	-	4,665	2,470
2020	455,630	381,231	-	6,914	1,200
2019	813,638	548,538	-	11,904	411
2018	458,956	226,752	-	2,423	(212)
2017	644,472	311,659	-	2,739	-
2016	514,650	200,983	-	(47)	(496)
Covered Employee Payroll:					
2022	\$ 985,830	\$ 415,251	\$ 23,645	\$ 655,077	\$ 83,636
2021	1,024,827	394,717	-	518,446	54,856
2020	1,011,797	375,047	-	427,246	20,998
2019	917,189	326,821	-	324,083	22,419
2018	862,737	283,954	-	268,860	19,267
2017	843,010	324,007	-	201,376	-
2016	749,343	239,246	-	139,429	20,160
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll:					
2022	-70.49%	-51.94%	-174.93%	-2.28%	-2.11%
2021	6.17%	52.49%	0.00%	0.90%	4.50%
2020	45.03%	101.65%	0.00%	1.62%	5.71%
2019	88.71%	167.84%	0.00%	3.67%	1.83%
2018	53.20%	79.86%	0.00%	0.90%	-1.10%
2017	76.45%	96.19%	0.00%	1.36%	0.00%
2016	68.68%	84.01%	0.00%	-0.03%	-2.46%
Plan fiduciary net position as a percentage of its covered-employee payroll:					
2022	108.7%	104.2%	120.1%	103.8%	102.8%
2021	99.2%	95.5%	0.0%	98.3%	93.1%
2020	93.7%	90.9%	0.0%	96.5%	89.6%
2019	87.0%	84.7%	0.0%	90.8%	95.6%
2018	91.9%	90.2%	0.0%	97.4%	103.0%
2017	87.3%	86.5%	0.0%	95.1%	103.6%
2016	87.8%	87.1%	0.0%	100.2%	110.7%

\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the last seven years.



**EPHRAIM CITY**  
**Schedule of Contributions**  
**Utah Retirement Systems**  
**Last 10 Fiscal Years\***

As of fiscal year ended June 30.	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution			Contributions as a percentage of covered employee payroll		
		Contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll	Covered employee payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory System</b>							
2013	\$ 134,236	\$ 134,236	\$ -	\$ 726,780	18.47%	\$ 726,780	18.47%
2014	142,441	142,441	-	779,488	18.27%	779,488	18.27%
2015	162,849	162,849	-	881,692	18.47%	881,692	18.47%
2016	162,833	162,833	-	881,608	18.47%	881,608	18.47%
2017	175,417	175,417	-	949,743	18.47%	949,743	18.47%
2018	196,539	196,539	-	1,064,099	18.47%	1,064,099	18.47%
2019	182,826	182,826	-	989,853	18.47%	989,853	18.47%
2022	171,921	171,921	-	930,812	18.47%	930,812	18.47%
<b>Public Safety Systems</b>							
2013	\$ 48,149	\$ 48,149	\$ -	\$ 141,449	34.04%	\$ 141,449	34.04%
2014	69,643	69,643	-	204,591	34.04%	204,591	34.04%
2015	81,615	81,615	-	249,510	32.71%	249,510	32.71%
2016	85,140	85,140	-	272,101	31.29%	272,101	31.29%
2017	123,963	123,963	-	364,168	34.04%	364,168	34.04%
2018	131,338	131,338	-	385,900	34.03%	385,900	34.03%
2019	136,702	136,702	-	402,119	34.00%	402,119	34.00%
2022	144,999	144,999	-	425,967	34.04%	425,967	34.04%
<b>Firefighters System</b>							
2013	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
2014	-	-	-	-	0.00%	-	0.00%
2015	-	-	-	-	0.00%	-	0.00%
2016	-	-	-	-	0.00%	-	0.00%
2017	-	-	-	-	0.00%	-	0.00%
2018	-	-	-	-	0.00%	-	0.00%
2019	-	-	-	-	0.00%	-	0.00%
2022	122,518	122,518	-	57,798	5.25%	57,798	5.25%
<b>Tier 2 Public Employees System *</b>							
2013	\$ 20,253	\$ 20,253	\$ -	\$ 135,565	14.94%	\$ 135,565	14.94%
2014	21,462	21,462	-	143,947	14.91%	143,947	14.91%
2015	37,620	37,620	-	252,313	14.91%	252,313	14.91%
2016	43,915	43,915	-	290,635	15.11%	290,635	15.11%
2017	59,748	59,748	-	384,479	15.54%	384,479	15.54%
2018	72,729	72,729	-	465,894	15.61%	465,894	15.61%
2019	88,384	88,384	-	559,389	15.80%	559,389	15.80%
2022	122,518	122,518	-	763,891	16.04%	763,891	16.04%
<b>Tier 2 Public Safety and Firefighter System *</b>							
2013	\$ 8,804	\$ 8,804	\$ -	\$ 39,042	22.55%	\$ 39,042	22.55%
2014	258	258	-	1,146	22.50%	1,146	22.50%
2015	-	-	-	-	0.00%	-	0.00%
2016	9,133	9,133	-	40,464	22.57%	40,464	22.57%
2017	282	282	-	1,221	23.09%	1,221	23.09%
2018	11,090	11,090	-	47,946	23.13%	47,946	23.13%
2019	14,568	14,568	-	56,400	25.83%	56,400	25.83%
2022	29,043	29,043	-	112,439	25.83%	112,439	25.83%
<b>Tier 2 Public Employees DC Only System *</b>							
2013	\$ 1,999	\$ 1,999	\$ -	\$ 29,747	6.72%	\$ 29,747	6.72%
2014	2,086	2,086	-	31,174	6.69%	31,174	6.69%
2015	2,536	2,536	-	37,902	6.69%	37,902	6.69%
2016	2,546	2,546	-	38,053	6.69%	38,053	6.69%
2017	2,667	2,667	-	39,867	6.69%	39,867	6.69%
2018	2,758	2,758	-	41,230	6.69%	41,230	6.69%
2019	2,853	2,853	-	42,653	6.69%	42,653	6.69%
2022	3,027	3,027	-	45,252	6.69%	45,252	6.69%

\* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effectively July 1, 2011  
\*\* Paragraph 81.b of GASB 68 requires employers to disclose a 10 year history of contributions in RSI. The schedule above is for the prior eight years, a 10-year history will need to be built prospectively.  
\*\*\* Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.

**EPHRAIM CITY**  
**Notes to Required Supplementary Information**  
For the Year Ended December 31, 2022

---

*Changes in Assumptions*

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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nephi City Corporation's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, the basic financial statements as a whole.

## **Supplementary Information**

**EPHRAIM CITY**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Housing Authority	Rodeo Grounds	
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 218,656	\$ 677,247	\$ 84,943	<b>980,846</b>
Accounts Receivable:				
Utilities receivable	19,359	-	-	<b>19,359</b>
Allowance for doubtful accounts	(538)	-	-	<b>(538)</b>
Other receivables	-	17,569	-	<b>17,569</b>
Total Current Assets	<u>237,477</u>	<u>694,816</u>	<u>84,943</u>	<u>1,017,236</u>
<b>FIXED ASSETS</b>				
Improvements	-	77,150	154,558	<b>231,708</b>
Less: accumulated depreciation	-	(6,981)	(154,558)	<b>(161,539)</b>
Machinery and equipment	156,778	-	-	<b>156,778</b>
Less: accumulated depreciation	(107,005)	-	-	<b>(107,005)</b>
Total Noncurrent Assets	<u>49,773</u>	<u>70,169</u>	<u>-</u>	<u>119,942</u>
Total Assets	<u>287,250</u>	<u>764,985</u>	<u>84,943</u>	<u>1,137,178</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	12,855	441	-	<b>13,296</b>
Total Current Liabilities	<u>12,855</u>	<u>441</u>	<u>-</u>	<u>13,296</u>
<b>NET POSITION</b>				
Net investment in capital assets	49,773	70,169	-	<b>119,942</b>
Retained Earnings				
Restricted for:				
Unrestricted	224,622	694,375	84,943	<b>1,003,940</b>
Total Net Position	<u>\$ 274,395</u>	<u>\$ 764,544</u>	<u>\$ 84,943</u>	<u>\$ 1,123,882</u>

**EPHRAIM CITY**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Fund Net Position**  
**Nonmajor Proprietary Funds**  
For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds			Total
	Solid Waste	Housing Authority	Rodeo Grounds	
<b>Operating Revenues:</b>				
Charges for sales and services	\$ 206,416	\$ -	\$ -	\$ 206,416
Miscellaneous	-	38,286.00	-	38,286
Total Operating Revenues	<b>206,416</b>	<b>38,286</b>	-	<b>244,702</b>
<b>Operating Expenses:</b>				
Salaries and wages	-	5,134	-	5,134
Employee Benefits	-	423	-	423
Administrative costs	25,253	-	-	25,253
Depreciation	6,027	1,163	-	7,190
Service in lieu of taxes	454	-	-	454
Insurance	216	-	-	216
Landfill costs	59,321	-	-	59,321
Collection costs	93,938	-	-	93,938
Miscellaneous	549	-	-	549
Total Operating Expenses	<b>185,758</b>	<b>6,720</b>	-	<b>192,478</b>
Operating income	<b>20,658</b>	<b>31,566</b>	-	<b>52,224</b>
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	-	3,164	-	3,164
Total Nonoperating Revenues (Expenses)	-	<b>3,164</b>	-	<b>3,164</b>
Net Income (Loss)	<b>20,658</b>	<b>34,730</b>	-	<b>55,388</b>
Change in Net Assets	20,658	34,730	-	55,388
Total Net Position - Beginning	253,737	729,814	84,943	1,068,494
Total Net Position - Ending	<b>\$ 274,395</b>	<b>\$ 764,544</b>	<b>\$ 84,943</b>	<b>\$ 1,123,882</b>

**EPHRAIM CITY**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds			
	Solid Waste	Housing Authority	Rodeo Grounds	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 205,642	\$ -	\$ -	\$ 205,642
Other cash receipts	-	38,286	-	38,286
Payments to suppliers	(179,509)	69	-	(179,440)
Payments to employees	-	(5,557)	-	(5,557)
Net cash provided (used) by operating activities	<u>26,133</u>	<u>32,798</u>	<u>-</u>	<u>58,931</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchases of capital assets	(9,841)	-	-	(9,841)
Net cash provided (used) by capital and related financing activities	<u>(9,841)</u>	<u>-</u>	<u>-</u>	<u>(9,841)</u>
<b>Cash Flows From Investing Activities</b>				
Interest and dividends received	-	3,164	-	3,164
Net cash provided (used) by investing activities	<u>-</u>	<u>3,164</u>	<u>-</u>	<u>3,164</u>
Net increase (decrease) in cash and cash equivalents	16,292	35,962	-	52,254
Cash and cash equivalents, July 1	202,364	641,285	84,943	928,592
Cash and cash equivalents, June 30	<u>\$ 218,656</u>	<u>\$ 677,247</u>	<u>\$ 84,943</u>	<u>\$ 980,846</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income	\$ 20,658	\$ 31,566	\$ -	\$ 52,224
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	6,027	1,163	-	7,190
(Increase) decrease in accounts receivable	(774)	-	-	(774)
Increase (decrease) in accrued liabilities	222	69	-	291
Total adjustments	<u>5,475</u>	<u>1,232</u>	<u>-</u>	<u>6,707</u>
Net cash provided (used) by operating activities	<u>\$ 26,133</u>	<u>\$ 32,798</u>	<u>\$ -</u>	<u>\$ 58,931</u>

**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***

The Honorable Mayor, and  
Members of the City Council  
Ephraim City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ephraim City, Utah (herein referred to as the “City”), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated November 9, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Larson & Company, PC***

Larson & Company, PC

Spanish Fork, Utah

November 9, 2022





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

Honorable Mayor  
Members of the City Council  
Ephraim City, Utah

Report on Compliance with General State Compliance Requirements

We have audited Ephraim City, Utah’s (herein referred to as the “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 year ended June 30, 2022.

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

- |                                       |  |
|---------------------------------------|--|
| Budgetary Compliance                  | Cash Management                            |
| Fund Balance                          | Enterprise Fund Transfers, Reimbursements, |
| Justice Courts                        | Loans, and Services                        |
| Restricted Taxes and Related Revenues | Tax Levy Recognition                       |
| Fraud Risk Assessment                 | Impact Fees                                |
| Government Fees                       | Utah Retirement Systems                    |
| Public Treasurer’s Bond               | Open and Public Meetings Act               |

Management’s Responsibility

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

Auditor’s Responsibility

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

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

### ***Opinion on General State Compliance Requirements***

In our opinion Ephraim City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the for the year ended June 30, 2022. Compliance requirements. However, our audit does not provide a legal determination of city's compliance

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

### **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control 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 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.

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

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

***Larson & Company, PC***

Larson & Company, PC

Spanish Fork, Utah  
November 9, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE***

The Honorable Mayor and  
Members of the City Council  
Ephraim City, Utah

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAMS**

***Opinion on Compliance for Each Major Federal Program***

We have audited Ephraim City, Utah's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ephraim City's major federal programs for the year ended June 30, 2022. Ephraim City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ephraim City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Ephraim City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Ephraim City's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Ephraim City's major federal programs.

**Auditor's Responsibilities for the Audit Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Ephraim City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Ephraim City's compliance with the requirements of each major federal program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Ephraim City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Ephraim City's internal control over compliance relevant to the audit in order to design audit procedures that appropriate in the circumstances and to test and report on the internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Ephraim City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies in material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did identify and deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion in expressed.

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

***Larson & Company, PC***

Larson & Company, PC

Spanish Fork, Utah  
November 9, 2022

**EPHRAIM CITY**  
**Schedule of Findings of Questioned Costs**  
For the Year Ended June 30, 2022

---

**SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of the Ephraim City.
2. No reportable conditions related to the audit of the financial statements are reported in the Auditors' Report on Internal Controls and Compliance with Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Ephraim City were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award program is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with Uniform Guidance.
5. The independent auditor's report on compliance for the major federal award programs for the Ephraim City, expresses an unqualified opinion.
6. The audit disclosed no audit findings that are required to be reported under 2 CFR section 200.516(a).
7. The program(s) tested as a major program include:

ARPA	21.027
------	--------
8. The threshold for distinguishing Types A and B programs is \$750,000 of federal awards expended.
9. Ephraim City was determined not to be a low-risk auditee.

# **EPHRAIM CITY**

## **Schedule of Findings of Questioned Costs (Continued)**

For the Year Ended June 30, 2022

---

### **FINANCIAL STATEMENT FINDINGS**

No findings noted during current audit

### **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings noted during current audit

### **SUMMARY OF PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

#### **FINANCIAL STATEMENT FINDINGS**

No findings noted during prior audit.

#### **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings noted during prior audit

# EPHRAIM CITY

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Federal Grantor/Pass-Thru/Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Contract	Amount of Expenditures
<b>United States Department of Treasury</b>			
<i>Passed Through the Governor's Office of Planning and budget</i>			
American Rescue Plan Act (ARPA) Well 3	21.0217		275,246
<b>Total Indirect Assistance</b>			275,246
<i>Direct Assistance</i>			
* American Rescue Plan Act (ARPA)	21.027		432,453
Coronavirus Relief Fund	21.019		265,662
<b>Total direct Assistance</b>			698,115
<b>Total United States Department of Treasury</b>			973,361
<b>United States Department of Transportation</b>			
<i>Passed Through the Utah Department of Transportation</i>			
Airport Coronavirus Relief Grant Program (ACRGP)	20.106		626,186
<b>Total United States Department of Transportation</b>			626,186
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 1,599,547

\* Major Program

# EPHRAIM CITY

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

---

### 1. GENERAL

The accompanying schedule of expenditures of federal awards (the schedule) includes the grant activity of Ephraim City (the City) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The City reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the schedule of expenditures of federal awards. Because the schedule presents only a selected portion of the operations of Ephraim City it is not intended to and does not present the financial position, changes in net position, or cash flows of Ephraim City.

### 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting for expenditures in governmental fund types and on the accrual basis for expenses in proprietary fund types, which is described in Note 1 to the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

### 3. NON-CASH ASSISTANCE

The City did not receive any non-cash assistance

### 4. LOANS OUTSTANDING

The City has no federal loans outstanding through as of June 30, 2022.

### 5. DE MINIMIS INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate.