

**SPANISH FORK CITY, UTAH
BASIC FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2023**

**SPANISH FORK CITY, UTAH
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
Spanish Fork City, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of Spanish Fork City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Spanish Fork 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, each major fund, and the aggregate remaining fund information as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Local Building Authority Fund for the year ended June 30, 2023 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 Spanish Fork 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 for the Financial Statements

Spanish Fork City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Spanish Fork City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 judgment 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 Spanish Fork 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 Spanish Fork 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 '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* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 SEFA 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 20, 2023, on our consideration of Spanish Fork 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 Spanish Fork City's internal control over financial reporting and compliance.

LARSON & COMPANY, PC

Larson & Company, PC

Spanish Fork, Utah
November 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Spanish Fork City, we offer readers of Spanish Fork City's financial statements this narrative overview and analysis of the financial activities of Spanish Fork City for the fiscal year ended **June 30, 2023**. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position of Spanish Fork City increased **\$47,982,453** to **\$491,163,292**. The governmental net position increased by **\$17,427,719** and the business-type net position increased by **\$30,554,734**, including a prior period adjustment of **\$1,802,270**.
- The total net position of **\$491,113,292** is made up of **\$366,605,036** in capital assets net of related debt and **\$124,558,256** in other net position.
- The General Fund (the primary operating fund) had a decrease in its fund balance of **\$971,481**.
- The City's total long-term debt decreased by **\$3,402,104** during the current fiscal year.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to Spanish Fork City's basic financial statements. Spanish Fork 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 Spanish Fork City's finances, in a manner similar to a private-sector business.

- *The statement of net position* presents information on all of Spanish Fork City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported as assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Spanish Fork City is improving or deteriorating. However, you will also need to consider other non-financial factors.

- *The statement of activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless

of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Spanish Fork City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on as indicated in the table of contents of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Spanish Fork 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 three categories: governmental funds, proprietary funds, and fiduciary 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 fund (as determined by generally accepted accounting principles) is the General Fund. The balance of the governmental funds are determined to be non-major and are included in the combining statements within this report.

- **Proprietary funds** - Spanish Fork City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Spanish Fork City uses enterprise funds to account for its Electric Utility, Water Utility (Culinary and Pressurized Irrigation), Sewer Utility, Solid Waste Collection Utility, Streets and Storm Drainage Utility, Broadband Utility, Airport, and Gun Club. Internal service funds are an accounting device used to accumulate and allocate costs internally among Spanish Fork City's various functions. The City uses an internal service fund for purchase and maintenance of its vehicles and equipment. Because this service primarily benefits governmental activities, it has been included with governmental activities in the government-wide financial statements. As determined by generally accepted accounting principles, the Electric, Water, Sewer, Broadband, and Street

and Storm Drain enterprise funds meet the criteria for major fund classification. The other enterprise funds are classified as non-major and are included in the combining statements within this report.

- **Fiduciary funds** - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting method used for these funds is much like that used for proprietary funds.

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 Spanish Fork City, assets exceed liabilities by **\$491,163,292**.

The largest portion of Spanish Fork City's net position **\$366,605,036 or 75%** reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City's net position.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 59,355,780	\$ 70,656,306	\$ 129,149,309	\$ 153,765,548	\$ 188,505,089	\$ 224,421,854
Capital assets	118,866,011	98,615,152	368,225,163	315,574,061	487,091,174	414,189,213
Total assets	178,221,791	169,271,458	497,374,472	469,339,609	675,596,263	638,611,067
Deferred outflows - pension	3,524,419	2,063,469	1,105,520	1,250,080	4,629,939	3,313,549
Total deferred outflows of resources	3,524,419	2,063,469	1,105,520	1,250,080	4,629,939	3,313,549
Total Assets and Deferred outflows	181,746,210	171,334,927	498,479,992	470,589,689	680,226,202	641,924,616
Other liabilities	22,411,731	18,115,288	30,914,773	28,405,125	53,326,504	46,520,413
Long-term liabilities outstanding	36,141,484	38,847,726	94,257,266	95,461,319	130,398,750	134,309,045
Total liabilities	58,553,215	56,963,014	125,172,039	123,866,444	183,725,254	180,829,458
Deferred property tax revenue	5,062,294	4,795,770	-	-	5,062,294	4,795,770
Deferred grant revenue	-	2,421,040	-	-	-	2,421,040
Deferred inflows - pension	209,612	6,661,733	65,750	4,035,776	275,362	10,697,509
Total deferred inflows of resources	5,271,906	13,878,543	65,750	4,035,776	5,337,656	17,914,319
Total Liabilities and Deferred inflows	63,825,121	70,841,557	125,237,789	127,902,220	189,062,910	198,743,777
Net Position:						
Invested in capital assets, net of related debt	82,667,808	59,696,801	283,937,228	230,669,126	366,605,036	290,365,927
Restricted	15,306,055	26,608,551	239,065	239,065	15,545,120	26,847,616
Unrestricted	19,947,226	14,188,018	89,065,910	111,779,278	109,013,136	125,967,296
Total Net Position	\$ 117,921,089	\$ 100,493,370	\$ 373,242,203	\$ 342,687,469	\$ 491,163,292	\$ 443,180,839

The following table summarizes the City's changes in Net position.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 19,568,862	\$ 17,744,690	\$ 69,327,086	\$ 64,049,415	\$ 88,895,948	\$ 81,794,105
Operating grants and contribs	5,382,107	324,441	-	-	5,382,107	324,441
Capital grants and contribs	3,177,439	3,161,171	35,841,071	33,488,161	39,018,510	36,649,332
General revenues:						
Property taxes	5,344,754	4,259,495	-	-	5,344,754	4,259,495
Sales and Use Tax	17,765,035	16,747,962	-	-	17,765,035	16,747,962
Other taxes	391,012	392,187	-	-	391,012	392,187
Unrestricted investment earnings	1,748,169	210,272	4,044,430	1,041,951	5,792,599	1,252,223
Sundry revenues	2,530,376	1,321,740	-	-	2,530,376	1,321,740
Joint Venture Gain (Loss)	-	-	335,112	557,101	335,112	557,101
Gain on Sale of Capital Assets	(5,130)	(467,369)	-	13,986	(5,130)	(453,383)
Total revenues	55,902,624	43,694,589	109,547,699	99,150,614	165,450,323	142,845,203
Expenses:						
General government	3,139,097	407,098	-	-	3,139,097	407,098
Public safety	13,505,007	11,409,007	-	-	13,505,007	11,409,007
Public Works	4,806,119	6,213,750	-	-	4,806,119	6,213,750
Parks and recreation	16,322,344	17,897,539	-	-	16,322,344	17,897,539
Operating Expenses (Business Type)	-	-	76,899,942	68,372,944	76,899,942	68,372,944
Interest Expense	993,091	858,064	-	-	993,091	858,064
Total expenses	38,765,658	36,785,458	76,899,942	68,372,944	115,665,600	105,158,402
Increase in Net Position before transfers	17,136,966	6,909,131	32,647,757	30,777,670	49,784,723	37,686,801
Interfund transfer of capital assets	-	-	-	-	-	-
Transfers	290,753	2,734,252	(290,753)	(2,734,252)	-	-
Increase in Net Position	17,427,719	9,643,383	32,357,004	28,043,418	49,784,723	37,686,801
Net Position - beginning	100,493,370	90,849,987	342,687,469	314,644,051	443,180,839	405,494,038
Net Position - ending	\$ 117,921,089	\$ 100,493,370	\$ 373,242,203	\$ 342,687,469	\$ 491,163,292	\$ 443,180,839

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 spend-able resources. Such information is useful in assessing the City's financing requirements. As of the June 30, 2023, the City's governmental funds (General, Debt Service, Special Revenue, and Capital Project Fund) reported combined fund equity of **\$43,407,960**. This represents a decrease of **\$6,081,822** over last year's ending balances. This decrease is the result of planned budget expenditures in the Capital Projects Funds. The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund. Capital project funds are used to account for the acquisition of capital assets with transfers made from the General Fund and other funds.

Taxes continue to be the largest source of revenue in the Governmental Funds **\$23,500,802** and represent **50%** of total governmental funds operating revenues. The largest element of taxes is **sales and use taxes** as it has been for the last several years.

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 provides 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 **\$35,980,478** to a final budget of **\$37,484,273**. The significant change to expenditures from the original budget to the final budget was due to budget changes in the capital projects in the parks division.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - Spanish Fork City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to **\$366,605,036** (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, etc.), and machinery and equipment. Capital assets include contributed infrastructure from developers.

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

Parks Improvements:

Maintenance and infrastructure improvements of existing parks and trails for \$803,641.

Construction of Electric Park for \$1,244,560.

Land Purchase of \$1,065,954.

Fairground Improvements

South Parking Lot for \$710,666.

Land Purchase for \$1,605,217.

Recreation Improvements

Recreation Center Land & Design for \$1,130,702.

Fire Improvements

Station 61 Temporary Dorms for \$360,447.

Water & Pressurized Irrigation Improvements:

Water & Pressurized Irrigation Improvement Projects for \$11,493,221.

Sewer Improvements:

Sewer Trunklines for \$624,393.

Sewer Plant Rebuild for \$25,374,343.

Sewer Lift Stations for \$915,720.

Sewer Improvements for \$3,268,962.

Streets/Storm Drain Improvements:

Streets/Storm Drain Improvements for \$18,527,301.

Electric Improvements:

Substation Improvements for \$2,617,192.

Electric Improvements for \$3,418,215.

Airport Improvements

Taxiway A Rehab for \$661,294.

Airport Improvements for \$76,682.

Other Improvements:

Land Purchases for \$1,473,153.

New Library Construction for \$8,551,525.

Facilities Shop for \$339,191.95.

SFCN Building Construction for \$4,493,475.57.

Golf Course Improvements for \$168,883.

Spanish Fork Community Network:

New Node Construction \$863,009.

Improvements for Fiber to the Home for \$207,325.

Motor pool:

City Wide Equipment and Vehicle Purchases for \$3,879,460.

The following table summarizes the City's changes in Capital Assets.

	Spanish Fork City's Capital Assets			
	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Land	\$ 20,922,610	\$ 16,203,797	\$ 13,358,071	\$ 15,160,342
Water Shares	-	-	7,483,062	6,943,282
Buildings	47,361,273	34,565,208	3,524,635	3,672,708
Improvements	19,579,800	19,347,785	342,011,535	288,422,850
Equipment	12,030,955	10,345,307	1,847,860	1,374,879
Infrastructure	18,971,373	18,153,055	-	-
Total Net Assets -				
Net of Depreciation	<u>\$ 118,866,011</u>	<u>\$ 98,615,152</u>	<u>\$ 368,225,163</u>	<u>\$ 315,574,061</u>

Additional information on the City's capital assets can be found in the footnotes to this financial report and also the supplemental section.

Long-term debt - At June 30, 2023, the City had total bonded debt outstanding of **\$120,540,000** Of that, **\$114,460,000** is debt secured solely by specific revenue sources (i.e., revenue bonds within the Sewer and Water Utilities). **\$6,080,000** is debt secured solely by tax sources (i.e. Sales Tax revenue and Property Tax increment for the RDA).

The following table summarizes the City's changes in Long-term debt.

	Spanish Fork City's Outstanding Debt			
	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Direct Borrowings	\$ 128,484	\$ 192,726	\$ -	\$ -
Accrued Vacation & Sick Leave	2,534,893	2,318,010	1,221,728	1,157,474
Revenue Bonds	36,013,000	38,655,000	84,527,000	85,144,000
Total Outstanding Debt	<u>\$38,676,377</u>	<u>\$41,165,736</u>	<u>\$85,748,728</u>	<u>\$86,301,474</u>

State statutes limit the amount of general obligation debt (G.O.) a governmental entity may issue to 4% of its total taxable value of **\$4,665,708,342**. The City currently has no outstanding general obligation debt. The current limitation for the City is **\$186,628,334** which significantly exceeds the City's outstanding general obligation debt. In addition, state statute allows for an additional 4% to be used for water, sewer, or electrical projects thus

resulting in a debt limit of 8% of total taxable value. The current limitation for these water, sewer and electrical projects is thus **\$186,628,334** which again, significantly exceeds the outstanding business-type activity debt.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate at year end for Utah County (of which Spanish Fork is one of the principal municipalities) was 2.7% compared with a state unemployment rate of 2.6% and a national rate of 3.8%. (Source: Utah Dept of Workforce Services)

- Some capital improvements budgeted for the FY 2024 include:
 1. Airport operations and capital improvements
 2. River reclamation projects
 3. Water line replacement.
 4. Sewer line replacement
 5. Electric system improvements
 6. Storm drainage system expansion
 7. Pressurized irrigation system expansion
 8. Sidewalk replacement and repair of various areas of town
 9. Purchase of city vehicles
 10. Additional city parks
 11. Construction of new sewer plant
 12. Construction of new broadband building
 13. Design and initial construction of new recreation center

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Spanish Fork City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: Finance Director, Spanish Fork City, 80 South Main St, Spanish Fork, UT 84660.

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BASIC FINANCIAL STATEMENTS

Spanish Fork City
Statement of Net Position
As of June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 31,744,388	\$ 49,622,853	\$ 81,367,241
Receivables (net of allowance)	8,277,858	6,186,811	14,464,669
Prepaid expenses	2,224	130	2,354
Internal balances	(11,211,002)	11,211,002	-
Inventory	108,016	4,203,235	4,311,251
Equity in joint venture	-	2,694,079	2,694,079
Restricted cash and cash equivalents	30,329,805	38,064,339	68,394,144
Note receivable from Mapleton City	-	17,134,083	17,134,083
Net Pension Asset	104,491	32,777	137,268
Capital Assets (not being depreciated):			
Land	20,922,610	13,358,071	34,280,681
Water shares	-	7,483,062	7,483,062
Capital Assets (net of accumulated depreciation):			
Buildings	47,361,273	3,524,635	50,885,908
Improvements other than buildings	19,579,800	342,011,535	361,591,335
Equipment	12,030,955	1,847,860	13,878,815
Infrastructure	18,971,373	-	18,971,373
Total assets	<u>178,221,791</u>	<u>497,374,472</u>	<u>675,596,263</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources relating to pensions	<u>3,524,419</u>	<u>1,105,520</u>	<u>4,629,939</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	<u>181,746,210</u>	<u>498,479,992</u>	<u>680,226,202</u>
LIABILITIES			
Accounts payable	2,112,189	9,020,474	11,132,663
Developer escrows and deposits	15,012,246	4,476,665	19,488,911
Deferred revenue	47,963	-	47,963
Connectors agreement	-	1,019,476	1,019,476
Compensated absences	2,534,893	1,221,728	3,756,621
Bond interest payable	56,719	860,725	917,444
Noncurrent Liabilities:			
Cash held on behalf of Mapleton City	-	12,640,685	12,640,685
Net pension liability	2,647,721	830,520	3,478,241
	-	844,500	844,500
Due within one year	2,723,242	3,439,000	6,162,242
Due in more than one year	33,418,242	90,818,266	124,236,508
Total liabilities	<u>58,553,215</u>	<u>125,172,039</u>	<u>183,725,254</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	5,062,294	-	5,062,294
	-	-	-
Relating to pensions	209,612	65,750	275,362
Total deferred inflows of resources	<u>5,271,906</u>	<u>65,750</u>	<u>5,337,656</u>
NET POSITION			
Net investments in capital assets	82,667,808	283,937,228	366,605,036
Restricted for:			
	9,183,305	-	9,183,305
RAP programs	2,217,122	-	2,217,122
Redevelopment agency	3,409,916	-	3,409,916
Debt service	495,712	-	495,712
Bond requirements	-	239,065	239,065
Unrestricted	19,947,226	89,065,910	109,013,136
Total net position	<u>\$ 117,921,089</u>	<u>\$ 373,242,203</u>	<u>\$ 491,163,292</u>

Spanish Fork City
Statement of Activities
For the Year Ended June 30, 2023

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Total
						Business-type Activities		
Primary government nt:								
Governmental activities:								
General government	\$ 3,139,097	\$ 14,446,314	\$ 20,021	\$ -	\$ 11,327,238	\$ -	\$ -	\$ 11,327,238
Public safety	13,505,007	2,611,329	5,316,690	-	(5,576,988)	-	-	(5,576,988)
Public works	4,806,119	-	-	-	(4,806,119)	-	-	(4,806,119)
Parks, rec. & public property	16,322,344	2,511,219	45,396	3,177,439	(10,588,290)	-	-	(10,588,290)
Interest on long-term debt	993,091	-	-	-	(993,091)	-	-	(993,091)
Total governmental activities	<u>38,765,658</u>	<u>19,568,862</u>	<u>5,382,107</u>	<u>3,177,439</u>	<u>(10,637,250)</u>	<u>-</u>	<u>-</u>	<u>(10,637,250)</u>
Business-type activities:								
Water	9,800,788	6,622,145	-	8,892,092	-	5,713,449	-	5,713,449
Sewer	8,764,478	7,591,441	-	8,909,699	-	7,736,662	-	7,736,662
Electric	29,668,438	33,429,087	-	3,387,527	-	7,148,176	-	7,148,176
Streets & Storm Drain	15,756,953	7,432,011	-	14,436,054	-	6,111,112	-	6,111,112
Broadband	8,498,010	10,425,996	-	-	-	1,927,986	-	1,927,986
Garbage	3,297,190	3,158,204	-	-	-	(138,986)	-	(138,986)
Airport	800,307	405,749	-	215,699	-	(178,859)	-	(178,859)
Gun club	313,778	262,453	-	-	-	(51,325)	-	(51,325)
Total business-type activities	<u>76,899,942</u>	<u>69,327,086</u>	<u>-</u>	<u>35,841,071</u>	<u>-</u>	<u>28,268,215</u>	<u>-</u>	<u>28,268,215</u>
Total primary government	<u>\$ 115,665,600</u>	<u>\$ 88,895,948</u>	<u>\$ 5,382,107</u>	<u>\$ 39,018,510</u>	<u>(10,637,250)</u>	<u>28,268,215</u>	<u>-</u>	<u>17,630,965</u>
General revenues:								
Property taxes					5,344,754	-	-	5,344,754
Sales taxes					17,765,035	-	-	17,765,035
Other taxes					391,012	-	-	391,012
Unrestricted investment earnings					1,748,169	4,044,430	-	5,792,599
Sundry revenues					2,530,376	-	-	2,530,376
Joint venture gain (loss)					-	335,112	-	335,112
Gain (loss) on sale of capital assets					(5,130)	-	-	(5,130)
Transfers					290,753	(290,753)	-	-
Total general revenues and transfers					<u>28,064,969</u>	<u>4,088,789</u>	<u>-</u>	<u>32,153,758</u>
Change in Net Position					17,427,719	32,357,004	49,784,723	49,784,723
Net Position - beginning					100,493,370	342,687,469	443,180,839	443,180,839
Prior Period Adjustment					-	(1,802,270)	-	(1,802,270)
Net Position - ending					<u>\$ 117,921,089</u>	<u>\$ 373,242,203</u>	<u>\$ 491,163,292</u>	<u>\$ 491,163,292</u>

**Spanish Fork City
Balance Sheet
Governmental Funds
As of June 30, 2023**

	General Fund	Local Building Authority Fund	Parks Construction Fund	Land Acquisition Fund	Total Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 10,711,748	\$ -	\$ 3,087,264	\$ 8,341,103	\$ 4,614,415	\$ 26,754,530
Receivables (net of allowance):						-
Tax	8,277,856	-	-	-	-	8,277,856
Prepaid expense	2,224	-	-	-	-	2,224
Inventory	108,016	-	-	-	-	108,016
Restricted Assets:						-
Cash and cash equivalents	15,012,246	\$ 9,193,309	-	-	6,124,250	30,329,805
Total assets	<u>\$ 34,112,090</u>	<u>\$ 9,193,309</u>	<u>\$ 3,087,264</u>	<u>\$ 8,341,103</u>	<u>\$ 10,738,665</u>	<u>\$ 65,472,431</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 762,836	\$ 10,004	\$ 219,116	\$ 3,334	\$ 1,500	\$ 996,790
Payroll payable	945,178	-	-	-	-	945,178
Developer escrow	11,325,769	-	-	-	-	11,325,769
Final inspection deposit	3,686,477	-	-	-	-	3,686,477
Deferred revenue	47,963	-	-	-	-	47,963
Total liabilities	<u>16,768,223</u>	<u>10,004</u>	<u>219,116</u>	<u>3,334</u>	<u>1,500</u>	<u>17,002,177</u>
DEFERRED INFLOWS						
Deferred property tax revenue	5,062,294	-	-	-	-	5,062,294
Deferred grant revenue (jordan added)	-	-	-	-	-	-
Total deferred inflows of resources	<u>5,062,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,062,294</u>
FUND BALANCES						
Nonspendable	110,240	-	-	-	-	110,240
Restricted for:						
Capital projects	-	9,183,305	-	-	-	9,183,305
RAP programs	-	-	-	-	2,217,122	2,217,122
Redevelopment agency	-	-	-	-	3,409,916	3,409,916
Debt service	-	-	-	-	495,712	495,712
Committed for:						
Capital projects	-	-	2,868,148	8,337,769	4,614,415	15,820,332
Unassigned	12,171,333	-	-	-	-	12,171,333
Total fund balances	<u>12,281,573</u>	<u>9,183,305</u>	<u>2,868,148</u>	<u>8,337,769</u>	<u>10,737,165</u>	<u>43,407,960</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 34,112,090</u>	<u>\$ 9,193,309</u>	<u>\$ 3,087,264</u>	<u>\$ 8,341,103</u>	<u>\$ 10,738,665</u>	<u>\$ 65,472,431</u>

Spanish Fork City
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total fund balances - governmental fund types: \$ 43,407,960

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

Long term and Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of capital assets	167,865,685	
Accumulated depreciation	(48,999,674)	
Net Pension Asset	103,032	
Deferred Outflow - Pension	<u>3,475,775</u>	
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities		<u>122,444,818</u>

Internal Service funds are used by management to charge the cost of motor pool to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, but not in the Balance Sheet - Governmental Funds (2,428,529)

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

Accrued interest payable	(56,717)	
Long-term debt	(36,141,484)	
Compensated absences	(2,481,137)	
Interfund Loan	(4,005,942)	
Deferred Inflow - Pension	<u>(206,719)</u>	
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities		<u>(45,503,160)</u>

Net position of government activities \$ 117,921,089

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

	General Fund	Local Building Authority Fund	Parks Construction Fund	Land Acquisition Fund	Total Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 22,303,681	\$ -	\$ -	\$ -	\$ 1,197,121	\$ 23,500,802
Lease Revenue	-	1,941,885	-	-	-	1,941,885
Licenses and permits	3,419,522	-	-	-	-	3,419,522
Sundry revenue	2,940,509	-	-	1,479,489	1,050,887	5,470,885
Intergovernmental revenues	5,382,107	-	50,000	-	50,000	5,482,107
Charges for services	5,283,740	-	-	-	-	5,283,740
Fines and forfeitures	156,199	-	-	-	-	156,199
Interest income	918,238	609,062	-	-	220,869	1,748,169
Total revenues	<u>40,403,996</u>	<u>2,550,947</u>	<u>50,000</u>	<u>1,479,489</u>	<u>2,518,877</u>	<u>47,003,309</u>
EXPENDITURES						
Current:						
General government	9,567,312	-	-	113,641	914,541	10,595,494
Public safety	13,578,204	-	-	-	-	13,578,204
Public works	5,047,417	-	-	-	1,105	5,048,522
Parks, recreation and public property	8,509,890	-	-	-	-	8,509,890
Debt Service:						
Principal retirement	-	1,307,000	-	-	1,514,231	2,821,231
Interest and fiscal charges	-	631,943	-	-	375,054	1,006,997
Capital outlay	-	13,045,001	2,919,817	3,453,588	1,299,586	20,717,992
Total expenditures	<u>36,702,823</u>	<u>14,983,944</u>	<u>2,919,817</u>	<u>3,567,229</u>	<u>4,104,517</u>	<u>62,278,330</u>
Excess revenues over (under) expenditures	<u>3,701,173</u>	<u>(12,432,997)</u>	<u>(2,869,817)</u>	<u>(2,087,740)</u>	<u>(1,585,640)</u>	<u>(15,275,021)</u>
Other financing sources (uses)						
Sale of fixed assets	(2,000)	-	-	-	-	(2,000)
Impact fees	802,861	-	2,274,578	-	-	3,077,439
Indirect services	5,827,007	-	-	-	-	5,827,007
Transfers in	1,975,000	60,000	-	4,390,302	8,140,973	14,566,275
Transfers out	(13,275,522)	-	-	-	(1,000,000)	(14,275,522)
Total other financing sources and uses	<u>(4,672,654)</u>	<u>60,000</u>	<u>2,274,578</u>	<u>4,390,302</u>	<u>7,140,973</u>	<u>9,193,199</u>
Excess of revenues and other sources over (under) expenditures and other uses	(971,481)	(12,372,997)	(595,239)	2,302,562	5,555,333	(6,081,822)
Fund balances - beginning of year	13,253,054	21,556,302	3,463,387	6,035,207	5,181,832	49,489,782
Fund balances - end of year	<u>\$ 12,281,573</u>	<u>\$ 9,183,305</u>	<u>\$ 2,868,148</u>	<u>\$ 8,337,769</u>	<u>\$ 10,737,165</u>	<u>\$ 43,407,960</u>

Spanish Fork 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, 2023

Net changes in fund balances - total governmental funds \$ (6,081,822)

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.

Capital Outlay	21,989,309	
Depreciation Expense	<u>(3,219,634)</u>	
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in Net Position of governmental activities		<u>18,769,675</u>

Internal service funds are used by management to charge the cost of motor pool to individual funds. The net revenue of certain activities of internal service funds are reported with the governmental activities. 960,186

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 2,796,525

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

Change in compensated Absences	(214,031)	
Change in Pension Expenses	<u>1,200,316</u>	
Change in Net Position of governmental activities		<u>\$ 17,427,719</u>

Spanish Fork City
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
REVENUES				
Taxes	\$ 21,950,770	\$ 22,374,178	\$ 22,303,681	\$ (70,497)
Licenses and permits	2,956,176	2,971,176	3,419,522	448,346
Intergovernmental revenues	5,052,985	5,381,272	5,382,107	835
Charges for services	4,364,325	5,151,220	5,283,740	132,520
Fines and forfeitures	87,800	130,700	156,199	25,499
Interest income	70,600	900,600	918,238	17,638
Sundry revenue	3,085,807	3,084,643	2,940,509	(144,134)
Total revenues	37,568,463	39,993,789	40,403,996	410,207
EXPENDITURES				
Current:				
General government	9,098,337	9,588,760	9,567,312	(21,448)
Public safety	13,836,958	13,852,743	13,578,204	(274,539)
Public works	5,387,213	5,335,721	5,047,417	(288,304)
Parks, recreation and public property	7,657,970	8,707,049	8,509,890	(197,159)
Total expenditures	35,980,478	37,484,273	36,702,823	(781,450)
Excess revenues over (under) expenditures	1,587,985	2,509,516	3,701,173	1,191,657
Other financing sources (uses)				
Impact fees	850,000	850,000	802,861	(47,139)
Indirect services	5,775,888	5,827,006	5,827,007	1
Transfers in	1,975,000	-	1,975,000	1,975,000
Transfers out	(10,938,362)	(13,275,522)	(13,275,522)	-
Total other financing sources and uses	(2,327,474)	(6,598,516)	(4,672,654)	1,925,862
Excess of revenues and other sources over (under) expenditures and other uses	\$ (739,489)	\$ (4,089,000)	(971,481)	\$ 3,117,519
Fund balances - beginning of year			13,253,054	
Fund balances - end of year			\$ 12,281,573	

Spanish Fork City
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Local Building Authority Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Over(Under)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interfund charges for services	\$ 1,941,885	\$ 1,941,885	\$ 1,941,885	\$ -
Interest income	10,000	620,000	609,060	(10,940)
Total revenues	<u>1,951,885</u>	<u>2,561,885</u>	<u>2,550,945</u>	<u>(10,940)</u>
EXPENDITURES				
Current:				
Construction of Buildings	17,828,434	18,104,071	13,045,000	(5,059,071)
Debt Service:				
Principal retirement	1,105,000	1,307,000	1,307,000	-
Interest and fiscal charges	695,000	640,000	631,943	(8,057)
Total expenditures	<u>19,628,434</u>	<u>20,051,071</u>	<u>14,983,943</u>	<u>(5,067,128)</u>
Excess revenues over (under) expenditures	<u>(17,676,549)</u>	<u>(17,489,186)</u>	<u>(12,432,997)</u>	<u>5,056,189</u>
Other financing sources (uses)				
Transfers in	-	60,000	60,000	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (17,676,549)</u>	<u>\$ (17,429,186)</u>	<u>(12,372,997)</u>	<u>\$ 5,056,189</u>
Fund balances - beginning of year			21,556,302	
Fund balances - end of year			<u>\$ 9,183,305</u>	

Spanish Fork City
Statement of Net Position – Proprietary Funds
As of June 30, 2023

	Business-Type Activities - Enterprise Funds							Governmental
	Water	Sewer	Electric	Broadband	Streets &	Non Major	Total	Activities -
					Storm Drain	Enterprise Funds		Internal Service
								Fund
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 5,866,146	\$ 21,692,905	\$ 12,743,638	\$ 6,226,453	\$ 1,254,263	\$ 1,839,448	\$ 49,622,853	\$ 4,989,858
Accounts receivable	693,936	867,847	2,816,565	987,001	575,343	290,927	6,231,619	-
Interfund Loan	1,761,019	-	3,202,588	-	-	-	4,963,607	-
Allowance for doubtful accounts	(9,408)	(2,825)	(24,741)	(5,616)	(488)	(1,730)	(44,808)	-
Prepaid Expense	-	-	-	130	-	-	130	-
Inventory	4,500	3,500	4,174,209	-	-	21,026	4,203,235	-
Total current assets	8,316,193	22,561,427	22,912,259	7,207,968	1,829,118	2,149,671	64,976,636	4,989,858
Noncurrent assets:								
Restricted cash and equivalents	297,505	33,406,436	4,360,398	-	-	-	38,064,339	-
Net Pension Asset	4,503	3,517	9,818	8,796	5,381	762	32,777	1,459
Capital Assets:								
Land	870,483	1,619,213	975,096	-	7,038,503	2,854,776	13,358,071	-
Water rights	7,483,062	-	-	-	-	-	7,483,062	-
Buildings	2,516,937	560,026	1,913,630	2,119,003	387,267	191,679	7,688,542	1,374,524
Improvements	118,753,634	105,141,136	71,723,422	15,362,188	196,337,175	15,709,382	523,026,937	-
Equipment	3,037,802	2,353,875	209,289	5,713,889	307,284	1,483,440	13,105,579	23,914,357
Less: accumulated depreciation	(51,366,116)	(29,078,652)	(23,481,205)	(11,015,536)	(73,943,509)	(7,552,010)	(196,437,028)	(12,757,436)
Other Assets:								
Note receivable from Mapleton City	-	17,134,083	-	-	-	-	17,134,083	-
Equity in joint venture	-	-	-	-	-	2,694,079	2,694,079	-
Total noncurrent assets	81,597,810	131,139,634	55,710,448	12,188,340	130,132,101	15,382,108	426,150,441	12,532,904
Total assets	89,914,003	153,701,061	78,622,707	19,396,308	131,961,219	17,531,779	491,127,077	17,522,762
Deferred Outflows of Resources Due to Pensions	150,103	117,222	327,212	293,202	179,333	38,448	1,105,520	48,644
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 90,064,106	\$ 153,818,283	\$ 78,949,919	\$ 19,689,510	\$ 132,140,552	\$ 17,570,227	\$ 492,232,597	\$ 17,571,406
LIABILITIES								
Current liabilities:								
Interfund loan	\$ -	\$ -	\$ -	\$ 957,665	\$ -	\$ -	\$ 957,665	\$ -
Accounts payable	102,712	3,893,458	1,774,500	293,202	2,417,494	539,108	9,020,474	170,221
Accrued interest payable	50,575	810,150	-	-	-	-	860,725	-
Compensated absences payable	165,882	129,545	361,607	324,023	198,183	42,488	1,221,728	53,756
Customer deposits	58,440	-	361,683	-	57,827	-	477,950	-
Final inspection deposits	-	-	3,998,715	-	-	-	3,998,715	-
Connector agreements	-	6,736	-	-	1,012,740	-	1,019,476	-
Lease payable - current portion	-	-	-	-	-	-	-	64,242
Bonds payable - current portion	644,000	2,795,000	-	-	-	-	3,439,000	-
Total current liabilities	1,021,609	7,634,889	6,496,505	1,574,890	3,686,244	581,596	20,995,733	288,219
Noncurrent liabilities:								
Cash held on behalf of Mapleton City	-	12,640,685	-	-	-	-	12,640,685	-
Net pension liability	112,818	88,105	245,934	220,371	134,788	28,504	830,520	36,560
Construction retainage payable	-	844,500	-	-	-	-	844,500	-
Lease payable	-	-	-	-	-	-	-	64,242
Bonds payable	10,538,000	70,550,000	-	-	-	-	81,088,000	-
Bond premiums	1,165,018	8,565,248	-	-	-	-	9,730,266	-
Total noncurrent liabilities	11,815,836	92,688,538	245,934	220,371	134,788	28,504	105,133,971	100,802
Total liabilities	12,837,445	100,323,427	6,742,439	1,795,261	3,821,032	610,100	126,129,704	389,021
Deferred Inflows of Resources Due to Pensions	8,928	6,971	19,461	17,438	10,666	2,286	65,750	2,893
Net Position								
Net investment in capital assets, net of related debt	70,352,867	7,250,598	51,340,232	12,179,544	130,126,720	12,687,267	283,937,228	12,402,961
Restricted for:								
Bond requirements	239,065	-	-	-	-	-	239,065	-
Unrestricted	6,625,801	46,237,287	20,847,787	5,697,267	(1,817,866)	4,270,574	81,860,850	4,776,531
Total Net Position	\$ 77,217,733	\$ 53,487,885	\$ 72,188,019	\$ 17,876,811	\$ 128,308,854	\$ 16,957,841	366,037,143	\$ 17,179,492
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:							7,205,060	
Net Position from business-type activities:							\$ 373,242,203	

Spanish Fork City
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds						Governmental	
	Water	Sewer	Electric	Broadband	Streets &	Non Major	Total	Activities-
					Storm Drain	Enterprise Funds		Enterprise Funds
								Fund
Operating Revenues:								
Charges for sales and services	\$ 6,609,924	\$ 7,349,916	\$ 33,429,087	\$ 10,425,996	\$ 3,009,583	\$ 3,701,102	\$ 64,525,608	\$ 6,088,249
Other income	12,221	241,525	-	-	4,422,428	125,304	4,801,478	26,188
Total operating revenues	<u>6,622,145</u>	<u>7,591,441</u>	<u>33,429,087</u>	<u>10,425,996</u>	<u>7,432,011</u>	<u>3,826,406</u>	<u>69,327,086</u>	<u>6,114,437</u>
Operating Expenses:								
Water assessment	185,801	-	-	-	-	-	185,801	-
Power purchases	-	-	19,304,667	-	-	-	19,304,667	-
Landfill fees	-	-	-	-	-	2,330,116	2,330,116	-
Employee salaries	1,484,003	1,188,820	3,101,793	2,963,383	1,847,399	517,225	11,102,623	499,614
Materials and supplies	484,149	333,274	1,616,776	394,944	1,611,100	360,152	4,800,395	681,173
Repairs and maintenance	141,117	220,024	13,770	81,329	24,223	30,026	510,489	418,007
Professional services	1,669,258	866,609	1,952,352	2,883,719	5,584,290	407,861	13,364,089	295,792
Motorpool charges	383,577	330,259	452,848	227,697	999,666	49,748	2,443,795	100,812
Utilities and Rent	321,396	465,426	245,137	986,167	37,228	51,112	2,106,466	33,648
Insurance	30,772	22,699	59,290	29,504	28,000	14,274	184,539	9,737
Depreciation	3,054,460	2,355,687	1,815,090	828,108	5,185,649	355,320	13,594,314	2,054,103
Indirect services	1,899,515	1,204,195	1,323,619	306,692	857,185	235,801	5,827,007	-
Sundry charges	14,673	3,502	56,334	9,938	1,702	91,191	177,340	424,952
Training	22,979	11,563	35,383	5,950	-	-	75,875	10,175
Total operating expenses	<u>9,691,700</u>	<u>7,002,058</u>	<u>29,977,059</u>	<u>8,717,431</u>	<u>16,176,442</u>	<u>4,442,826</u>	<u>76,007,516</u>	<u>4,528,013</u>
Operating income	<u>(3,069,555)</u>	<u>589,383</u>	<u>3,452,028</u>	<u>1,708,565</u>	<u>(8,744,431)</u>	<u>(616,420)</u>	<u>(6,680,430)</u>	<u>1,586,424</u>
Nonoperating revenues (expenses):								
Interest revenue	362,852	2,757,981	628,473	141,661	92,257	61,206	4,044,430	122,257
Impact fees and water right fees	4,183,628	2,102,366	2,009,348	-	3,608,305	-	11,903,647	-
Contributions from private contractors	3,708,464	2,807,283	1,378,179	-	10,827,749	-	18,721,675	-
Grant proceeds	1,000,000	4,000,050	-	-	-	215,699	5,215,749	-
Gain(loss) on sale of fixed assets	-	-	-	-	-	-	-	65,642
Pension benefit expense	134,947	101,939	289,496	261,808	157,034	30,005	975,229	43,593
Pension expense	(62,363)	(48,701)	(135,944)	(121,817)	(74,505)	(15,972)	(459,302)	(20,210)
Interest expense	(314,761)	(1,931,112)	-	-	-	-	(2,245,873)	-
Total nonoperating revenues (expenses)	<u>9,012,767</u>	<u>9,789,806</u>	<u>4,169,552</u>	<u>281,652</u>	<u>14,610,840</u>	<u>626,050</u>	<u>38,490,667</u>	<u>211,282</u>
Income (loss) before operating transfers	<u>5,943,212</u>	<u>10,379,189</u>	<u>7,621,580</u>	<u>1,990,217</u>	<u>5,866,409</u>	<u>9,630</u>	<u>31,810,237</u>	<u>1,797,706</u>
Operating Transfers from (to) Other Funds								
Operating transfers in	-	-	-	1,000,000	1,258,750	-	2,258,750	-
Operating transfers out	(350,000)	(150,000)	(1,904,503)	(200,000)	(25,000)	80,000	(2,549,503)	-
Total contributions and operating transfers	<u>(350,000)</u>	<u>(150,000)</u>	<u>(1,904,503)</u>	<u>800,000</u>	<u>1,233,750</u>	<u>80,000</u>	<u>(290,753)</u>	<u>-</u>
Change in Net Position	5,593,212	10,229,189	5,717,077	2,790,217	7,100,159	89,630	31,519,484	1,797,706
Total Net Position - beginning	71,624,521	45,060,966	66,470,942	15,086,594	121,208,695	16,868,211	336,319,929	15,381,786
Prior period adjustment	-	(1,802,270)	-	-	-	-	(1,802,270)	-
Total Net Position - ending	<u>\$ 77,217,733</u>	<u>\$ 53,487,885</u>	<u>\$ 72,188,019</u>	<u>\$ 17,876,811</u>	<u>\$ 128,308,854</u>	<u>\$ 16,957,841</u>	<u>366,037,143</u>	<u>\$ 17,179,492</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:							837,520	
Change in Net Position of business-type activities:							<u>\$ 32,357,004</u>	

**Spanish Fork City
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2023**

	Business-Type Activities - Enterprise Funds						Total Enterprise Funds
	Water Fund	Sewer Fund	Electric Fund	Broadband Fund	Streets & Storm Drain Fund	Non Major Enterprise Funds	
Cash Flows From Operating Activities							
Receipts from customers	\$ 6,569,668	\$ 7,021,037	\$ 33,349,729	\$ 10,371,758	2,690,796	\$ 3,803,210	\$ 63,806,198
Other cash receipts	12,221	241,525	-	-	4,422,428	125,304	4,801,478
Payments to suppliers	(5,487,923)	(2,329,939)	(24,401,243)	(5,042,945)	(6,886,097)	(3,061,960)	(47,210,107)
Payments to employees	(1,538,365)	(1,169,633)	(3,068,038)	(2,942,742)	(1,822,382)	(497,208)	(11,038,368)
Net cash provided (used) by operating activities	(444,399)	3,762,990	5,880,448	2,386,071	(1,595,255)	369,346	10,359,201
Cash Flows From Noncapital Financing Activities							
Advances to other funds	179,231	-	(996,275)	-	-	-	(817,044)
Advances from other funds	-	-	-	957,665	-	-	957,665
Transfers in (out)	(350,000)	(150,000)	(1,904,503)	800,000	1,233,750	80,001	(290,752)
Net cash provided (used) by noncapital activities	(170,769)	(150,000)	(2,900,778)	1,757,665	1,233,750	80,001	(150,131)
Cash Flows From Capital and Related Financing Activities							
Decrease (increase) of Notes Receivable	-	661,417	-	-	-	-	661,417
Increase (decrease) of Cash Held on Behalf of Mapleton City	-	(4,896,293)	-	-	-	-	(4,896,293)
Purchases of capital assets	(11,493,220)	(29,382,995)	(6,035,408)	(1,070,335)	(18,527,302)	(737,978)	(67,247,238)
Principal payments on capital debt	(617,000)	-	-	-	-	-	(617,000)
Interest paid on capital debt	(397,977)	(2,434,950)	-	-	-	-	(2,832,927)
Contributions from (reimbursements to) private contractors	3,708,464	2,807,283	1,378,179	-	10,827,749	-	18,721,675
Impact fees collected	4,183,628	2,102,366	2,009,348	-	3,608,305	-	11,903,647
Grant proceeds	1,000,000	4,000,050	-	-	-	215,699	5,215,749
Net cash provided (used) by capital and related financing activities	(3,616,105)	(27,143,122)	(2,647,881)	(1,070,335)	(4,091,248)	(522,279)	(39,090,970)
Cash Flows From Investing Activities							
Interest and dividends received	362,852	2,757,981	628,473	141,661	92,257	61,205	4,044,429
Net cash provided (used) by investing activities	362,852	2,757,981	628,473	141,661	92,257	61,205	4,044,429
Net increase (decrease) in cash and cash equivalents	(3,868,421)	(20,772,151)	960,262	3,215,062	(4,360,496)	(11,727)	(24,837,471)
Cash and cash equivalents, July 1	10,032,072	75,871,492	16,143,774	3,011,391	5,614,759	1,851,175	112,524,663
Cash and cash equivalents, June 30	<u>\$ 6,163,651</u>	<u>\$ 55,099,341</u>	<u>\$ 17,104,036</u>	<u>\$ 6,226,453</u>	<u>\$ 1,254,263</u>	<u>\$ 1,839,448</u>	<u>\$ 87,687,192</u>
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income	\$ (3,069,555)	589,383	\$ 3,452,028	\$ 1,708,565	(8,744,431)	\$ (616,420)	\$ (6,680,430)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	3,054,460	2,355,687	1,815,090	828,108	5,185,649	355,320	13,594,314
(Increase) decrease in accounts receivable	(40,256)	(328,879)	(79,358)	(54,238)	(318,787)	102,108	(719,410)
Decrease (increase) in inventory	-	-	(1,629,216)	-	-	20,228	(1,608,988)
Increase (decrease) in accrued liabilities	(337,626)	1,141,702	1,463,254	(117,005)	1,712,184	488,093	4,350,602
Increase (decrease) in compensated absences	(54,362)	19,187	33,755	20,641	25,017	20,017	64,255
Increase (decrease) in customer deposits	2,940	(14,090)	824,895	-	545,113	-	1,358,858
Total adjustments	2,625,156	3,173,607	2,428,420	677,506	7,149,176	985,766	17,039,631
Net cash provided (used) by operating activities	<u>\$ (444,399)</u>	<u>3,762,990</u>	<u>\$ 5,880,448</u>	<u>\$ 2,386,071</u>	<u>(1,595,255)</u>	<u>\$ 369,346</u>	<u>\$ 10,359,201</u>

**Spanish Fork City
Statement of Net Position
Fiduciary Fund
As of June 30, 2023**

	Custodial Funds
	Fire
	Retirement
	Capital Fund
ASSETS	
Cash and equivalents	\$ 111,041
Total assets	111,041
 LIABILITIES AND FUND BALANCES	
Net position:	
Deferred compensation	111,041
Total net position	111,041
Total liabilities and net position	\$ 111,041

Spanish Fork City
Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended June 30, 2023

	Custodial Funds
	Fire
	Retirement
	Capital Fund
REVENUES:	
Employer contribution	\$ 38,972
Interest income	4,106
Total	43,078
EXPENDITURES:	
Retirement payments	39,442
Total	39,442
Excess of revenues over (under) expenditures	3,636
Net position - beginning of year	107,405
Net position - end of year	\$ 111,041

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City complies with generally accepted accounting principles (GAAP) as applied to government agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. FINANCIAL REPORTING ENTITY

The City of Spanish Fork was incorporated in 1855 under the laws of the State of Utah. The city operates under a Mayor-Council form of government. The City provides municipal services under the following organizational structure.

Mayor and City Council: Mayor and City Council, Community Promotion, and Advisory Boards and Commissions.

City Administration: City Administrator, Risk Management, Emergency Operations, Recorder, Community and Neighborhood, and Computer Services.

Financial Services: Finance Director, Treasurer, Utilities, Accounting, and Purchasing.

City Attorney: Legal Services, Prosecution, Civil and Environmental Law, and Personnel.

Development Services: Economic Development, Planning and Zoning and Code Enforcement.

Public Safety: Police, Fire, Ambulance, Animal Control and Justice Center.

Public Works: Engineering, Building Inspections, Parks, Fleet Maintenance, Culinary Water and Pressurized Irrigation Services, Sewer Services, Electric Services, Solid Waste Services, Street Lighting, Streets and Storm Drainage Services, and Airport Operations.

Recreation: Recreation Programs, Building and Grounds, Golf Course, Senior Center, Special Events and Arts Council Programs.

Library: Library Administration and Public Services.

Broadband Services: Cable, Internet, and Phone Services.

The City is a municipal corporation governed by an elected five-member Council and Mayor. As required by generally accepted accounting principles, these financial statements present the City (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The Redevelopment Agency is governed by a separate governing board, who are the City's Mayor and Council. The financial statements of the Redevelopment Agency are included in the accompanying financial statements as a blended component unit as a Special Revenue Fund.

1.B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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. For the most part, the effect of inter-fund activity has been removed from these statements. 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Program revenues are those that are clearly identifiable with a specific function or segment. Programs revenues include 1) charges to customers or applicants who purchase, use directly or benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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
- 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. The Golf Course and Swimming Pool are reported in the General Fund.

Debt Service Fund

The Debt Service Fund account for the resources accumulated and payments made for principal and interest on long-term general-obligation debt of governmental 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. The reporting entity reports the Redevelopment Agency (RDA) Fund, the Recreation, Arts, and Parks (RAP) Tax Fund, and the Local Building Authority (LBA) Fund, as Special Revenue Funds.

Capital Project Funds

The Capital Project Funds are used to account for resources designated for the acquisition or construction of specific capital projects or items. The reporting entity includes Capital Project Funds which are used to account for the acquisition of capital assets with transfers made from other funds.

Proprietary Funds

Enterprise Funds

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 following Enterprise funds: Water, Sewer, Electric, Garbage, Streets and Storm Drainage, Broadband, Airport, and Gun Club. In 2021, the airport was moved from the General Fund into an Enterprise Fund. Also in 2021, the Broadband utility which had previously been included in the Electric Fund was separated into its own Enterprise Fund.

Internal Service Fund

Internal Service Funds account for fleet management services provide to other departments or agencies of the government on a cost reimbursement basis.

Major and Nonmajor Funds

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

Fund	Brief Description
Major:	
General	See above for description.
Enterprise Funds:	
Water, Sewer, Electric, Streets and Storm Drainage, and Broadband Funds	Accounts for revenues and expenditures of water, sewer, electric, streets and storm drain, and broadband utilities. These funds also account for the accumulation of resources for, and the payment of, long term debt principal and interest associated with these utilities. All costs are financed through charges to customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the funds. The Water Fund consists of culinary and secondary water systems. Electric Fund consists of the electric. Sewer Fund consists of sewer collections and sewer plant systems. Streets and Storm Drainage Fund accounts for revenues and expenditures of Streets and Storm Drainage Utility. The Broadband fund consist of the cable, internet, and phone systems.
Nonmajor Governmental Funds:	
Debt Service Fund	The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general-obligation debt of governmental funds.
Recreation, Arts, and Parks (RAP) Tax Fund	Accounts for the revenue and expenditures of the (RAP) taxes.
Local Building Authority (LBA) Fund	This fund accounts for the accumulation of resources for, and the payment of, long term debt principal and interest associated with construction of buildings.
Redevelopment Agency Fund	Accounts for activity within the City’s redevelopment agency.
Capital Projects Funds	Accounts for the accumulation of funds, revenues and expenditures on specific projects.
Nonmajor Enterprise Funds:	
Airport Fund	Accounts for revenues and expenditures of the airport.
Garbage Fund	Accounts for revenues and expenditures of the garbage utility.
Gun Club Fund	Accounts for revenues and expenditures of the gun club.
Internal Service Funds:	
Motor Pool	This fund is used to account for the costs of purchasing and maintaining vehicles and equipment owned by the City.

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. Custodial 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 custodial 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. 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. The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principle ongoing operations.

Sales taxes, use taxes, franchise taxes, and earned but un-reimbursed state and federal grant associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenue when they become available. Available means when due, or past due and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the City receives cash.

As a general rule, the effect of inter-fund activity has been eliminated from the government financial statements. Exceptions to this general rule are payments to the general fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Another exception is the plant assessment charged by the electric fund to the water and sewer funds for the use of assets owned by the electric fund.

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash & Cash Equivalents 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 of the promissory note trustee accounts are not considered cash equivalents.

The City categorizes the fair value measurements of its investments in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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 “due 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 and use taxes and franchise taxes. Business-type activities report utilities billings 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.

Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets

Cash, which is restricted to a particular use due to statutory, budgetary or bonding requirements, is classified as “restricted cash” on the Statement of Net Position and on the Balance Sheets.

Capital Assets

The accounting treatment over property, plant, and equipment (capital 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, capital assets are accounted for as capital assets. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets that are recorded at their estimated fair value at the date of donation.

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation of all exhaustible capital 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	Years
Buildings and structures	30-50
Improvements other than buildings	20-50
Machinery and equipment	5-10
Furniture and fixtures	5-10
Infrastructure	20-40

Fund Financial Statements

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

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to promissory note trustee accounts, impact fees and utility meter deposits.

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 are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and notes 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.

Compensated Absences

The City’s personnel policies permits departmental heads to accumulate up to 480 hours and other employees to accumulate up to 240 hours of earned, but unused, vacation time. Accumulated vacation time will be paid to employees upon termination. Accumulated sick leave is paid upon termination or retirement at a rate of between 25% and 33% of the accumulated amount. The accrued liability is based on a 28% rate.

At June 30, 2023 the total liability for accrued vacation pay and the total liability for accrued sick leave is as follows:

	Liability Amount		
	Governmental Activities	Business -Type Activities	Total
Vacation Liability	\$ 1,595,172	\$ 780,871	\$ 2,376,043
Sick Leave Liability	939,721	440,857	1,380,578
Total Compensated Absences	<u>\$ 2,534,893</u>	<u>\$ 1,221,728</u>	<u>\$ 3,756,621</u>

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. 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.

Equity Classifications

Government-wide Statements

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

- a. Net investments in capital assets—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 assets 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 assets that do not meet the definition of “restricted” or “net investments in capital assets.”

Fund Statements

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned. Descriptions of each follow:

Nonspendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by

formal action of the government's highest level of decision-making authority, which is the City Council.

Assigned fund balance - Amounts that are constrained by the government's intent to be used for specific purposes, but are 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 nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes. The role of assigning fund balance resides with the City Council.

Unassigned fund balance - Residual classification of 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.

When both restricted and unrestricted fund balance is available for use, it is the City's policy to first use restricted fund balance, then committed funds, followed by assigned and then unassigned funds. Proprietary fund equity is classified the same as in the government-wide statements. See Note 3.H. for additional disclosures.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Sales Tax

Sales taxes are collected by the Utah State Tax Commission and are remitted to the City monthly. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue.

Property Tax

Property taxes are based on the assessments against property owners. Tax levies on such assessed values are certified to Utah County 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 1, and are delinquent after November 30 of each year. Property taxes are collected by the Utah County Treasurer and remitted to the City shortly after collection. The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by deferred inflows.

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.

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 reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds and between individual business-type funds have been eliminated.

Use of estimates

Presenting financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates concerning assets, liabilities, revenues and expenses. Actual results may vary from these estimates.

1.F PENSIONS

For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources, deferred inflows of resources, and pension/benefit expense related to pensions, information about the fiduciary net position of the Utah Retirement System 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.

1.G. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report 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 will not be recognized as an inflow of resources (revenue) until that time.

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. 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 depositing of City funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Act also defines the types of securities allowed as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted through qualified depositories, certified dealers, or directly with issuers of the investment securities.

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.

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.

2.B. 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.
(RAP) Tax	(RAP) Projects and Programs
Redevelopment Agency Revenue	Redevelopment Projects and Programs
Water and Electric Revenue	Debt Service and Utility Operations
Impact Fee Revenue	Capital Improvements
B & C Road Funds	Eligible B & C Roads

For the year ended June 30, 2023, the City complied, in all material respects, with these revenue restrictions.

2.C. 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, 2023, the City had no general obligation debt.

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, 2023, the City had **\$84,527,000** of such indebtedness.

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 schedule on the following page presents a brief summary of the most significant requirements and the Authority’s level of compliance thereon as of June 30, 2023.

Requirement	Level of Compliance
a. Bonds Payable Coverage:	1. Net electric and water operating revenues (excluding depreciation) must equal 1.10 (electric revenue bonds) and 1.25 (water revenue bonds) times the annual debt service plus the unfunded portion of the Debt Service Reserve Requirement to be due and payable for the forthcoming year on the 2009 Electric Revenue Bonds, the 2002, 2011, & 2012 Water Revenue Bonds. Sales tax Revenue Bond 2007 must equal 2.0 times the annual debt service.
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.D. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the State of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with generally accepted accounting principles. All funds of the City have legally adopted budgets.

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

- A. On or before the first regularly scheduled meeting of the City Council in May, the City administrator, authorized under state statute to be appointed budget officer, submits a proposed operation budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held at which time the taxpayers' comments are heard. Notice of the hearing is given in the local newspaper at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 22nd, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1st.
- D. Control of budgeted expenditures is exercised, under state law, at the departmental level. The City Administrator, however, acting as budget officer, has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The City Council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.
- E. Budget appropriations for any department may be reduced by resolution.
- F. A public hearing as required in B above must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.
- G. Encumbrances lapse at year end. Encumbered amounts carry over to the following year and are subject to re-appropriation. Therefore, no encumbrances are presented in the financial statements.

During the budget year, the City modified the budget on several occasions using the above procedures.

2.E. FUND EQUITY RESTRICTIONS

Utah Code 10-6-116(4) indicates 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 revenue of the general fund.

2.F. OTHER GOVERNMENT AGREEMENTS

In Fiscal Year 2021 the city issued bonds to finance the construction of a new sewer plant. The city reached an agreement with Mapleton City for Mapleton City to be a part owner of the new sewer plant. Mapleton City will pay for 20% of the cost of the construction for the plant. To finance this project the cities issued bonds together. The sewer plant financial statements show Mapleton City’s share of the cash that was received from the bond issuance as well as Mapleton City’s share of the debt shown.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the financial statements for its assets, deferred outflows, liabilities, deferred inflows, 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 formal deposit policy for bank custodial credit risk. As of June 30, 2023, The City’s custodial credit risk for deposits is as follows:

	<u>Custodial Credit Risk</u>	Balance <u>June 30, 2023</u>
Depository Accounts	Insured	\$ 250,000
	Uninsured and uncollateralized	<u>9,482,639</u>
	Total Depository Accounts	<u>\$ 9,732,639</u>

Investments

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

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

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

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

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

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

Fair Value of Investments

Spanish Fork 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:* Valuations based on quoted prices in active markets for identical assets or liabilities that the City has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail any significant degree of judgment. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.;
- *Level 2:* Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include: corporate and municipal bonds, and “brokered” or securitized certificates of deposit; and,
- *Level 3:* Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2023, Spanish Fork City had the following recurring fair value measurements:

<u>Security Type Category</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Other</u>	<u>Total</u>
Agency	\$ 4,202,995	\$ -	\$ -	\$ -	\$ 4,202,995
CD	-	22,054,393	-	-	22,054,393
Corporate	-	16,131,079	-	-	16,131,079
Currency	9,026	-	-	-	9,026
MM Fund	2,404,635	-	-	-	2,404,635
US Gov	3,344,152	-	-	-	3,344,152
Total Fair Value	<u>\$ 9,960,809</u>	<u>\$ 38,185,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,146,280</u>

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

As of June 30, 2023, Spanish Fork City’s investments had the following maturities:

	Investment Maturity in Years- Fair Value				
	Fair Value	Less Than 1	1-3	3-5	More Than 5
Cash	\$ 9,026	\$ 9,026	\$ -	\$ -	\$ -
CD	22,130,657	3,235,922	14,515,293	4,379,443	-
AGCY BOND	4,222,224	1,993,044	1,239,796	989,383	-
Corp	15,024,816	4,259,683	10,765,132	-	-
MM Fund	2,404,635	2,404,635	-	-	-
US Gov	3,359,239	488,246	2,098,594	772,400	-
Yankee	1,224,411	-	1,224,411	-	-
Total Fair Value	\$48,375,008	\$12,390,557	\$29,843,226	\$6,141,226	\$-

	Investment Maturity in Years- Book Value				
	Book Value	Less Than 1	1-3	3-5	More Than 5
Cash	\$ 9,026	\$ 9,026	\$ -	\$ -	\$ -
CD	22,763,364	3,264,106	14,939,428	4,559,831	-
AGCY BOND	4,246,817	1,997,209	1,249,608	1,000,000	-
Corp	14,931,627	4,248,621	10,683,006	-	-
MM Fund	2,404,635	2,404,635	-	-	-
US Gov	3,503,403	498,888	2,210,212	794,303	-
Yankee	1,225,000	-	1,225,000	-	-
Total Book Value	\$49,083,873	\$12,422,485	\$30,307,254	\$6,354,134	\$-

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Spanish Fork City’s policy for reducing its exposure to credit risk is to comply with the State’s Money Management Act, as previously discussed.

At June 30, 2023, Spanish Fork City’s investments had the following quality ratings:

Rating	Investment Ratings	
	Book Value	Market Value Plus Accrued
AAA	\$ 10,198,197	\$ 9,995,124
AA+	1,246,458	1,233,524
AA	1,452,579	1,443,483
AA-	1,810,284	1,803,918
A+	10,479,456	10,453,896
A	3,216,344	3,146,272
A-	1,475,365	1,442,285
BBB-	240,016	225,222
NA	18,951,771	18,397,360
NR	242,130	233,925
	<u>\$ 49,312,601</u>	<u>\$ 48,375,009</u>

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Spanish Fork City’s policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

At June 30, 2023, Spanish Fork City does not hold more than 5 percent of total investments in any single security concentration other than U. S. Government Treasuries and Agencies.

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 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		
Deposits & Reserves		\$ 51,464,725
Investments		98,404,643
Cash on Hand		3,058
	Total	<u>\$ 149,872,426</u>
Government-Wide		
Cash & Cash Equivalents		\$ 81,367,241
Restricted Cash & Cash Equivalents		68,394,144
Fiduciary Restricted Cash		111,041
	Total	<u>\$ 149,872,426</u>
Net Cash on Statement of Net Position		\$ 149,761,385
Fiduciary Restricted Cash		111,041
	Total	<u>\$ 149,872,426</u>

3.B. RESTRICTED ASSETS

The amounts reported as restricted assets or cash, investments, and accrued interest held by the trustee bank on behalf of the various public trusts (Authorities) related to their required note payable accounts as described in Note 2.C, and amounts held in trust for developers and unspent impact fees collected. The restricted assets as of June 30, 2023 are as follows:

<u>Type of Restricted Asset</u>	<u>Cash/Time Deposites</u>	<u>Investments</u>	<u>Accrued Int</u>	<u>Total</u>
Business-Type Activities:				
Customer deposits	\$ 420,123	\$ -	\$ -	\$ 420,123
Sewer plant construction	33,406,436	-	-	33,406,436
Water bond requirements	239,065	-	-	239,065
Final inspection deposits	3,998,715	-	-	3,998,715
Total	<u>38,064,339</u>	<u>-</u>	<u>-</u>	<u>38,064,339</u>
Governmental Activities:				
Developer escrows	11,325,769	-	-	11,325,769
Final inspection deposits	3,686,477	-	-	3,686,477
LBA Construction	9,193,309	-	-	9,193,309
Debt services	495,712	-	-	495,712
RAP programs	2,217,122	-	-	2,217,122
RDA requirements	3,411,416	-	-	3,411,416
Total	<u>30,329,805</u>	<u>-</u>	<u>-</u>	<u>30,329,805</u>
Grand Total	<u>\$ 68,394,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,394,144</u>

3.C. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities and of the governmental activities at June 30, 2023 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts receivables	\$ 388,541	\$ 6,231,619	\$ 6,620,160
Property tax	5,062,402	-	5,062,402
Other tax	2,826,915	-	2,826,915
Allowance for doubtful accounts	-	(44,808)	(44,808)
Net accounts receivable	<u>\$ 8,277,858</u>	<u>\$ 6,186,811</u>	<u>\$ 14,464,669</u>

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3.D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance at June 30, 2022	Additions	Disposals/Transfers	Balance at June 30, 2023
Governmental Activities:				
Land (not being depreciated)	\$ 16,203,798	\$ 4,718,812	\$ -	\$ 20,922,610
Buildings	\$ 52,315,743	\$ 14,341,008	\$ -	\$ 66,656,751
Improvements	\$ 32,246,232	\$ 1,257,382	\$ (157,995)	\$ 33,345,619
Machinery and equipment	\$ 22,986,007	\$ 4,138,978	\$ (1,222,444)	\$ 25,902,541
Infrastructure	\$ 19,625,577	\$ 1,412,589	\$ -	\$ 21,038,166
Totals at histotical cost	<u>\$ 143,377,357</u>	<u>\$ 25,868,769</u>	<u>\$ (1,380,439)</u>	<u>\$ 167,865,687</u>
Less accumulated depreciation				
Buildings	\$ (17,750,536)	\$ (1,544,942)	\$ -	\$ (19,295,478)
Improvements	\$ (12,898,448)	\$ (1,022,236)	\$ 154,865	\$ (13,765,819)
Machinery and equipment	\$ (12,640,700)	\$ (2,112,288)	\$ 881,402	\$ (13,871,586)
Infrastructure	\$ (1,472,522)	\$ (594,271)	\$ -	\$ (2,066,793)
Total accumulated depreciation	<u>\$ (44,762,206)</u>	<u>\$ (5,273,737)</u>	<u>\$ 1,036,267</u>	<u>\$ (48,999,676)</u>
Governmental Activities: capital assets, net	<u>\$ 98,615,151</u>	<u>\$ 20,595,032</u>	<u>\$ (344,172)</u>	<u>\$ 118,866,011</u>
Business-Type Activities				
Land (not being depreciated)	\$ 15,160,346	\$ -	\$ (1,802,275)	\$ 13,358,071
Water shares (not being depreciated)	\$ 6,943,282	\$ 539,780	\$ -	\$ 7,483,062
Buildings and structures	\$ 7,693,493	\$ 53,838	\$ (58,791)	\$ 7,688,540
Improvements	\$ 456,442,428	\$ 66,584,511	\$ -	\$ 523,026,939
Machinery and equipment	\$ 12,368,064	\$ 869,567	\$ (132,050)	\$ 13,105,581
Totals at histotical cost	<u>\$ 498,607,613</u>	<u>\$ 68,047,696</u>	<u>\$ (1,993,116)</u>	<u>\$ 564,662,193</u>
Less accumulated depreciation				
Buildings and structures	\$ (3,962,000)	\$ (201,905)	\$ -	\$ (4,163,905)
Improvements	\$ (168,019,580)	\$ (12,995,824)	\$ -	\$ (181,015,404)
Machinery and equipment	\$ (11,051,972)	\$ (396,585)	\$ 190,836	\$ (11,257,721)
Total accumulated depreciation	<u>\$ (183,033,552)</u>	<u>\$ (13,594,314)</u>	<u>\$ 190,836</u>	<u>\$ (196,437,030)</u>
Business-Type Activities: capital assets, net	<u>\$ 315,574,061</u>	<u>\$ 54,453,382</u>	<u>\$ (1,802,280)</u>	<u>\$ 368,225,163</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
General government	\$ 82,552
Public safety	831,551
Parks	2,305,531
Governmental portion of internal service fund	2,054,103
Total depreciation expense	<u><u>\$ 5,273,737</u></u>
 Business-Type Activities	
Water	\$ 3,054,460
Electric	2,355,687
Sewer	1,815,090
Broadband	828,108
Garbage	40,245
Streets and storm drainage	5,185,649
Gun club	3,287
Airport	311,788
Total depreciation expense	<u><u>\$ 13,594,314</u></u>

3.E. ACCOUNTS PAYABLE & DEFERRED INFLOW

Accounts payable are composed of payroll related items, sales taxes and day to day operating purchases.

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is therefore deferred until that time.

Governmental funds report revenue that is unavailable as deferred inflows of resources. Governmental funds report unavailable revenue from property taxes and from special assessments. These amounts are deferred and recognized as revenue in the period that they become available.

At the end of the current fiscal year, the various components of *deferred inflows* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Deferred property tax	\$ 5,062,294	\$ -
Deferred inflows - pension	209,612	-
Total deferred inflows of resources for governmental funds	<u><u>\$ 5,271,906</u></u>	<u><u>\$ -</u></u>

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.

Governmental Activities:

As of June 30, 2023, the governmental long-term debt of the financial reporting entity consisted of the following:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Balance</u>
Sales Tax Revenue Bond Series 2014, Dated December 23, 2014 (Original amount \$13,305,000)	0.75%-5%	April 15, 2027	\$ 6,080,000
Local Building Authority Bond Series 2021, Dated February 25, 2021 (Original amount \$20,120,000)	.85%-2.4%	March 15, 2041	18,335,000
Local Building Authority Bond Series 2021, Dated May 20, 2022 (Original amount \$12,000,000)	2.2%-4.55%	March 15, 2042	11,598,000
			<hr/>
	Total Bonds Payable Government Activities		36,013,000
		Less current portion	(2,659,000)
			<hr/>
	Total Long term portion of bonds payable- governmentht activities		<u>\$ 33,354,000</u>

Business-type Activities:

As of June 30, 2023, the long-term debt payable from proprietary fund resources consisted of the following:

Business-Type Activities

As of June 30, 2023, the long-term debt payable from proprietary fund resources consisted of the following:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Balance</u>
Water Revenue Bonds Series 2011, Dated October 26, 2011 (Original Amount \$2,040,000)	1.87%	June 1, 2032	\$ 1,012,000
Sewer Revenue Bonds Series 2020, Dated August 5, 2020 (Original Amount \$73,345,000)	1.8-5%	September 1, 2040	73,345,000
Water Revenue Bonds Series 2020, Dated November 5, 2020 (Original Amount \$10,685,000)	2-5%	June 1, 2037	10,170,000
			<hr/>
		Total Bonds Payable Government Activities	84,527,000
		Less current portion	(3,439,000)
		Total Long term portion of bonds payable- government activities	<hr/> <u>\$ 81,088,000</u>

Changes in Long-term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

Type of Debt	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Governmental activities:				
Bonds:				
Bonds payable	\$ 38,655,000	\$ -	\$ (2,642,000)	\$ 36,013,000
Total bonds:	38,655,000	-	(2,642,000)	36,013,000
Direct borrowings	192,726	-	(64,242)	128,484
Total direct borrowings:	192,726	-	(64,242)	128,484
Compensated absences	2,318,010	216,883	-	2,534,893
Total - Governmental Activities	\$ 41,165,736	\$ 216,883	\$ (2,706,242)	\$ 38,676,377
Business-type Activities:				
Bonds:				
Bonds payable	\$ 85,144,000	\$ -	\$ (617,000)	\$ 84,527,000
Total bonds:	85,144,000	-	(617,000)	84,527,000
Compensated absences	1,157,473	64,255	-	1,221,728
Total - Business-type Activities	\$ 86,301,473	\$ 64,255	\$ (617,000)	\$ 85,748,728
Due Within One Year	\$ 3,323,242	\$ (6,162,242)	\$ (3,323,242)	\$ (6,162,242)

The City has outstanding bonds and other direct borrowings related to governmental activities, and related to business-type activities. The outstanding bonds and other direct borrowings are all secured with their respective revenues and/or property and equipment as collateral.

Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2023, are as follows:

Year Ending June 30	Governmental Activities Bonds Payable		Business-Type Activities Bonds Payable	
	Principal	Interest	Principal	Interest
2024	\$ 2,659,000	\$ 962,820	\$ 3,439,000	\$ 2,730,699
2025	2,752,000	875,482	3,601,000	2,558,755
2026	2,896,000	783,140	3,783,000	2,378,272
2027	3,002,000	700,080	3,985,000	2,188,128
2028-2032	7,665,000	2,789,814	23,084,000	7,771,830
2033-2037	8,523,000	1,959,352	26,835,000	3,406,275
2038-2042	8,516,000	786,853	19,800,000	802,000
Total	<u>\$ 36,013,000</u>	<u>\$ 8,857,541</u>	<u>\$ 84,527,000</u>	<u>\$ 21,835,959</u>

3.G. INTERNAL TRANSACTIONS

Operating Transfers:

	Transfers in	Transfers out
Governmental Activities:		
General fund	\$ 1,975,000	\$ (13,275,522)
Local Building Authority fund	60,000	-
RDA fund	448,657	-
Debt service fund	1,092,689	-
Land acquisition fund	4,390,302	-
Golf course improvements fund	57,548	-
Recreation center fund	6,542,079	(1,000,000)
Total Governmental Activities	14,566,275	(14,275,522)
Business-Type Activities:		
Major Funds:		
Water fund	-	(350,000)
Sewer fund	-	(150,000)
Electric fund	-	(1,904,503)
Streets & Storm Drain	1,258,750	(25,000)
Broadband fund	1,000,000	(200,000)
Non-Major Funds:		
Airport fund	105,000	-
Garbage fund	-	(25,000)
Total Business-Type Activities	2,363,750	(2,654,503)
Grand Totals	\$ 16,930,025	\$ (16,930,025)

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs.

Interfund Services:

	Interfund Services Expense	Interfund Services Revenue
Major business-type activities:		
Water fund	\$ 1,899,515	\$ -
Sewer fund	1,204,195	-
Broadband fund	306,692	-
Electric fund	1,323,619	-
Strom drain fund	857,185	-
Non-major business-type activities:		
Garbage fund	193,169	-
Airport fund	42,632	-
Major governmental activities:		
General fund	-	5,827,007
Total	<u>\$ 5,827,007</u>	<u>\$ 5,827,007</u>

3.H. INTERNAL BALANCES

Interfund services are charges assessed to the business type activities for services provided by the general fund.

Interfund Loans:

Loan Purpose: The Electric Fund loaned \$2,100,000 to the general government towards the construction of an all-abilities park. The general government will pay this back over a 10-year period. The loan was initially subject to interest calculated at 2.5%. This was the rate of a 10-year US Treasury note at the time. The rate of the 10-year US Treasury notes has since changed and the loan was refinanced at the rate of 1.75% for the final eight years of the loan. The payment schedule is as follows.

Year	Payment Date	Fiscal Year	Capitalized Interest	Interest	Principal	Payment	Balance
	3/31/2020	2020					\$2,100,000.00
1	3/31/2021	2021	\$52,500.00				\$2,152,500.00
2	3/31/2022	2022	\$53,812.50				\$2,206,312.50
3	3/31/2023	2023	\$38,610.47				\$2,244,922.97
4	3/31/2024	2024		\$39,286.15	\$304,255.72	\$343,541.88	\$1,940,667.26
5	3/31/2025	2025		\$33,961.68	\$309,580.20	\$343,541.88	\$1,631,087.06
6	3/31/2026	2026		\$28,544.02	\$314,997.85	\$343,541.88	\$1,316,089.21
7	3/31/2027	2027		\$23,031.56	\$320,510.32	\$343,541.88	\$995,578.89
8	3/31/2028	2028		\$17,422.63	\$326,119.25	\$343,541.88	\$669,459.65
9	3/31/2029	2029		\$11,715.54	\$331,826.33	\$343,541.88	\$337,633.31
10	3/31/2030	2030		\$5,908.58	\$337,633.29	\$343,541.88	\$0.00

The Water Fund loaned \$1,940,250 to the general government towards the construction of a new golf course irrigation system. The general government will pay this back over a 10-year period. The loan is subject to interest calculated at 1.75%. This amount is reflected in the internal balances on the Statement of Net Position. The payment schedule is as follows.

Year	Payment Date	Fiscal Year	Interest	Principal	Payment	Balance
	3/31/2022	2022				\$1,940,250.00
1	3/31/2023	2023	\$33,954.38	\$179,231.26	\$213,185.64	\$1,761,018.74
2	3/31/2024	2024	\$30,817.83	\$182,367.81	\$213,185.64	\$1,578,650.93
3	3/31/2025	2025	\$27,626.39	\$185,559.25	\$213,185.64	\$1,393,091.68
4	3/31/2026	2026	\$24,379.10	\$188,806.53	\$213,185.64	\$1,204,285.15
5	3/31/2027	2027	\$21,074.99	\$192,110.65	\$213,185.64	\$1,012,174.51
6	3/31/2028	2028	\$17,713.05	\$195,472.58	\$213,185.64	\$816,701.92
7	3/31/2029	2029	\$14,292.28	\$198,893.35	\$213,185.64	\$617,808.57
8	3/31/2030	2030	\$10,811.65	\$202,373.99	\$213,185.64	\$415,434.58
9	3/31/2031	2031	\$7,270.11	\$205,915.53	\$213,185.64	\$209,519.05
10	3/31/2032	2032	\$3,666.58	\$209,519.05	\$213,185.64	\$0.00

Internal Service Fund Activity:

The city has a Motor Pool Fund that purchases city fleet, which includes vehicles and equipment. The Motor Pool Fund provides fuel and maintenance for the city fleet. The Motor Pool fund balance is allocated between Governmental and Business-type activities based on the proportional share of operating expenses. The Motor Pool Fund has a fund balance of **\$17,179,492** on June 30, 2023. The Business Type Activity Funds share of this fund balance is **\$7,205,060**. This amount is reflected in the internal balances on the Statement of Net Position.

Internal Balances Reconciliation:

Interfund Loans	\$	4,005,942
Internal Service Fund Balance Allocation		<u>7,205,060</u>
Total Internal Balances	\$	<u><u>11,211,002</u></u>

3.I. RESERVED FUND BALANCES

The City has reserved fund balance amounts for impact fees. The City has reserved net position in the Proprietary Fund for unspent impact fees. These fees will be used to construct appropriate projects as designated by the impact fee ordinance. The City has reserved net position in the Water Fund and the Electric Fund and fund balance in the Debt Service fund for the debt service requirements of the bonds acquired.

NOTE 4. OTHER NOTES

4.A. 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 joined together with other government in the State of Utah to form the Utah Risk Management Mutual Association (URMMA), a public entity risk pool currently operating as a common risk management insurance program for the Utah State governments. The City pays an annual premium to URMMA for its tort liability insurance coverage.

4.B. COMMITMENTS AND CONTINGENCIES

The City is involved in claims arising in the normal course of business. It is not possible to state the ultimate liability, if any, in these matters. In the opinion of management, such litigation will have no material effect on the financial operations of the City.

4.C. JOINT VENTURES

Utah Municipal Power Agency

In September, 1980, Spanish Fork City joined in a joint venture with several other municipalities to create the Utah Municipal Power Agency (UMPA). UMPA was created under the Inter-local Cooperation Act to evaluate, finance, construct and operate facilities for the generation, transmission and distribution of electric power for member cities.

Additional information is as follows:

a. Participants and their percentage shares:

Spanish Fork City Corporation	21.3%
Provo City Corporation	66.7%
Nephi City Corporation	7.2%
Manti City Corporation	2.5%
Salem City Corporation	1.5%
Levan Town	<u>0.8%</u>
	100.00%

- b. UMPA is governed by a Board of Directors which is comprised of six directors. The Mayor and City Council of each member-City appoints one director. All decisions of the Board are made by majority vote, except in specific decisions as described in the Inter-local Cooperation Agreement which stipulates that votes shall be by number of kilowatt hours sold. For Provo to prevail in a tie vote, they would need one additional city to vote with them.
- c. The UMPA Board of Directors governs the operations of the Agency through management employed by the Board. Since UMPA is subject to the same laws as the creating entities, it must follow State law for cities in the areas of fiscal management, budgeting, and financing.
- d. The UMPA 2023 financial information were not available prior to the issuance of these statements. June 30, 2022 audited statements are the most recent available. Audited summary financial information of UMPA at June 30, 2022 are as follows from UMPA:

	UMPA	Spanish Fork City's Share
Total assets & deferred outflows	<u>\$ 225,097,020</u>	<u>\$ 47,945,665</u>
Total liabilities & deferred inflows	<u>\$ 225,093,670</u>	<u>\$ 47,944,952</u>
Total net position	<u>\$ 3,350</u>	<u>\$ 714</u>
Total operating revenues	\$ 114,367,321	\$ 24,360,239
Total operating expenses	<u>(100,672,429)</u>	<u>(21,443,227)</u>
Net operating income	13,694,892	2,917,012.00
Total non-operating income (expenses)	<u>(3,710,315)</u>	<u>(790,297)</u>
Change in net assets	<u>\$ 9,984,577</u>	<u>\$ 2,126,715</u>
Transfer in of generation assets	-	-
Deferred inflow of resources adj	(9,984,577)	(2,126,715)
Change in net position	<u>\$ -</u>	<u>\$ -</u>

- f. Audited financial statements for Utah Municipal Power Agency are available at UMPA's office.

South Utah Valley Solid Waste District

Spanish Fork City joined in a joint venture with several other municipalities to create the South Utah Valley Solid Waste District (the District). The District was created for the purpose of building a landfill and transfer station and operating the same for the benefit of member municipalities. The majority of the District’s sanitation service revenue comes from these governmental entities.

Additional information is as follows:

- a. Participants and their percentage shares:

b.		
	Spanish Fork City Corporation	11.75%
	Provo City Corporation	69.75%
	Springville City Corporation	15.00%
	Mapleton City Corporation	2.00%
	Salem City Corporation	1.50%
	Goshen Town (Landfill participant)	<u>0.00%</u>
		<u>100.00%</u>

- b. The District is governed by a Board of Directors which are comprised of six directors. The Mayor and City Council of each member appoints one director. All decisions of the Board are by majority vote, except in the case of a tie. In a tie, the votes would be taken by tonnage. For Provo to prevail in a tie vote they would need one additional city to vote with them.
- c. The District’s Board of Directors governs the operations of the District through management employed by the Board. Since the District is subject to the same laws as the creating entities, it must follow State law for cities in the areas of fiscal management, budget.
- d. Audited summary financial information of the District as June 30, 2022 is as follows from SUVSWD:

	South Utah Valley Solid Waste District	Spanish Fork City's Share
Total assets & deferred outflows	<u>\$ 57,365,238</u>	<u>\$ 6,740,415</u>
Total liabilities & deferred inflows	<u>\$ 34,706,439</u>	<u>\$ 4,078,007</u>
Total net position	<u>\$ 22,658,799</u>	<u>\$ 2,662,409</u>
Total operating revenues	\$ 10,013,120	\$ 1,176,542
Total operating expenses	8,918,399	1,047,912
Net operating income	1,094,721	128,630
Total non-operating income (expenses)	1,757,295	206,482
Change in net assets	<u>\$ 2,852,016</u>	<u>\$ 335,112</u>
The joint venture has the following long-term debt:		
Bonds Payable	\$ 28,000,000	\$ 3,290,000
Accrued compensated absences	259,338	30,472
Net pension liability	-	-
Notes payable	-	-
Total long-term liabilities	<u>\$ 28,259,338</u>	<u>\$ 3,320,472</u>

- f. Audited financial statements are available at the South Utah Valley Sold Waste District office.

4.D. WATER LOAN PROGRAM

The following information is presented as required by the State of Utah Water Loan Program:

1. Fidelity Bonds
 - A. Public Treasurer Bond for \$4,000,000 expiring October 22, 2024 issued by Moreton & Company.
 - B. \$100,000 Blanket Employee Bond expiring April 1, 2026 covering all employees and elected officials of the City issued by Moreton & Company.
2. 13,101 water connections at June 30, 2023
3. Total culinary water billings for the year were \$3,184,745
4. Rate schedule

Base charge	\$10.00
Price per 1,000 gallons for usage over base is	\$1.14 - \$2.14
Connection/Impact fee (1 inch)	\$1,496.97

4.E. SPANISH FORK REDEVELOPMENT AGENCY

The following information is presented as required by the Utah State Code Section 17A-2-1217(3):

1. The sales tax and property tax increment collected by the agency for each project area:	
A. North Industrial RDA	\$ -
B. Kirby Lane RDA	-
C. Wasatch Wind CDA	-
D. Sierra Bonita CDA	114,876
E. Krona CRA	290,411
Total Collected	<u>\$ 405,287</u>
2. The amount of tax increment paid to any taxing agency:	
A. North Industrial RDA	\$ -
B. Kirby Lane RDA	-
C. Wasatch Wind CDA	-
D. Sierra Bonita CDA	30,488
Total Paid	<u>\$ 30,488</u>
3. The outstanding principal amount of loans incurred to finance the cost associated with the project areas:	\$ -
4. The actual amounts expended for :	
A. Acquisition of property	\$ -
B. Site improvements	-
C. Installation of public utilities and roads	-
D. Administrative & contracted costs	427,643
Total Expended	<u>\$ 427,643</u>

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The 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.gov.

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% or 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 30, 2020 2.00% per year July 1, 2020 to present	Up to 2.5%

*Actuarial reductions are applied

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

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

Utah Retirement Systems	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer rate for 401(k) Plan
Contributory System				
111-Local Government Division Tier 2	N/A	N/A	16.01	0.18
Noncontributory System				
15-Local Government Division Tier 1	N/A	N/A	17.97	N/A
Public Safety Retirement System				
Contributory				
122 Tier 2 DB Hybrid Public Safety	N/A	2.59	25.83	N/A
Noncontributory				
122-Other Division A Contributory Tier 2	N/A	N/A	34.04	N/A
Firefighters Retirement System				
31 Other Division A	N/A	15.05	3.61	N/A
132 Tier 2 DB Hybrid Firefighters	N/A	2.59	14.08	N/A
Tier 2 DC Only				
211 Local Government	N/A	N/A	6.19	10.00
222 Public Safety	N/A	N/A	11.83	14.00
232 Firefighters	N/A	N/A	0.08	14.00

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

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

System	Employer Contribution	Employee Contribution
Noncontributory System	\$ 1,474,905	N/A
Public Safety System	626,249	-
Firefighters System	13,637	56,853
Tier 2 Public Employee System	987,017	-
Tier 2 Public Safety and Firefighter	474,246	53,720
Tier 2 DC Only System	80,827	N/A
Tier 2 DC Public Safety and Firefighter System	7,794	N/A
Total	\$ 3,664,675	\$ 110,573

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, 2023, we reported a net pension asset of **\$138,909** and a net pension liability of **\$3,479,884**.

	(Measurement Date): December 31, 2022				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2021	Change (Decrease)
Noncontributory System	\$ -	\$ 1,563,801	0.9130355%	0.9460733%	-0.0330378%
Public Safety System	-	1,603,424	1.2400088%	1.3730090%	-0.1330002%
Firefighters System	138,909	-	0.5348745%	0.0000000%	0.5348745%
Tier 2 Public Employees System	-	271,607	0.2494337%	0.2489546%	0.0004791%
Tier 2 Public Safety and Fire Fighter System	-	41,052	0.4920880%	0.3804200%	0.1116680%
	<u>\$ 138,909</u>	<u>\$ 3,479,884</u>			

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

For the year ended June 30, 2023. We recognized a pension expense of **\$1,923,571**.

At June 30, 2023, 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	\$ 673,570	\$ 25,100
Changes in assumptions	430,696	11,047
Net difference between projected and actual earnings on pension plan investments	1,592,407	-
Changes in proportion and differences between contributions and proportionate share of contributions	130,627	239,215
Contributions subsequent to the measurement date	1,802,639	-
Total	<u>\$ 4,629,939</u>	<u>\$ 275,362</u>

\$1,802,639 was 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, 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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflows) of Resources</u>
2023	\$ (537,665)
2024	(9,416)
2025	622,938
2026	2,336,916
2027	26,435
Thereafter	112,720

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

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

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2022, valuation were based on an experience study of the demographic assumptions as January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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 table on the following page:

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

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

Discount rate: The discount rate used to measure the total pension liability was 6.95 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 was reduced to 6.85 percent from 6.95 percent from the prior measurement period.

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 6.85 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 (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 9,855,595	\$ 1,563,801	\$ (5,364,430)
Public Safety System	5,163,836	1,603,424	(1,292,030)
Firefighters System	110,713	(138,909)	(341,485)
Tier 2 Public Employee System	1,186,773	271,607	(433,413)
Tier 2 Public Safety and Firefighter	328,611	41,052	(187,488)
Total	\$ 16,645,528	\$ 3,340,975	\$ (7,618,846)

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

Defined Contribution Savings Plan

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

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

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

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

	2023	2022	2021
401 (k) Plan			
Employer Contributions	\$ 166,515	\$ 159,688	\$ 132,249
Employee Contributions	\$ 106,521	\$ 86,924	\$ 88,335
457 Plan			
Employer Contributions	\$ -	\$ 120	\$ -
Employee Contributions	\$ 49,520	\$ 56,890	\$ 15,679
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 95,866	\$ 79,429	\$ 73,303
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 675	\$ 650	\$ 650

4. G. SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the audit report, which is the date that the financial statements were available to be issued.

4.H. PRIOR PERIOD ADJUSTMENT

In Fiscal Year 2022 land owned by the Sewer fund was sold. The proceeds from the sale of this land were recognized in Fiscal Year 2022. However, the land was not removed from the list of capital assets. This caused the Sewer fund to overstate its amount of capital assets and net position at the end of Fiscal Year 2022. A prior period adjustment was made in Fiscal Year 2023 in the amount of \$1,802,270.

REQUIRED SUPPLEMENTARY INFORMATION

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Changes in Assumptions Related to Pensions

No changes were made in actuarial assumptions from the prior year's valuation.

**Spanish Fork City
Schedule of the Proportionate
Share of the Net Pension Liability
For the Year Ended June 30, 2023**

		Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)	2015	0.7580962%	1.0812842%	0.0000000%	0.1617363%	0.2023030%
	2016	0.7778810%	1.1538440%	0.0000000%	0.0171388%	0.2509637%
	2017	0.8043046%	1.1807616%	0.0000000%	0.1880264%	0.2378124%
	2018	0.8335616%	1.1948197%	0.0000000%	0.2198402%	0.3462816%
	2019	0.8594345%	1.2131674%	0.0000000%	0.2348667%	0.3575857%
	2020	0.9010549%	1.2407853%	0.0000000%	0.2333133%	0.3713927%
	2021	0.9136654%	1.2714446%	0.0000000%	0.2276754%	0.3466855%
	2022	0.9460733%	1.3730090%	0.0000000%	0.2489546%	0.3804200%
	2023	0.9310355%	1.2400088%	0.5348745%	0.2494337%	0.4920880%
	Proportionate share of the net pension liability (asset)	2015	\$ 3,291,832	\$ 1,359,805	\$ -	\$ (4,901)
2016		4,401,629	2,066,825	-	(374)	(3,667)
2017		5,164,320	2,396,091	-	20,974	(2,064)
2018		3,652,083	1,874,264	-	19,383	(4,007)
2019		6,328,638	3,120,976	-	100,588	8,960
2020		3,395,958	1,992,227	-	52,474	34,935
2021		468,658	1,055,606	-	32,746	31,096
2022		(5,418,263)	(1,115,079)	-	(105,367)	(19,227)
2023		1,563,801	1,603,424	(138,909)	271,607	41,052
Covered Employee Payroll		2015	\$ 6,433,835	\$ 1,579,886	\$ -	\$ 794,624
	2016	6,571,249	1,692,697	-	1,107,243	149,361
	2017	6,903,588	1,743,639	-	1,541,963	196,486
	2018	6,977,545	1,739,944	-	2,151,729	365,405
	2019	7,117,204	1,738,220	-	2,740,105	478,878
	2020	7,529,229	1,786,492	-	3,242,984	612,125
	2021	7,624,883	1,859,082	-	3,639,537	691,530
	2022	7,735,486	1,963,915	-	4,617,354	909,734
	2023	7,672,682	1,763,603	209,339	5,429,774	1,514,046
	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2015	51.20%	86.10%	0.00%	-0.60%
2016		66.98%	122.10%	0.00%	-0.03%	-0.25%
2017		74.81%	137.40%	0.00%	1.36%	-1.05%
2018		52.34%	107.70%	0.00%	0.90%	-1.10%
2019		88.92%	179.55%	0.00%	3.67%	1.87%
2020		45.10%	111.52%	0.00%	1.62%	5.71%
2021		6.15%	56.78%	0.00%	0.90%	4.50%
2022		-70.04%	-56.78%	0.00%	-2.28%	-2.11%
2023		20.38%	90.92%	-66.36%	5.00%	2.71%
Plan fiduciary net position as a percentage of the total pension liability.		2015	90.20%	90.50%	0.00%	103.50%
	2016	87.80%	87.10%	0.00%	100.20%	110.70%
	2017	87.30%	86.50%	0.00%	95.10%	103.60%
	2018	91.90%	90.20%	0.00%	97.40%	103.00%
	2019	87.00%	84.70%	0.00%	90.80%	95.60%
	2020	93.70%	90.90%	0.00%	96.50%	89.60%
	2021	99.20%	95.50%	0.00%	98.30%	93.10%
	2022	108.70%	104.20%	0.00%	103.80%	102.80%
	2023	97.50%	93.60%	108.40%	92.30%	96.40%

* In accordance with paragraph 81 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 is only for the last nine years.

Spanish Fork City
Schedule of Contributions (Pensions)
For the Year Ended June 30, 2023

	As of Fiscal year ended June 30	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered Employee Payroll	Contributions as a percentage of covered employee payroll
Noncontributory System						
	2015	\$ 1,188,850	\$ 1,188,850	\$ -	\$ 6,490,086	18.32%
	2016	1,232,880	1,232,880	-	6,738,212	18.30%
	2017	1,274,437	1,274,437	-	6,972,376	18.28%
	2018	1,279,367	1,279,367	-	7,022,987	18.22%
	2019	1,327,797	1,327,797	-	7,287,792	18.22%
	2020	1,400,290	1,400,290	-	7,685,572	18.22%
	2021	1,365,598	1,365,598	-	7,491,820	18.23%
	2022	1,354,197	1,354,197	-	7,419,852	18.25%
	2023	1,474,905	1,474,905	-	8,278,568	17.82%
Public Safety System						
	2015	\$ 559,347	\$ 559,347	\$ -	\$ 1,647,057	33.96%
	2016	585,803	585,803	-	1,723,555	33.99%
	2017	595,387	595,387	-	1,749,030	34.04%
	2018	588,532	588,532	-	1,729,410	34.03%
	2019	594,209	594,209	-	1,745,620	34.04%
	2020	632,123	632,123	-	1,857,002	34.04%
	2021	632,285	632,285	-	1,857,477	34.04%
	2022	620,300	620,300	-	1,822,268	34.04%
	2023	626,249	626,249	-	1,839,745	34.04%
Firefighters System						
	2020	\$ -	\$ -	\$ -	-	0.00%
	2021	-	-	-	-	0.00%
	2022	1,393	1,393	-	30,206	4.61%
	2023	13,637	13,637	-	377,763	3.61%
Tier 2 Public Employees System*						
	2015	\$ 151,634	\$ 151,634	\$ -	\$ 1,024,321	14.80%
	2016	189,010	189,010	-	1,276,697	14.80%
	2017	281,807	281,807	-	1,890,051	14.91%
	2018	362,112	362,112	-	2,398,374	15.10%
	2019	477,206	477,206	-	3,070,823	15.54%
	2020	531,875	531,875	-	3,396,388	15.66%
	2021	628,250	628,250	-	3,976,266	15.80%
	2022	785,646	785,646	-	4,888,897	16.07%
	2023	987,017	987,017	-	6,164,999	16.01%
Tier 2 Public Safety and Firefighter System*						
	2015	\$ 28,463	\$ 28,463	\$ -	\$ 126,220	22.55%
	2016	38,350	38,350	-	170,444	22.50%
	2017	59,687	59,687	-	265,276	22.50%
	2018	100,657	100,657	-	446,619	22.54%
	2019	121,965	121,965	-	528,216	23.09%
	2020	156,014	156,014	-	674,507	23.13%
	2021	194,953	194,953	-	754,755	25.83%
	2022	273,746	273,746	-	1,059,803	25.83%
	2023	474,246	474,246	-	2,076,110	22.84%
Tier 2 Public Employees DC Only System*						
	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	4,560	4,560	-	68,155	6.69%
	2017	10,751	10,751	-	160,707	6.69%
	2018	21,094	21,094	-	315,310	6.69%
	2019	30,671	30,671	-	458,457	6.69%
	2020	45,442	45,442	-	679,245	6.69%
	2021	50,544	50,544	-	755,521	6.69%
	2022	71,551	71,551	-	1,068,214	6.70%
	2023	80,827	80,827	-	1,305,772	6.19%
Tier 2 Public Safety and Firefighter DC Only System*						
	2019	-	-	-	-	0.00%
	2020	-	-	-	-	0.00%
	2021	4,942	4,942	-	41,776	11.83%
	2022	5,934	5,934	-	50,160	11.83%
	2023	7,794	7,794	-	65,884	11.83%

*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 10-year schedule will need to be built prospectively. The schedule above is only for the past nine years.

Contributions as a percentage of covered-payroll may be different that the board certified rate due to rounding and other administrative issues.

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SUPPLEMENTARY INFORMATION

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**Spanish Fork City
Combining Balance Sheet
Non-Major Governmental Funds
As of June 30, 2023**

	Special Revenue		Debt Service		Capital Projects		Total
	RAP Tax Fund	RDA Fund	Debt Service Fund	River Reclamation Fund	Golf Course Impr. Fund	Recreation Center Fund	
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 153,038	\$ -	\$ 4,461,377	\$ 4,614,415
Restricted Assets:							
Cash and cash equivalents	2,217,122	3,411,416	495,712	-	-	-	6,124,250
Total assets	<u>2,217,122</u>	<u>3,411,416</u>	<u>495,712</u>	<u>153,038</u>	<u>-</u>	<u>4,461,377</u>	<u>10,738,665</u>
LIABILITIES							
Accounts payable	-	1,500	-	-	-	-	1,500
Total liabilities	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred property tax revenues							
Total deferred inflows of resources							
FUND BALANCES							
Restricted for:							
Capital projects							-
RAP programs	2,217,122	-	-	-	-	-	2,217,122
Redevelopment	-	3,409,916	-	-	-	-	3,409,916
Debt service	-	-	495,712	-	-	-	495,712
Committed for:							
Capital projects							
Total fund balances	<u>2,217,122</u>	<u>3,409,916</u>	<u>495,712</u>	<u>153,038</u>	<u>-</u>	<u>4,461,377</u>	<u>4,614,415</u>
Total liabilities and fund balance	<u>\$ 2,217,122</u>	<u>\$ 3,411,416</u>	<u>\$ 495,712</u>	<u>\$ 153,038</u>	<u>\$ -</u>	<u>\$ 4,461,377</u>	<u>\$ 10,738,665</u>

Spanish Fork City
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue		Debt Service		Capital Projects			Total Non-major Governmental Funds
	RAP Tax Fund	RDA Fund	Debt Service Fund	River Reclamation Fund	Golf Course Improvements Fund	Recreation Center Fund		
REVENUES:								
Taxes	\$ 1,197,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,197,121
Sundry revenues	-	118,599	797,497	134,791	-	-	-	1,050,887
Intergovernmental	-	-	-	-	-	50,000	-	50,000
Interest income	69,871	121,743	29,255	-	-	-	-	220,869
Total revenues	1,266,992	240,342	826,752	134,791	-	50,000	-	2,518,877
EXPENDITURES:								
Current Expenditures:								
Professional Services	-	460,749	-	-	-	-	-	460,749
RAP Programs	453,792	-	-	-	-	-	-	453,792
RDA Programs	-	1,105	-	-	-	-	-	1,105
Debt service:								
Principal retirement	-	-	1,514,231	-	-	-	-	1,514,231
Interest and fiscal charges	-	-	375,054	-	-	-	-	375,054
Capital outlay	-	-	-	-	168,884	1,130,702	-	1,299,586
Total expenditures	453,792	461,854	1,889,285	-	168,884	1,130,702	-	4,104,517
Excess of revenues over (under) expenditures	813,200	(221,512)	(1,062,533)	134,791	(168,884)	(1,080,702)	(1,585,640)	
Other financing sources (uses):								
Transfers In	-	448,657	1,092,689	-	57,548	6,542,079	-	8,140,973
Transfers (Out)	-	-	-	-	-	(1,000,000)	-	(1,000,000)
Total other financing sources (uses)	-	448,657	1,092,689	-	57,548	5,542,079	-	7,140,973
Excess of revenues and other sources over (under) expenditures and other uses	813,200	227,145	30,156	134,791	(111,336)	4,461,377	5,555,333	
Fund balances - beginning of year	1,403,922	3,182,771	465,556	18,247	111,336	-	-	5,181,832
Fund balances - end of year	2,217,122	3,409,916	495,712	153,038	-	4,461,377	\$ 4,461,377	\$ 10,737,165

Spanish Fork City
Combining Statement of Net Position
Non-Major Proprietary Funds
As of June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Airport Fund	Garbage Fund	Gun Club Fund	Total Other Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 326,679	\$ 1,438,162	\$ 74,607	\$ 1,839,448
Accounts receivable	-	290,927	-	290,927
Allowance for doubtful accounts	-	(1,730)	-	(1,730)
Inventory	-	-	21,026	21,026
Total current assets	<u>326,679</u>	<u>1,727,359</u>	<u>95,633</u>	<u>2,149,671</u>
Noncurrent assets:				
Net pension asset	-	737	25	762
Capital Assets:				
Land	2,636,873	217,903	-	2,854,776
Buildings	-	163,563	28,116	191,679
Improvements	15,576,531	37,378	95,473	15,709,382
Equipment	46,738	1,352,582	84,120	1,483,440
Less: accumulated depreciation	(5,964,832)	(1,422,363)	(164,815)	(7,552,010)
Other Assets:				
Equity in joint venture	-	2,694,079	-	2,694,079
Total noncurrent assets	<u>12,295,310</u>	<u>3,043,879</u>	<u>42,919</u>	<u>15,382,108</u>
Total assets	<u>12,621,989</u>	<u>4,771,238</u>	<u>138,552</u>	<u>17,531,779</u>
Deferred outflows of resources due to pensions	<u>13,052</u>	<u>24,548</u>	<u>848</u>	<u>38,448</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>12,635,041</u>	<u>4,795,786</u>	<u>139,400</u>	<u>17,570,227</u>
LIABILITIES				
Current liabilities:				
Accrued Liabilities	4,756	5,915	5,627	16,298
Accounts payable	369,905	151,493	1,412	522,810
Compensated absences	14,423	27,129	936	42,488
Total current liabilities	<u>389,084</u>	<u>184,537</u>	<u>7,975</u>	<u>581,596</u>
Noncurrent liabilities:				
Net pension liability	<u>9,417</u>	<u>18,451</u>	<u>636</u>	<u>28,504</u>
Total noncurrent liabilities	<u>9,417</u>	<u>18,451</u>	<u>636</u>	<u>28,504</u>
Total liabilities	<u>398,501</u>	<u>202,988</u>	<u>8,611</u>	<u>610,100</u>
Deferred inflows of resources due to pensions	<u>776</u>	<u>1,460</u>	<u>50</u>	<u>2,286</u>
Net Position				
Net investment in capital assets	12,295,310	349,063	42,894	12,687,267
Unrestricted	(59,546)	4,242,275	87,845	4,270,574
Total Net Position	<u>\$ 12,235,764</u>	<u>\$ 4,591,338</u>	<u>\$ 130,739</u>	<u>\$ 16,957,841</u>

Spanish Fork City
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Airport Fund	Garbage Fund	Gun Club Fund	Total Other Funds
Operating revenues:				
Charges for sales and services	\$ 286,186	\$ 3,158,204	\$ 256,712	\$ 3,701,102
Other income	119,563	-	5,741	125,304
Total operating revenues	405,749	3,158,204	262,453	3,826,406
Operating expenses:				
Landfill fees	-	2,330,116	-	2,330,116
Employee salaries	168,475	245,908	102,842	517,225
Materials and supplies	6,179	215,884	138,089	360,152
Repairs and maintenance	15,297	478	14,251	30,026
Professional services	198,334	175,587	33,940	407,861
Motorpool charges	30,958	12,957	5,833	49,748
Utilities and Rent	14,071	22,150	14,891	51,112
Insurance	8,977	4,264	1,033	14,274
Depreciation	311,788	40,245	3,287	355,320
Indirect services	42,632	193,169	-	235,801
Sundry charges	6,590	84,601	-	91,191
Total operating expenses	803,301	3,325,359	314,166	4,442,826
Operating income	(397,552)	(167,155)	(51,713)	(616,420)
Nonoperating revenues (expenses):				
Interest revenue	10,135	48,768	2,303	61,206
Grant Proceeds	215,699	-	-	215,699
Pension benefit expense	8,416	20,850	739	30,005
Pension expense	(5,422)	(10,199)	(351)	(15,972)
Interest Expense				
Total nonoperating revenues (expenses)	228,828	394,531	2,691	626,050
Income (loss) before operating transfers	(168,724)	227,376	(49,022)	9,630
Operating transfers:				
Operating transfers in/(out)	105,000	(25,000)	-	80,000
Total operating transfers	105,000	(25,000)	-	80,000
Change in Net Position	(63,724)	202,376	(49,022)	89,630
Total Net Position - beginning	12,299,488	4,388,962	179,761	16,868,211
Total Net Position - ending	\$ 12,235,764	\$ 4,591,338	\$ 130,739	\$ 16,957,841

Spanish Fork City
Combining Statement Cash Flows
Non-Major Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Airport	Garbage	Gun Club	Total
	Fund	Fund	Fund	Non-Major Funds
Cash Flows From Operating Activities				
Receipts from customers	\$ 345,186	\$ 3,143,428	\$ 314,596	\$ 3,803,210
Other cash receipts	119,563	-	5,741	125,304
Payments to suppliers	34,939	(2,882,743)	(214,156)	(3,061,960)
Payments to employees	(154,597)	(239,899)	(102,712)	(497,208)
Net cash provided (used) by operating activities	<u>345,091</u>	<u>20,786</u>	<u>3,469</u>	<u>369,346</u>
Cash Flows From Noncapital Financing Activities				
Transfers in (out)	105,000	(25,000)	-	80,000
Net cash provided (used) by noncapital activities	<u>105,000</u>	<u>(25,000)</u>	<u>-</u>	<u>80,000</u>
Cash Flows From Capital and Related Financing Activities				
Purchases of capital assets	(737,978)	-	-	(737,978)
Grant Proceeds	215,699	-	-	215,699
Net cash provided (used) by capital and related financing activities	<u>(522,279)</u>	<u>-</u>	<u>-</u>	<u>(522,279)</u>
Cash Flows From Investing Activities				
Interest and dividends received	10,135	48,768	2,303	61,206
Net cash provided (used) by investing activities	<u>10,135</u>	<u>48,768</u>	<u>2,303</u>	<u>61,206</u>
Net increase (decrease) in cash and cash equivalents	<u>(62,053)</u>	<u>44,554</u>	<u>5,772</u>	<u>(11,727)</u>
Cash balance, beginning	388,732	1,393,608	68,835	1,851,175
Cash balance, ending	<u>326,679</u>	<u>1,438,162</u>	<u>74,607</u>	<u>1,839,448</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	(397,552)	(167,155)	(51,713)	(616,420)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	311,788	40,245	3,287	355,320
(Increase) decrease in accounts receivable	59,000	(14,776)	57,884	102,108
(Increase) decrease in inventory	-	-	20,228	20,228
Increase (decrease) in accrued liabilities	357,977	156,463	(26,347)	488,093
(Increase) decrease in compensated absences	13,878	6,009	130	20,017
Total adjustments	<u>742,643</u>	<u>187,941</u>	<u>55,182</u>	<u>985,766</u>
Net cash provided (used) by operating activities	<u>\$ 345,091</u>	<u>\$ 20,786</u>	<u>\$ 3,469</u>	<u>\$ 369,346</u>

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OTHER REPORTS

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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
Spanish Fork 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 of Spanish Fork City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Spanish Fork City's basic financial statements, and have issued our report thereon dated November 20, 2023.

Internal Control Over Financial Reporting

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

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 is not suitable for any other purpose.

LARSON & COMPANY, PC

Larson & Company, PC

Spanish Fork, Utah
November 20, 2023



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

The Honorable Mayor, and
Member of the City Council
Spanish Fork City, Utah

Report on Compliance with General State Compliance Requirements

We have audited Spanish Fork City's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2023

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

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

Opinion on Compliance

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Spanish Fork 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 a basis for our opinion. Our audit does not provide a legal determination of District'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 Spanish Fork City's government programs.

Auditor's Responsibilities for the Audit of 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 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 Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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 Spanish Fork City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, 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 Spanish Fork 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 Spanish Fork City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Spanish Fork 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 and material weaknesses in internal control over compliance that we identified during the audit.

Report On Internal Control over Compliance

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 not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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 Guide. Accordingly, this report is not suitable for any other purpose.

LARSON & COMPANY, PC

Larson & Company, PC

Spanish Fork, Utah
November 20, 2023



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
UNIFORM GUIDANCE**

The Honorable Mayor, and
Member of the City Council
Spanish Fork City, Utah

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Spanish Fork City's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Spanish Fork City's major federal programs for the year ended June 30, 2023. Spanish Fork 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, Spanish Fork City complied, in all material respects, with the 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, 2023.

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 (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); 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 Spanish Fork 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 a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Spanish Fork 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 Spanish Fork City's federal programs.

Auditor's Responsibilities for the Audit of 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 Spanish Fork 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 material noncompliance resulting from fraud is higher than for that 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 Spanish Fork City's compliance with the requirements of each major federal program as a whole.

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 Spanish Fork 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 Spanish Fork City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Spanish Fork 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 and 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 a 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 not identify any 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 is 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 20, 2023

SPANISH FORK CITY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of Spanish Fork 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 Spanish Fork 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 Spanish Fork 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 Grant	21.027
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8. The threshold for distinguishing Types A and B programs is \$750,000 of federal awards expended.
9. Spanish Fork City was determined not to be a low-risk auditee.

SPANISH FORK CITY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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.

SPANISH FORK CITY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Thru Grantor/Program Title	Federal CFDA <u>Number</u>	Pass-Through <u>Grantors Contract</u>	Amount of <u>Expenditures</u>
Direct Assistance:			
Environmental Protection Agency Brownfield Assessment Grant	66.818	N/A	\$ 226,856
Total Environmental Protection Agency			<u>\$ 226,856</u>
U.S. Department of the Treasury * ARPA Grant	21.027	N/A	\$ 4,842,079
Total U.S Department of the Treasury			<u>\$ 4,842,079</u>
Total Direct Assistance:			<u>\$ 5,068,935</u>
Indirect Assistance:			
U.S Department of Justice (DOJ) Passed through State of Utah Bulletproof Vest Partnership Program	16.607		\$ 4,365
U.S Department of Justice (DOJ) Passed through State of Utah Victims of Crime Act Grant	16.575	N/A	\$ 40,977
Total U.S. Department of Justice			<u>\$ 45,342</u>
U.S. Department of Transportation: Passed through State of Utah Airport Improvement Program - FAA	20.106	N/A	\$ 227,302
Total Department of Transportation			<u>\$ 227,302</u>
U.S. Department of Homeland Security Passed through State of Utah Emergency Management Performance Grant	97.042	N/A	\$ 21,000
U.S. Department of Homeland Security			<u>\$ 21,000</u>
National Endowment for the Arts & Humanities Passed through State of Utah Specialty Item Grant	45.310	N/A	\$ 6,100
National Endowment for the Arts & Humanities Passed through State of Utah Spanish Language Material Grant	45.310	N/A	\$ 1,455
Total National Endowment for the Arts & Humanities			<u>\$ 7,555</u>
U.S. Department of the Treasury Passed through Utah County * ARPA Grant-Water Tank	21.027	230630572	\$ 1,000,000
U.S. Department of the Treasury Passed through Utah County * ARPA Grant-Wastewater Treatment Plant	21.027	N/A	\$ 4,000,000
Total US Department of the Treasury			<u>\$ 5,000,000</u>
Total Indirect Assistance			<u>\$ 5,301,200</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,370,135</u>
* Major Program			

SPANISH FORK CITY

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

1. GENERAL

The accompanying schedule of expenditures of federal awards (the schedule) includes the grant activity of Spanish Fork City (the City) under programs of the federal government for the year ended June 30, 2023. 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 Spanish Fork City it is not intended to and does not present the financial position, changes in net position, or cash flows of Spanish Fork 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, 2023.

5. DE MINIMIS INDIRECT COST RATE

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