

**SPANISH FORK CITY, UTAH
BASIC FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2024**

**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, each major fund, and the aggregate remaining fund information of Spanish Fork City as of and for the year ended June 30, 2024, 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 of Spanish Fork City as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison schedules for the general fund and major special revenue funds. for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 requirements 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with *GAAS and GAS*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Spanish Fork City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Spanish Fork City's basic financial statements. The combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards (SEFA), 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, 2024, 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 solely 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 the effectiveness of 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

Spanish Fork, Utah
November 20, 2024

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, 2024**. 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 **\$81,317,434** to **\$572,480,837**. The governmental net position increased by **\$9,653,838** and the business-type net position increased by **\$71,663,707**.
- ◁ The total net position of **\$572,464,301** is made up of **\$407,214,595** in capital assets net of related debt and **\$165,249,706** in other net position.
- ◁ The General Fund (the primary operating fund) had an increase in its fund balance of **\$1,392,947**.
- ◁ The City's total long-term debt increased by **\$101,782,758** 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 **\$572,464,301**.

The largest portion of Spanish Fork City's net position **\$407,214,595 or 71%** 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 102,140,160	\$ 59,355,780	\$ 138,610,519	\$ 129,149,309	\$ 240,750,679	\$ 188,505,089
Capital assets	161,993,512	118,866,011	467,958,395	368,225,163	629,951,907	487,091,174
Total assets	264,133,672	178,221,791	606,568,914	497,374,472	870,702,586	675,596,263
Deferred outflows - pension	4,932,633	3,524,419	1,677,028	1,105,520	6,609,661	4,629,939
Total deferred outflows of resources	4,932,633	3,524,419	1,677,028	1,105,520	6,609,661	4,629,939
Total Assets and Deferred outflows	269,066,305	181,746,210	608,245,942	498,479,992	877,312,247	680,226,202
Other liabilities	34,327,529	22,411,731	29,551,515	30,914,773	63,879,044	53,326,504
Long-term liabilities outstanding	101,758,242	36,141,484	133,681,176	94,257,266	235,439,418	130,398,750
Total liabilities	136,085,771	58,553,215	163,232,691	125,172,039	299,318,462	183,725,254
Deferred property tax revenue	5,089,893	5,062,294	-	-	5,089,893	5,062,294
Deferred inflows - pension	315,714	209,612	107,341	65,750	423,055	275,362
Total deferred inflows of resources	5,405,607	5,271,906	107,341	65,750	5,512,948	5,337,656
Total Liabilities and Deferred inflows	141,491,378	63,825,121	163,340,032	125,237,789	304,831,410	189,062,910
Net Position:						
Invested in capital assets, net						
of related debt	59,710,135	82,667,808	347,504,460	283,937,228	407,214,595	366,605,036
Restricted	6,167,671	15,306,055	239,065	239,065	6,406,736	15,545,120
Unrestricted	61,697,121	19,947,226	97,162,385	89,065,910	158,859,506	109,013,136
Total Net Position	\$ 127,574,927	\$ 117,921,089	\$ 444,905,910	\$ 373,242,203	\$ 572,480,837	\$ 491,163,292

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 21,075,628	\$ 19,568,862	\$ 72,878,624	\$ 69,327,086	\$ 93,954,252	\$ 88,895,948
Operating grants and contribs	419,738	5,382,107	-	-	419,738	5,382,107
Capital grants and contribs	8,827,075	3,177,439	73,334,460	35,841,071	82,161,535	39,018,510
General revenues:						
Property taxes	5,741,117	5,344,754	-	-	5,741,117	5,344,754
Sales and Use Tax	18,016,044	17,765,035	-	-	18,016,044	17,765,035
Other taxes	378,039	391,012	-	-	378,039	391,012
Unrestricted investment earnings	2,177,538	1,748,169	4,051,907	4,044,430	6,229,445	5,792,599
Sundry revenues	1,488,620	2,530,376	-	-	1,488,620	2,530,376
Joint Venture Gain (Loss)	-	-	16,536	335,112	16,536	335,112
Gain on Sale of Capital Assets	(121,367)	(5,130)	-	-	(121,367)	(5,130)
Total revenues	58,002,432	55,902,624	150,281,527	109,547,699	208,283,959	165,450,323
Expenses:						
General government	12,093,678	3,139,097	-	-	12,093,678	3,139,097
Public safety	14,848,368	13,505,007	-	-	14,848,368	13,505,007
Public Works	5,492,018	4,806,119	-	-	5,492,018	4,806,119
Parks and recreation	11,159,935	16,322,344	-	-	11,159,935	16,322,344
Operating Expenses (Business Type)			81,860,975	76,899,942	81,860,975	76,899,942
Interest Expense	1,511,440	993,091	-	-	1,511,440	993,091
Total expenses	45,105,439	38,765,658	81,860,975	76,899,942	126,966,414	115,665,600
Increase in Net Position before transfers	12,896,993	17,136,966	68,420,552	32,647,757	81,317,545	49,784,723
Interfund transfer of capital assets	(5,847,656)	-	5,847,656	-	-	-
Transfers	2,604,501	290,753	(2,604,501)	(290,753)	-	-
Increase in Net Position	9,653,838	17,427,719	71,663,707	32,357,004	81,317,545	49,784,723
Net Position - beginning	117,921,089	100,493,370	373,242,203	342,687,469	491,163,292	443,180,839
Prior Period Adjustment	-	-	-	(1,802,270)	-	(1,802,270)
Net Position - ending	\$ 127,574,927	\$ 117,921,089	\$ 444,905,910	\$ 373,242,203	\$ 572,480,837	\$ 491,163,292

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, 2024, the City's governmental funds (General, Debt Service, Special Revenue, and Capital Project Fund) reported combined fund equity of **\$80,077,315**. This represents an increase of **\$36,669,356** 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 **\$24,135,201** and represent **49%** 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 **\$38,850,119** to a final budget of **\$40,277,944**. The largest change to expenditures from the original budget to the final budget was due to personnel changes across the general fund.

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, 2024, amounts to **\$407,214,595** (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 \$545,901.61.

Construction of Electric Park for \$1,096,744.51.

Fairground Improvements

Main Street Landscaping for \$118,270.01

Recreation Improvements

Recreation Center Land for \$3,560,355.00.

Recreation Center Design for \$1,828,146.23

Recreation Center Construction for \$24,197,749.14

Fire Improvements

Fire Equipment for \$81,595.75.

Water & Pressurized Irrigation Improvements:

Water & Pressurized Irrigation Improvement Projects for \$15,791,332.09

Sewer Improvements:

Sewer Plant Rebuild for \$36,625,952.97.

Sewer Improvements for \$11,974,304.67.

Streets/Storm Drain Improvements:

Streets/Storm Drain Improvements for \$33,409,730.19.

Streets/Storm Drain Land for \$3,386,098.83

Electric Improvements:

Electric Improvements for \$8,960,055.91.

Airport Improvements

Taxiway A Rehab for \$3,833,896.07

Airport Improvements for \$255,314.25.

Gun Club Improvements

Sporting Clay Course for \$81,527.64

Other Improvements:

Final Library Construction for \$1,440,166.77

IT Core Switch for \$94823.60.

SFCN Building Construction for \$7,445,145.88.

Old Library Remodel for \$1,642,013.52

Building & Grounds Shop for \$2,363,158.99

Spanish Fork Community Network:

New Node Construction \$610,844.19.

Improvement for Fiber to the Home for \$333,166.47.

Motor pool:

City Wide Equipment and Vehicle Purchases for \$5,789,428.04

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 24,361,597	\$ 20,922,610	\$ 16,744,170	\$ 13,358,071
Water Shares	-	-	8,022,282	7,483,062
Buildings	84,107,128	47,361,273	3,458,103	3,524,635
Improvements	20,260,421	19,579,800	437,622,605	342,011,535
Equipment	14,909,990	12,030,955	2,111,235	1,847,860
Infrastructure	18,354,376	18,971,373	-	-
Total Net Assets -				
Net of Depreciation	<u>\$ 161,993,512</u>	<u>\$ 118,866,011</u>	<u>\$ 467,958,395</u>	<u>\$ 368,225,163</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, 2024, the City had total bonded debt outstanding of **\$212,387,000** Of that, **\$149,382,000** is debt secured solely by specific revenue sources (i.e., revenue bonds within the Sewer and Water Utilities). **\$63,005,000** 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			
	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Direct Borrowings	\$ 10,064,242	\$ 128,484	\$ -	\$ -
Accrued Vacation & Sick Leave	2,818,190	2,534,893	1,286,934	1,221,728
Revenue Bonds	91,694,000	36,013,000	120,693,000	84,527,000
Total Outstanding Debt	<u>\$ 104,576,432</u>	<u>\$ 38,676,377</u>	<u>\$ 121,979,934</u>	<u>\$ 85,748,728</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 **\$4,761,359,414**. The City currently has no outstanding general obligation debt. The current limitation for the City is **\$190,454,377** 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 **\$190,454,377** 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 3.3% compared with a state unemployment rate of 3.0% and a national rate of 4.1%. (Source: Utah Dept of Workforce Services)

- Some capital improvements budgeted for the FY 2025 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. Continued construction of new sewer plant
12. Continued 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.

BASIC FINANCIAL STATEMENTS

Spanish Fork City
Statement of Net Position
As of June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 81,518,173	\$ 51,758,489	\$ 133,276,662
Receivables (net of allowance)	8,200,293	6,277,318	14,477,611
Prepaid expenses	4,166	130	4,296
Internal balances	(11,767,323)	11,767,323	-
Inventory	172,809	5,163,545	5,336,354
Equity in joint venture	-	2,710,615	2,710,615
Restricted cash and cash equivalents	23,781,997	38,734,128	62,516,125
Note receivable from Mapleton City	-	22,121,167	22,121,167
Net Pension Asset	230,045	77,804	307,849
Capital Assets (not being depreciated):			
Land	24,361,597	16,744,170	41,105,767
Water shares	-	8,022,282	8,022,282
Capital Assets (net of accumulated depreciation):			
Buildings	84,107,128	3,458,103	87,565,231
Improvements other than buildings	20,260,421	437,622,605	457,883,026
Equipment	14,909,990	2,111,235	17,021,225
Infrastructure	18,354,376	-	18,354,376
Total assets	264,133,672	606,568,914	870,702,586
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources relating to pensions	4,932,633	1,677,028	6,609,661
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	269,066,305	608,245,942	877,312,247
LIABILITIES			
Accounts payable	7,169,964	9,292,738	16,462,702
Developer escrows and deposits	17,062,671	2,918,911	19,981,582
Deferred revenue	44,555	-	44,555
Connectors agreement	-	1,810,230	1,810,230
Compensated absences	2,818,190	1,286,934	4,105,124
Bond interest payable	525,135	814,730	1,339,865
Noncurrent Liabilities:			
Cash held on behalf of Mapleton City	-	9,398,500	9,398,500
Net pension liability	3,381,147	1,149,135	4,530,282
Construction retainage payable	-	2,880,337	2,880,337
Due within one year	2,816,242	3,601,000	6,417,242
Due in more than one year	98,942,000	130,080,176	229,022,176
Total liabilities	136,085,771	163,232,691	299,318,462
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	5,089,893	-	5,089,893
Relating to pensions	315,714	107,341	423,055
Total deferred inflows of resources	5,405,607	107,341	5,512,948
NET POSITION			
Net investments in capital assets	59,710,135	347,504,460	407,214,595
Restricted for:			
Capital projects	624,108	-	624,108
RAP programs	2,147,219	-	2,147,219
Redevelopment agency	2,862,775	-	2,862,775
Debt service	533,569	-	533,569
Bond requirements	-	239,065	239,065
Unrestricted	61,697,121	97,162,385	158,859,506
Total net position	\$ 127,574,927	\$ 444,905,910	\$ 572,480,837

**Spanish Fork City
Statement of Activities
For the Year Ended June 30, 2024**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 12,093,678	\$ 14,776,221	\$ 41,053	\$ 5,000,000	\$ 7,723,596	\$ -	\$ 7,723,596
Public safety	14,848,368	3,063,169	330,585	-	(11,454,614)	-	(11,454,614)
Public works	5,492,018	-	-	-	(5,492,018)	-	(5,492,018)
Parks, rec. & public property	11,159,935	3,236,238	48,100	3,827,075	(4,048,522)	-	(4,048,522)
Interest on long-term debt	1,511,440	-	-	-	(1,511,440)	-	(1,511,440)
Total governmental activities	<u>45,105,439</u>	<u>21,075,628</u>	<u>419,738</u>	<u>8,827,075</u>	<u>(14,782,998)</u>	<u>-</u>	<u>(14,782,998)</u>
Business-type activities:							
Water	11,078,467	7,076,195	-	13,110,840	-	9,108,568	9,108,568
Sewer	11,515,461	8,665,765	-	12,779,694	-	9,929,998	9,929,998
Electric	32,227,013	33,085,102	-	7,033,853	-	7,891,942	7,891,942
Streets & Storm Drain	13,210,899	8,321,653	-	36,454,444	-	31,565,198	31,565,198
Broadband	9,117,576	10,975,207	-	-	-	1,857,631	1,857,631
Garbage	3,348,049	3,475,391	-	-	-	127,342	127,342
Airport	925,681	808,276	-	3,868,208	-	3,750,803	3,750,803
Gun club	437,829	471,035	-	87,421	-	120,627	120,627
Total business-type activities	<u>81,860,975</u>	<u>72,878,624</u>	<u>-</u>	<u>73,334,460</u>	<u>-</u>	<u>64,352,109</u>	<u>64,352,109</u>
Total primary government	<u>\$ 126,966,414</u>	<u>\$ 93,954,252</u>	<u>\$ 419,738</u>	<u>\$ 82,161,535</u>	<u>(14,782,998)</u>	<u>64,352,109</u>	<u>49,569,111</u>
General revenues:							
Property taxes					5,741,117	-	5,741,117
Sales taxes					18,016,044	-	18,016,044
Other taxes					378,039	-	378,039
Unrestricted investment earnings					2,177,538	4,051,907	6,229,445
Joint venture gain (loss)					-	16,536	16,536
Gain (loss) on sale of capital assets					(121,367)	-	(121,367)
Interfund transfer of capital assets					(5,847,656)	5,847,656	-
Transfers					2,604,501	(2,604,501)	-
Total general revenues and transfers					<u>24,436,836</u>	<u>7,311,598</u>	<u>31,748,434</u>
Change in Net Position					9,653,838	71,663,707	81,317,545
Net Position - beginning					117,921,089	373,242,203	491,163,292
Net Position - ending					<u>\$ 127,574,927</u>	<u>\$ 444,905,910</u>	<u>\$ 572,480,837</u>

**Spanish Fork City
Balance Sheet
Governmental Funds
As of June 30, 2024**

	General Fund	Local Building Authority Fund	Parks Construction Fund	Land Acquisition Fund	Verk Industrial Park Fund	Recreation Center Fund	Total Non-major Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 12,554,756	\$ -	\$ 2,471,356	\$ 7,430,488	\$ 9,105,870	\$ 45,253,718	\$ 253,882	\$ 77,070,070
Receivables (net of allowance):								
Tax	8,200,291	-	-	-	-	-	-	8,200,291
Prepaid expense	4,166	-	-	-	-	-	-	4,166
Inventory	172,809	-	-	-	-	-	-	172,809
Restricted Assets:								
Cash and cash equivalents	17,062,671	\$ 1,175,763	-	-	-	-	5,543,563	23,781,997
Total assets	\$ 37,994,693	\$ 1,175,763	\$ 2,471,356	\$ 7,430,488	\$ 9,105,870	\$ 45,253,718	\$ 5,797,445	\$ 109,229,333
LIABILITIES								
Accounts payable and accrued liabilities	\$ 670,470	\$ 551,655	\$ 91,019	\$ 374,618	\$ 74,202	\$ 3,740,351	\$ -	\$ 5,502,315
Payroll payable	1,452,584	-	-	-	-	-	-	1,452,584
Developer escrow	12,809,019	-	-	-	-	-	-	12,809,019
Final inspection deposit	4,253,652	-	-	-	-	-	-	4,253,652
Deferred revenue	44,555	-	-	-	-	-	-	44,555
Total liabilities	19,230,280	551,655	91,019	374,618	74,202	3,740,351	-	24,062,125
DEFERRED INFLOWS								
Deferred property tax revenue	5,089,893	-	-	-	-	-	-	5,089,893
Total deferred inflows of resources	5,089,893	-	-	-	-	-	-	5,089,893
FUND BALANCES								
Nonspendable	176,975	-	-	-	-	-	-	176,975
Restricted for:								
Capital projects	-	624,108	-	-	-	-	-	624,108
RAP programs	-	-	-	-	-	-	2,147,219	2,147,219
Redevelopment agency	-	-	-	-	-	-	2,862,775	2,862,775
Debt service	-	-	-	-	-	-	533,569	533,569
Committed for:								
Capital projects	-	-	2,380,337	7,055,870	9,031,668	41,513,367	253,882	60,235,124
Unassigned	13,497,545	-	-	-	-	-	-	13,497,545
Total fund balances	13,674,520	624,108	2,380,337	7,055,870	9,031,668	41,513,367	5,797,445	80,077,315
Total liabilities, deferred inflows, and fund balances	\$ 37,994,693	\$ 1,175,763	\$ 2,471,356	\$ 7,430,488	\$ 9,105,870	\$ 45,253,718	\$ 5,797,445	\$ 109,229,333

Spanish Fork City
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2024

Total fund balances - governmental fund types: \$ 80,077,315

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	213,043,899	
Accumulated depreciation	(51,050,387)	
Net Pension Asset	225,880	
Deferred Outflow - Pension	4,843,953	
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	167,063,345	<u>167,063,345</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

(4,056,659)

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	(525,133)	
Long-term debt	(101,758,242)	
Compensated absences	(2,750,138)	
Interfund Loan	(3,519,318)	
Deferred Inflow - Pension	(310,045)	
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	(115,509,074)	<u>(115,509,074)</u>

Net position of government activities \$ 127,574,927

Spanish Fork City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Local Building Authority Fund	Parks Construction Fund	Land Acquisition Fund	Verk Industrial Park Fund	Recreation Center Fund	Total Non-major Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 22,891,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,244,074	\$ 24,135,201
Interfund Charges for Services	-	1,941,885	-	-	-	-	-	1,941,885
Licenses and permits	3,455,308	-	-	-	-	-	-	3,455,308
Sundry revenue	3,325,816	-	2,500	30	-	503,626	984,964	4,816,936
Intergovernmental revenues	419,738	-	-	-	5,000,000	1,000,000	-	6,419,738
Charges for services	6,503,026	-	-	-	-	-	-	6,503,026
Fines and forfeitures	151,677	-	-	-	-	-	-	151,677
Interest income	1,049,003	322,802	-	323,001	-	218,748	263,984	2,177,538
Total revenues	<u>37,795,695</u>	<u>2,264,687</u>	<u>2,500</u>	<u>323,031</u>	<u>5,000,000</u>	<u>1,722,374</u>	<u>2,493,022</u>	<u>49,601,309</u>
EXPENDITURES								
Current:								
General government	10,298,223	-	-	5,190	120,677	-	2,370,151	12,794,241
Public safety	14,622,437	-	-	-	-	-	-	14,622,437
Public works	5,799,502	-	-	-	-	-	2,467	5,801,969
Parks, recreation and public property	8,212,769	-	-	-	-	-	-	8,212,769
Debt Service:								
Principal retirement	-	1,244,000	-	-	-	-	1,901,624	3,145,624
Interest and fiscal charges	-	694,571	-	-	-	-	348,453	1,043,024
Capital outlay	-	8,885,313	1,740,484	4,031,853	5,847,655	29,586,251	13,192	50,104,748
Total expenditures	<u>38,932,931</u>	<u>10,823,884</u>	<u>1,740,484</u>	<u>4,037,043</u>	<u>5,968,332</u>	<u>29,586,251</u>	<u>4,635,887</u>	<u>95,724,812</u>
Excess revenues over (under) expenditures	<u>(1,137,236)</u>	<u>(8,559,197)</u>	<u>(1,737,984)</u>	<u>(3,714,012)</u>	<u>(968,332)</u>	<u>(27,863,877)</u>	<u>(2,142,865)</u>	<u>(46,123,503)</u>
Other financing sources (uses)								
Loan Proceeds	-	-	-	-	10,000,000	61,665,867	-	71,665,867
Impact fees	1,030,860	-	1,793,715	-	-	-	-	2,824,575
Indirect services	5,697,916	-	-	-	-	-	-	5,697,916
Transfers in	2,019,998	-	-	3,432,114	-	3,250,000	1,664,522	10,366,634
Transfers out	(6,218,591)	-	(543,542)	(1,000,000)	-	-	-	(7,762,133)
Total other financing sources and uses	<u>2,530,183</u>	<u>-</u>	<u>1,250,173</u>	<u>2,432,114</u>	<u>10,000,000</u>	<u>64,915,867</u>	<u>1,664,522</u>	<u>82,792,859</u>
Excess of revenues and other sources over (under) expenditures and other uses	1,392,947	(8,559,197)	(487,811)	(1,281,898)	9,031,668	37,051,990	(478,343)	36,669,356
Fund balances - beginning of year	12,281,573	9,183,305	2,868,148	8,337,768	-	4,461,377	6,275,788	43,407,959
Fund balances - end of year	<u>\$ 13,674,520</u>	<u>\$ 624,108</u>	<u>\$ 2,380,337</u>	<u>\$ 7,055,870</u>	<u>\$ 9,031,668</u>	<u>\$ 41,513,367</u>	<u>\$ 5,797,445</u>	<u>\$ 80,077,315</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, 2024

Net changes in fund balances - total governmental funds \$ 36,669,356

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	50,295,892	
Depreciation Expense	<u>(3,939,628)</u>	
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in Net Position of governmental activities		<u>46,356,264</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) Net Position.

Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount that proceeds exceed the gain on the statement of activities.	(121,367)	
		<u>(121,367)</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.		1,176,372
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Interfund transfer of assets.		(5,847,656)
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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.		(68,988,661)
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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 joint venture equity		-
Change in compensated Absences		(269,001)
Change in Pension Expenses		<u>678,530</u>

Change in Net Position of governmental activities		<u><u>\$ 9,653,837</u></u>
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Spanish Fork City
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
REVENUES				
Taxes	\$ 22,697,294	\$ 23,212,000	\$ 22,891,127	\$ (320,873)
Licenses and permits	2,917,437	3,286,000	3,455,308	169,308
Intergovernmental revenues	253,105	379,105	419,738	40,633
Charges for services	5,481,250	5,911,800	6,503,026	591,226
Fines and forfeitures	109,700	107,000	151,677	44,677
Interest income	800,600	1,000,200	1,049,003	48,803
Sundry revenue	2,981,612	3,207,708	3,325,816	118,108
Total revenues	35,240,998	37,103,813	37,795,695	691,882
EXPENDITURES				
Current:				
General government	10,280,311	10,697,241	10,298,223	(399,018)
Public safety	14,691,213	15,049,193	14,622,437	(426,756)
Public works	5,770,469	6,090,427	5,799,502	(290,925)
Parks, recreation and public property	8,108,126	8,441,083	8,212,769	(228,314)
Total expenditures	38,850,119	40,277,944	38,932,931	(1,345,013)
Excess revenues over (under) expenditures	(3,609,121)	(3,174,131)	(1,137,236)	2,036,895
Other financing sources (uses)				
Impact fees	875,000	887,395	1,030,860	143,465
Indirect services	5,541,486	5,697,915	5,697,916	1
Transfers in	2,055,025	-	2,019,998	2,019,998
Transfers out	(5,653,211)	(6,319,025)	(6,218,591)	100,434
Total other financing sources and uses	2,818,300	266,285	2,530,183	2,263,898
Excess of revenues and other sources over (under) expenditures and other uses	\$ (790,821)	\$ (2,907,846)	1,392,947	\$ 4,300,793
Fund balances - beginning of year			12,281,573	
Fund balances - end of year			\$ 13,674,520	

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, 2024

	<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	30,000	315,000	322,800	7,800
Total revenues	<u>1,971,885</u>	<u>2,256,885</u>	<u>2,264,685</u>	<u>7,800</u>
EXPENDITURES				
Current:				
Construction of Buildings	5,127,941	9,326,524	8,885,311	(441,213)
Debt Service:				
Principal retirement	1,244,000	1,252,000	1,244,000	(8,000)
Interest and fiscal charges	692,000	682,678	694,571	11,893
Total expenditures	<u>7,063,941</u>	<u>11,261,202</u>	<u>10,823,882</u>	<u>(437,320)</u>
Excess revenues over (under) expenditures	<u>(5,092,056)</u>	<u>(9,004,317)</u>	<u>(8,559,197)</u>	<u>445,120</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(5,092,056)</u>	<u>(9,004,317)</u>	(8,559,197)	<u>445,120</u>
Fund balances - beginning of year			<u>9,183,305</u>	
Fund balances - end of year			<u>624,108</u>	

Spanish Fork City
Statement of Net Position – Proprietary Funds
As of June 30, 2024

	Business-Type Activities - Enterprise Funds						Total	Governmental
	Water	Sewer	Electric	Broadband	Streets & Storm Drain	Non Major Enterprise Funds		Internal Service
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 2,398,292	\$ 21,870,138	\$ 17,011,884	\$ 4,878,820	\$ 3,619,997	\$ 1,979,358	\$ 51,758,489	\$ 4,448,103
Accounts receivable	750,983	734,156	2,944,092	988,927	588,559	315,409	6,322,126	-
Interfund receivable	1,578,651	-	1,940,667	-	-	-	3,519,318	-
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	5,100,921	-	-	54,624	5,163,545	-
Total current assets	4,723,018	22,604,969	26,972,823	5,862,261	4,208,068	2,347,661	66,718,800	4,448,103
Noncurrent assets:								
Restricted cash and equivalents	297,565	35,631,571	2,804,992	-	-	-	38,734,128	-
Net Pension Asset	10,888	8,394	22,999	21,028	12,460	2,035	77,804	4,165
Capital Assets:								
Land	870,483	1,619,213	975,096	-	10,424,602	2,854,776	16,744,170	-
Water rights	8,022,282	-	-	-	-	-	8,022,282	-
Buildings	2,538,674	581,763	1,986,276	2,119,003	409,004	191,679	7,826,399	1,374,524
Improvements	133,976,080	153,719,656	80,610,832	15,695,355	229,725,168	19,880,120	633,607,211	-
Equipment	3,045,731	2,353,875	209,289	6,380,408	307,284	1,483,440	13,780,027	27,468,918
Less: accumulated depreciation	(54,550,997)	(32,553,566)	(25,509,074)	(11,894,869)	(79,560,628)	(7,952,560)	(212,021,694)	(13,571,730)
Other Assets:								
Note receivable from Mapleton City	-	22,121,167	-	-	-	-	22,121,167	-
Equity in joint venture	-	-	-	-	-	2,710,615	2,710,615	-
Total noncurrent assets	94,210,706	183,482,073	61,100,410	12,320,925	161,317,890	19,170,105	531,602,109	15,275,877
Total assets	98,933,724	206,087,042	88,073,233	18,183,186	165,525,958	21,517,766	598,320,909	19,723,980
Deferred Outflows of Resources Due to Pensions	231,806	178,712	489,653	447,680	265,268	63,909	1,677,028	88,680
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 99,165,530	\$ 206,265,754	\$ 88,562,886	\$ 18,630,866	\$ 165,791,226	\$ 21,581,675	\$ 599,997,937	\$ 19,812,660
LIABILITIES								
Current liabilities:								
Accounts payable	\$ 995,913	4,912,563	\$ 1,982,449	\$ 276,743	\$ 728,855	\$ 396,215	\$ 9,292,738	\$ 215,065
Accrued interest payable	51,163	763,567	-	-	-	-	814,730	-
Compensated absences payable	177,886	137,142	375,755	343,545	203,564	49,042	1,286,934	68,052
Customer deposits	58,500	-	384,050	-	55,419	-	497,969	-
Final inspection deposits	-	-	2,420,942	-	-	-	2,420,942	-
Connector agreements	-	6,736	-	-	1,803,494	-	1,810,230	-
Lease payable - current portion	-	-	-	-	-	-	-	64,242
Bonds payable - current portion	676,000	2,925,000	-	-	-	-	3,601,000	-
Total current liabilities	1,959,462	8,745,008	5,163,196	620,288	2,791,332	445,257	19,724,543	347,359
Noncurrent liabilities:								
Cash held on behalf of Mapleton City	-	9,398,500	-	-	-	-	9,398,500	-
Net pension liability	158,972	122,560	335,803	307,018	181,921	42,861	1,149,135	60,816
Construction retainage payable	-	2,880,337	-	-	-	-	2,880,337	-
Bonds payable	9,862,000	107,230,000	-	-	-	-	117,092,000	-
Bond premiums	1,081,802	11,906,374	-	-	-	-	12,988,176	-
Total noncurrent liabilities	11,102,774	131,537,771	335,803	307,018	181,921	42,861	143,508,148	60,816
Total liabilities	13,062,236	140,282,779	5,498,999	927,306	2,973,253	488,118	163,232,691	408,175
Deferred Inflows of Resources Due to Pensions	14,837	11,439	31,341	28,654	16,979	4,091	107,341	5,676
Net Position								
Net investment in capital assets, net of related debt	83,603,318	15,565,941	58,272,419	12,299,897	161,305,430	16,457,455	347,504,460	15,207,470
Restricted for:								
Bond requirements	239,065	-	-	-	-	-	239,065	-
Unrestricted	2,246,074	50,405,595	24,760,127	5,375,009	1,495,564	4,632,011	88,914,380	4,191,339
Total Net Position	\$ 86,088,457	\$ 65,971,536	\$ 83,032,546	\$ 17,674,906	\$ 162,800,994	\$ 21,089,466	436,657,905	\$ 19,398,809
							Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:	8,248,005
							Net Position from business-type activities:	\$ 444,905,910

Spanish Fork City
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds						Governmental	
	Water	Sewer	Electric	Broadband	Streets & Storm Drain	Non Major Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Operating Revenues:								
Charges for sales and services	\$ 6,961,849	\$ 8,116,213	\$ 33,085,102	\$ 10,975,207	\$ 3,365,765	\$ 4,546,329	\$ 67,050,465	\$ 6,100,801
Other income	114,346	549,552	-	-	4,955,888	208,373	5,828,159	1,140,822
Total operating revenues	7,076,195	8,665,765	33,085,102	10,975,207	8,321,653	4,754,702	72,878,624	7,241,623
Operating Expenses:								
Water assessment	420,823	-	-	-	-	-	420,823	-
Power purchases	-	-	18,489,403	-	-	-	18,489,403	-
Landfill fees	-	-	-	-	-	2,490,928	2,490,928	-
Employee salaries	1,685,153	1,253,176	3,201,761	3,154,648	1,904,615	603,697	11,803,050	628,140
Materials and supplies	460,999	370,092	4,828,885	613,692	517,644	371,414	7,162,726	608,276
Repairs and maintenance	152,816	249,901	10,472	55,936	15,475	46,796	531,396	558,576
Professional services	2,517,427	2,119,279	1,795,941	2,705,692	3,676,529	427,404	13,242,272	156,832
Motorpool charges	399,556	340,964	436,251	227,144	1,048,423	55,816	2,508,154	100,812
Utilities and Rent	267,498	374,849	243,398	992,059	46,838	53,072	1,977,714	25,041
Insurance	33,428	28,188	76,599	33,806	41,631	22,428	236,080	10,337
Depreciation	3,184,881	3,474,915	2,027,869	879,333	5,617,119	400,549	15,584,666	2,718,567
Indirect services	1,817,122	1,199,700	1,319,433	307,168	807,913	246,580	5,697,916	-
Sundry charges	5,500	15,295	695	-	-	23,508	44,998	384,548
Training	43,913	23,284	53,195	9,594	14,111	-	144,097	2,405
Total operating expenses	10,989,116	9,449,643	32,483,902	8,979,072	13,690,298	4,742,192	80,334,223	5,193,534
Operating income	(3,912,921)	(783,878)	601,200	1,996,135	(5,368,645)	12,510	(7,455,599)	2,048,089
Nonoperating revenues (expenses):								
Interest revenue	264,414	2,770,579	727,577	190,777	32,183	66,377	4,051,907	155,525
Impact fees and water right fees	3,655,130	2,219,025	2,191,339	-	5,287,020	-	13,352,514	-
Contributions from private contractors	9,255,710	10,560,669	4,842,514	-	23,030,430	-	47,689,323	-
Grant proceeds	200,000	-	-	-	8,136,994	3,955,629	12,292,623	-
Contributed Assets	15,797	73,587	2,398,681	-	3,359,591	-	5,847,656	-
Pension benefit expense	131,954	101,401	276,509	254,113	149,344	37,020	950,341	52,402
Pension expense	(95,929)	(73,957)	(202,635)	(185,265)	(109,777)	(26,447)	(694,010)	(36,699)
Interest expense	(292,997)	(2,233,031)	-	(300,000)	-	-	(2,826,028)	-
Total nonoperating revenues (expenses)	13,134,079	13,418,273	10,233,985	(40,375)	39,885,785	4,049,115	80,680,862	171,228
Income (loss) before operating transfers	9,221,158	12,634,395	10,835,185	1,955,760	34,517,140	4,061,625	73,225,263	2,219,317
Operating Transfers from (to) Other Funds								
Operating transfers out	(350,434)	(150,744)	(1,948,323)	(200,000)	(25,000)	70,000	(2,604,501)	-
Total contributions and operating transfers	(350,434)	(150,744)	(1,948,323)	(200,000)	(25,000)	70,000	(2,604,501)	-
Change in Net Position	8,870,724	12,483,651	8,886,862	1,755,760	34,492,140	4,131,625	70,620,762	2,219,317
Total Net Position - beginning	77,217,733	53,487,885	72,188,019	17,876,811	128,308,854	16,957,841	366,037,143	17,179,492
Prior period adjustment	-	-	1,957,665	(1,957,665)	-	-	-	-
Total Net Position - ending	\$86,088,457	\$ 65,971,536	\$ 83,032,546	\$ 17,674,906	\$ 162,800,994	\$ 21,089,466	436,657,905	\$ 19,398,809
							Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:	1,042,945
							Change in Net Position of business-type activities:	\$ 71,663,707

**Spanish Fork City
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2024**

Business-Type Activities - Enterprise Funds

	Water Fund	Sewer Fund	Electric Fund	Broadband Fund	Streets & Storm Drain Fund	Non Major Enterprise Funds	Total Enterprise Funds
Cash Flows From Operating Activities							
Receipts from customers	\$ 6,904,802	\$ 8,249,904	\$ 32,957,574	\$ 10,973,281	\$ 3,352,549	\$ 4,521,847	\$ 66,959,957
Other cash receipts	114,346	549,552	-	-	4,955,888	208,373	5,828,159
Payments to suppliers	(5,225,233)	(3,749,030)	(29,528,441)	(4,961,550)	(7,068,857)	(3,914,434)	(54,447,545)
Payments to employees	(1,673,149)	(1,245,579)	(3,187,613)	(3,135,126)	(1,899,234)	(597,143)	(11,737,844)
Net cash provided (used) by operating activities	<u>120,766</u>	<u>3,804,847</u>	<u>241,520</u>	<u>2,876,605</u>	<u>(659,654)</u>	<u>218,643</u>	<u>6,602,727</u>
Cash Flows From Noncapital Financing Activities							
Advances to other funds	-	-	-	(957,665)	-	-	(957,665)
Advances from other funds	182,368	-	1,261,921	-	-	-	1,444,289
Transfers in (out)	(350,434)	(150,744)	(1,948,323)	(200,000)	(25,000)	70,001	(2,604,500)
Net cash provided (used) by noncapital activities	<u>(168,066)</u>	<u>(150,744)</u>	<u>(686,402)</u>	<u>(1,157,665)</u>	<u>(25,000)</u>	<u>70,001</u>	<u>(2,117,876)</u>
Cash Flows From Capital and Related Financing Activities							
Decrease (increase) of Notes Receivable	-	(4,987,084)	-	-	-	-	(4,987,084)
Increase (decrease) of Cash Held on Behalf of Mapleton City	-	(3,242,185)	-	-	-	-	(3,242,185)
Purchases of capital assets	(15,775,534)	(46,490,833)	(6,561,374)	(999,685)	(33,436,239)	(4,170,739)	(107,434,404)
Principal payments on capital debt	(644,000)	(2,795,000)	-	-	-	-	(3,439,000)
Proceeds from bond issuance	-	43,449,963	-	-	-	-	43,449,963
Interest paid on capital debt	(376,213)	(2,736,869)	-	(300,000)	-	-	(3,413,082)
Contributions from (reimbursements to) private contractors	9,255,710	10,560,669	4,842,514	-	23,030,430	-	47,689,323
Impact fees collected	3,655,130	2,219,025	2,191,339	-	5,287,020	-	13,352,514
Grant proceeds	200,000	-	-	-	8,136,994	3,955,629	12,292,623
Net cash provided (used) by capital and related financing activities	<u>(3,684,907)</u>	<u>(4,022,314)</u>	<u>472,479</u>	<u>(1,299,685)</u>	<u>3,018,205</u>	<u>(215,110)</u>	<u>(5,731,332)</u>
Cash Flows From Investing Activities							
Interest and dividends received	264,414	2,770,579	727,577	190,777	32,183	66,376	4,051,906
Net cash provided (used) by investing activities	<u>264,414</u>	<u>2,770,579</u>	<u>727,577</u>	<u>190,777</u>	<u>32,183</u>	<u>66,376</u>	<u>4,051,906</u>
Net increase (decrease) in cash and cash equivalents	(3,467,793)	2,402,368	755,174	610,032	2,365,734	139,910	2,805,425
Cash and cash equivalents, July 1	6,163,651	55,099,341	17,104,036	6,226,453	1,254,263	1,839,448	87,687,192
Prior Period Adjustment			1,957,665	(1,957,665)			
Cash and cash equivalents, June 30	<u>\$ 2,695,858</u>	<u>\$ 57,501,709</u>	<u>\$ 19,816,875</u>	<u>\$ 4,878,820</u>	<u>\$ 3,619,997</u>	<u>\$ 1,979,358</u>	<u>\$ 90,492,617</u>
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income	<u>\$ (3,912,921)</u>	<u>(783,878)</u>	<u>\$ 601,200</u>	<u>\$ 1,996,135</u>	<u>(5,368,645)</u>	<u>\$ 12,510</u>	<u>\$ (7,455,599)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	3,184,881	3,474,915	2,027,869	879,333	5,617,119	400,549	15,584,666
(Increase) decrease in accounts receivable	(57,047)	133,691	(127,527)	(1,926)	(13,216)	(24,482)	(90,507)
Decrease (increase) in inventory	-	-	(926,712)	-	-	(33,598)	(960,310)
Increase (decrease) in accrued liabilities	893,789	972,522	207,949	(16,459)	(1,688,639)	(142,890)	226,272
Increase (decrease) in compensated absences	12,004	7,597	14,148	19,522	5,381	6,554	65,206
Increase (decrease) in customer deposits	60	-	(1,555,406)	-	788,346	-	(767,000)
Total adjustments	<u>4,033,687</u>	<u>4,588,725</u>	<u>(359,679)</u>	<u>880,470</u>	<u>4,708,991</u>	<u>206,133</u>	<u>14,058,327</u>
Net cash provided (used) by operating activities	<u>\$ 120,766</u>	<u>\$ 3,804,847</u>	<u>\$ 241,521</u>	<u>\$ 2,876,605</u>	<u>(659,654)</u>	<u>\$ 218,643</u>	<u>\$ 6,602,728</u>

**Spanish Fork City
Statement of Net Position
Fiduciary Fund
As of June 30, 2024**

	Custodial Funds
	Fire
	Retirement
	Capital Fund
ASSETS	
Cash and equivalents	\$ 117,227
Total assets	117,227
 LIABILITIES AND FUND BALANCES	
Net position:	
Deferred compensation	117,227
Total net position	117,227
Total liabilities and net position	\$ 117,227

Spanish Fork City
Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended June 30, 2024

	Custodial Funds
	Fire
	Retirement
	Capital Fund
REVENUES:	
Employer contribution	\$ 43,318
Interest income	\$ 6,186
Total	\$ 49,504
EXPENDITURES:	
Retirement payments	\$ 43,318
Total	\$ 43,318
Excess of revenues over (under) expenditures	\$ 6,186
Net position - beginning of year	\$ 111,041
Net position - end of year	\$ 117,227

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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, 2024 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	\$ 1,773,775	\$ 844,321	\$ 2,618,096
Sick Leave Liability	1,044,415	442,613	1,487,028
Total Compensated Absences	<u>\$ 2,818,190</u>	<u>\$ 1,286,934</u>	<u>\$ 4,105,124</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, 2024, 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, 2024, 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, 2024, the City had **\$125,093,000** 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, 2024.

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 operating 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 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 in 2020 and again in 2024. The sewer plant financial statements show Mapleton City’s share of the cash that was received from the bond issuances 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, 2024, The City’s custodial credit risk for deposits is as follows:

	<u>Custodial Credit Risk</u>	Balance June 30, 2024
Depository Accounts	Insured	\$ 250,000
	Uninsured and uncollateralized	1,980,973
	Total Depository Accounts	<u>\$ 1,730,973</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, 2024, Spanish Fork City had the following recurring fair value measurements:

Security Type Category	Level 1	Level 2	Level 3	Other	Total
Agency	\$ 3,479,740	\$ -	\$ -	\$ -	\$ 3,479,740
CD	-	29,735,523	-	-	29,735,523
Corporate	-	11,323,194	-	-	11,323,194
Currency	546,159	-	-	-	546,159
MM Fund	1,773,303	-	-	-	1,773,303
US Gov	4,148,044	-	-	-	4,148,044
Total Fair Value	\$ 9,947,246	\$ 41,058,717	\$ -	\$ -	\$ 51,005,963

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, 2024, 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	\$ 546,159	\$ 546,159	\$ -	\$ -	\$ -
CD	29,831,999	7,962,358	18,185,335	3,684,307	-
AGCY BOND	3,524,521	1,246,826	1,024,555	1,253,140	-
Corp	9,687,910	7,037,493	2,650,417	-	-
MM Fund	1,773,303	1,773,303	-	-	-
T-BILL	984,680	984,680	-	-	-
US Gov	3,182,072	936,554	1,492,636	752,883	-
Yankee	1,722,450	216,034	1,506,417	-	-
Total Fair Value	\$51,253,094	\$20,703,407	\$24,859,358	\$5,690,329	\$ -

	Investment Maturity in Years- Book Value				
	Book Value	Less Than 1	1-3	3-5	More Than 5
Cash	\$ 546,159	\$ 546,159	\$ -	\$ -	\$ -
CD	29,951,476	8,001,415	18,292,160	3,657,902	-
AGCY BOND	3,499,875	1,249,875	1,000,000	1,250,000	-
Corp	9,617,369	6,993,209	2,624,161	-	-
MM Fund	1,773,303	1,773,303	-	-	-
T-BILL	984,610	984,610	-	-	-
US Gov	3,251,085	951,259	1,553,835	745,991	-
Yankee	1,723,445	225,000	1,498,445	-	-
Total Book Value	\$51,347,323	\$20,724,830	\$24,968,601	\$5,653,893	\$ -

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, 2024, Spanish Fork City’s investments had the following quality ratings:

Rating	Investment Ratings	
	Book Value	Market Value Plus Accrued
AAA	\$ 9,133,912	\$ 9,026,055
AA+	982,010	982,449
AA	727,563	718,103
AA-	1,966,608	1,971,711
A+	7,330,813	7,316,388
A	2,265,574	2,239,948
A-	1,224,806	1,202,468
BBB-	240,096	235,384
BB-	240,608	240,512
NA	26,255,709	26,094,102
NR	242,145	241,293
A-1+	984,610	984,680
	<u>\$51,594,454</u>	<u>\$ 51,253,094</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, 2024, 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	\$ 93,086,705	
Investments	102,820,251	
Cash on Hand	3,058	
		Total
		<u>#####</u>
Government-Wide		
Cash & Cash Equivalents	#####	
Restricted Cash & Cash Equivalents	62,516,125	
Fiduciary Restricted Cash	117,227	
		Total
		<u>#####</u>
Net Cash on Statement of Net Position	#####	
Fiduciary Restricted Cash	117,227	
		Total
		<u>#####</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, 2024 are as follows:

<u>Type of Restricted Asset</u>	<u>Cash/Time Deposits</u>	<u>Investments</u>	<u>Accrued Int</u>	<u>Total</u>
Business-Type Activities:				
Customer deposits	\$ 442,550	\$ -	\$ -	\$ 442,550
Sewer plant construction	35,631,571	-	-	35,631,571
Water bond requirements	239,065	-	-	239,065
Final inspection deposits	2,420,942	-	-	2,420,942
Total	<u>38,734,128</u>	<u>-</u>	<u>-</u>	<u>38,734,128</u>
Governmental Activities:				
Developer escrows	12,809,019	-	-	12,809,019
Final inspection deposits	4,253,652	-	-	4,253,652
LBA Construction	1,175,762	-	-	1,175,762
Debt services	533,569	-	-	533,569
RAP programs	2,147,219	-	-	2,147,219
RDA requirements	2,862,776	-	-	2,862,776
Total	<u>23,781,997</u>	<u>-</u>	<u>-</u>	<u>23,781,997</u>
Grand Total	<u>\$ 62,516,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,516,125</u>

3.C. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities and of the governmental activities at June 30, 2024 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts receivables	\$ 233,126	\$ 6,322,126	\$ 6,555,252
Property tax	5,090,001	-	5,090,001
Other tax	2,877,166	-	2,877,166
Allowance for doubtful accounts	-	(44,808)	(44,808)
Net accounts receivable	<u>\$ 8,200,293</u>	<u>\$ 6,277,318</u>	<u>\$ 14,477,611</u>

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3.D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance at June 30, 2023	Additions	Disposals/Transfers	Balance at June 30, 2024
Governmental Activities:				
Land (not being depreciated)	\$ 20,922,610	\$ 3,560,355	\$ (121,368)	\$ 24,361,597
Buildings	\$ 66,656,751	\$ 38,943,062	\$ (869,876)	\$ 104,729,937
Improvements	\$ 33,345,619	\$ 1,727,724	\$ (1,038,022)	\$ 34,035,321
Machinery and equipment	\$ 25,902,541	\$ 6,006,518	\$ (3,003,179)	\$ 28,905,880
Infrastructure	\$ 21,038,166	\$ -	\$ -	\$ 21,038,166
Totals at historical cost	<u>\$ 167,865,687</u>	<u>\$ 50,237,659</u>	<u>\$ (5,032,445)</u>	<u>\$ 213,070,901</u>
Less accumulated depreciation				
Buildings	\$ (19,295,478)	\$ (2,197,207)	\$ 869,876	\$ (20,622,809)
Improvements	\$ (13,765,819)	\$ (1,047,103)	\$ 1,038,022	\$ (13,774,900)
Machinery and equipment	\$ (13,871,586)	\$ (2,796,889)	\$ 2,672,585	\$ (13,995,890)
Infrastructure	\$ (2,066,793)	\$ (616,997)	\$ -	\$ (2,683,790)
Total accumulated depreciation	<u>\$ (48,999,676)</u>	<u>\$ (6,658,196)</u>	<u>\$ 4,580,483</u>	<u>\$ (51,077,389)</u>
Governmental Activities: capital assets, net	<u>\$ 118,866,011</u>	<u>\$ 43,579,463</u>	<u>\$ (451,962)</u>	<u>\$ 161,993,511</u>
Business-Type Activities				
Land (not being depreciated)	\$ 13,358,071	\$ 3,386,099	\$ -	\$ 16,744,170
Water shares (not being depreciated)	\$ 7,483,062	\$ 539,220	\$ -	\$ 8,022,282
Buildings and structures	\$ 7,688,540	\$ 137,857	\$ -	\$ 7,826,397
Improvements	\$ 523,026,939	\$ 110,580,274	\$ -	\$ 633,607,213
Machinery and equipment	\$ 13,105,581	\$ 674,448	\$ -	\$ 13,780,029
Totals at historical cost	<u>\$ 564,662,193</u>	<u>\$ 115,317,898</u>	<u>\$ -</u>	<u>\$ 679,980,091</u>
Less accumulated depreciation				
Buildings and structures	\$ (4,163,905)	\$ (204,389)	\$ -	\$ (4,368,294)
Improvements	\$ (181,015,404)	\$ (14,969,206)	\$ -	\$ (195,984,610)
Machinery and equipment	\$ (11,257,721)	\$ (411,073)	\$ -	\$ (11,668,794)
Total accumulated depreciation	<u>\$ (196,437,030)</u>	<u>\$ (15,584,667)</u>	<u>\$ -</u>	<u>\$ (212,021,697)</u>
Business-Type Activities: capital assets, net	<u>\$ 368,225,163</u>	<u>\$ 99,733,230</u>	<u>\$ -</u>	<u>\$ 467,958,393</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
General government	\$ 290,991
Public safety	843,544
Parks	2,805,093
Governmental portion of internal service fund	2,718,568
Total depreciation expense	\$ 6,658,196
Business-Type Activities	
Water	\$ 3,184,881
Electric	3,474,915
Sewer	2,027,869
Broadband	879,333
Garbage	15,589
Streets and storm drainage	5,617,119
Gun club	4,445
Airport	380,515
Total depreciation expense	\$ 15,584,666

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	\$ 5,089,893	\$ -
Deferred inflows - pension	315,714	-
Total deferred inflows of resources for governmental funds	<u>\$ 5,405,607</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, 2024, 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	\$ 4,665,000
Local Building Authority Bond Series 2021, Dated February 25, 2021 (Original amount \$20,120,000)	.85% -2.4%	March 15, 2041	17,420,000
Local Building Authority Bond Series 2021, Dated May 20, 2022 (Original amount \$12,000,000)	2.2% -4.55%	March 15, 2042	11,269,000
Sales Tax Revenue Bond Series 2024, Dated April 24, 2024 (Original amount \$58,340,000)	0.75% -5%	April 15, 2049	\$ 58,340,000
			91,694,000
			<u>(3,552,000)</u>
Total Long term portion of bonds payable- governmentt activities			<u>\$ 88,142,000</u>

Business-type Activities:

As of June 30, 2024, the long-term debt payable from proprietary fund resources consisted of the following:

Business-Type Activities

As of June 30, 2024, 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	\$ 908,000
Sewer Revenue Bonds Series 2020, Dated August 5, 2020 (Original Amount \$73,345,000)	1.8-5%	September 1, 2040	70,550,000
Water Revenue Bonds Series 2020, Dated November 5, 2020 (Original Amount \$10,685,000)	2-5%	June 1, 2037	9,630,000
Sewer Revenue Bonds Series 2024A, Dated March 28, 2024 (Original Amount \$39,505,000)	4-5%	September 1, 2044	39,505,000
Sewer Revenue Bonds Series 2024B, Dated April 12, 2024 (Original Amount \$4,500,000)	1.12%	September 1, 2045	4,500,000
		Total Bonds Payable business-type Activities	<u>125,093,000</u>
		Less current portion	<u>(4,786,000)</u>
		Total Long term portion of bonds payable- business-type activities	<u>\$ 120,307,000</u>

*The total principal owing for the Business-Type Activities will not reconcile to the long-term debt on the city-wide Statement of Net Position due to a subsequent event. See the subsequent event note for clarification.

Changes in Long-term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

Type of Debt	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024
Governmental activities:				
Bonds:				
Bonds payable	\$ 36,013,000	\$ 58,340,000	\$ (2,659,000)	\$ 91,694,000
Total bonds:	36,013,000	58,340,000	(2,659,000)	91,694,000
Direct borrowings	128,484	10,000,000	(64,242)	10,064,242
Total direct borrowings:	128,484	10,000,000	(64,242)	10,064,242
Compensated absences	2,534,892	283,298	-	2,818,190
Total - Governmental Activities	\$ 38,676,376	\$ 68,623,298	\$ (2,723,242)	\$ 104,576,432
Business-type Activities:				
Bonds:				
Bonds payable	\$ 84,527,000	\$ 44,005,000	\$ (3,439,000)	\$ 125,093,000
Total bonds:	84,527,000	44,005,000	(3,439,000)	125,093,000
Compensated absences	1,221,724	65,210	-	1,286,934
Total - Business-type Activities	\$ 85,748,724	\$ 44,070,210	\$ (3,439,000)	\$ 126,379,934
Due Within One Year	\$ 3,323,242	\$ (6,417,242)	\$ (3,323,242)	\$ (6,417,242)

*The total principal owing in the Business-Type row will not reconcile to the long-term debt on the city-wide Statement of Net Position due to a subsequent event. See the subsequent event note for clarification.

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, 2024 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Bonds Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2025	3,517,000	3,410,641	3,601,000	4,238,668
2026	3,591,000	3,453,070	4,968,000	4,262,647
2027	3,807,000	3,335,261	5,430,000	4,011,753
2028	2,385,000	3,207,904	5,686,000	3,746,081
2029-2033	14,359,000	14,805,695	32,731,000	14,380,750
2034-2038	19,334,000	11,903,680	37,416,000	8,275,509
2039-2043	21,746,000	7,548,639	28,712,000	3,106,232
2044-2048	18,725,000	3,364,706	6,549,000	251,233
2049-2053	4,230,000	185,063		
Total	\$ 91,694,000	\$ 51,214,660	\$ 125,093,000	\$ 42,272,872

*The total principal owing in the Business-Type column will not reconcile to the long-term debt on the city-wide Statement of Net Position due to a subsequent event. See the subsequent event note for clarification.

3.G. INTERNAL TRANSACTIONS

Operating Transfers:

	Transfers in	Transfers out
Governmental Activities:		
General fund	\$ 2,019,998	\$ (6,218,591)
Local Building Authority fund	-	-
RDA fund	148,291	-
Debt service fund	1,436,231	-
Land acquisition fund	3,432,114	(1,000,000)
Golf course improvements fund	80,000	-
Recreation center fund	3,250,000	-
Total Governmental Activities	10,366,634	(7,762,133)
Business-Type Activities:		
Major Funds:		
Water fund	-	(350,434)
Sewer fund	-	(150,744)
Electric fund	-	(1,948,323)
Streets & Storm Drain	-	(25,000)
Broadband fund	-	(200,000)
Non-Major Funds:		
Airport fund	95,000	-
Garbage fund	-	(25,000)
Total Business-Type Activities	95,000	(2,699,501)
Grand Totals	<u>\$ 10,461,634</u>	<u>\$ (10,461,634)</u>

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	\$ 1,817,122	\$ -
Sewer fund	1,199,700	-
Broadband fund	307,168	-
Electric fund	1,319,433	-
Strom drain fund	807,913	-
Non-major business-type activities:		
Garbage fund	202,606	-
Airport fund	43,974	-
Major governmental activities:		
General fund	-	5,697,916
Total	<u>\$ 5,697,916</u>	<u>\$ 5,697,916</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 **\$19,398,809** on June 30, 2024. The Business Type Activity Funds share of this fund balance is **\$8,248,005**. This amount is reflected in the internal balances on the Statement of Net Position.

Internal Balances Reconciliation:

Interfund Loans	\$	3,519,318
Internal Service Fund Balance Allocation		8,248,005
Total Internal Balances	\$	<u>11,767,323</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 2024 financial information were not available prior to the issuance of these statements. June 30, 2023 audited statements are the most recent available. Audited summary financial information of UMPA at June 30, 2023 are as follows from UMPA:

	UMPA	Spanish Fork City's Share
Total assets & deferred outflows	<u>\$ 245,365,233</u>	<u>\$ 52,262,795</u>
Total liabilities & deferred inflows	<u>\$ 245,361,883</u>	<u>\$ 52,262,081</u>
Total net position	<u>\$ 3,350</u>	<u>\$ 714</u>
Total operating revenues	\$ 160,822,889	\$ 34,255,275
Total operating expenses	<u>(146,021,490)</u>	<u>(31,102,577)</u>
Net operating income	14,801,399	3,152,697.99
Net non-operating income (expenses)	<u>(688,262)</u>	<u>(146,600)</u>
Change in net assets	<u>\$ 14,113,137</u>	<u>\$ 3,006,098</u>
Transfer in of generation assets	-	-
Deferred inflow of resources adj	(14,113,137)	(3,006,098)
Change in net position	<u>\$ -</u>	<u>\$ -</u>

- f. Audited financial statements for Utah Municipal Power Agency are available on the Utah State Auditor's webpage.

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, 2023 is as follows from SUVSWD:

	South Utah Valley Solid Waste District	Spanish Fork City's Share
Total assets & deferred outflows	<u>\$ 58,993,025</u>	<u>\$ 6,931,680</u>
Total liabilities & deferred inflows	<u>\$ 35,923,965</u>	<u>\$ 4,221,066</u>
Total net position	<u>\$ 23,069,060</u>	<u>\$ 2,710,615</u>
Total operating revenues	\$ 10,826,004	\$ 1,272,055
Total operating expenses	<u>10,513,989</u>	<u>1,235,394</u>
Net operating income	312,015	36,662
Total non-operating income (expenses)	<u>(171,285)</u>	<u>(20,126)</u>
Change in net assets	<u>\$ 140,730</u>	<u>\$ 16,536</u>

The joint venture has the following long-term debt:

Bonds Payable	\$ 27,780,000	\$ 3,264,150
Bond Premium	3,530,627	414,849
Right to use Lease liability	99,397	11,679
Accrued compensated absences	258,105	30,327
Net pension liability	204,428	24,020
Notes payable	-	-
Total long-term liabilities	<u>\$ 31,872,557</u>	<u>\$ 3,745,025</u>

f. Audited financial statements are available on the Utah State Auditor's webpage.

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, 2025 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. 13,670 water connections at June 30, 2024
3. Total culinary water billings for the year were \$3,366,396
4. Rate schedule

Base charge	\$10.20
Price per 1,000 gallons for usage over base is	\$1.14 - \$2.14
Connection/Impact fee (1 inch)	\$1,694.55

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	161,377
E. Krona CRA	-
Total Collected	<u>\$ 161,377</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	42,466
Total Paid	<u>\$ 42,466</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	13,191
D. Administrative & contracted costs	966,194
Total Expended	<u>\$ 979,385</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, 2024, the employer and employee contributions to the Systems were as follows:

System	Employer Contribution	Employee Contribution
Noncontributory System	\$ 1,423,984	\$ -
Public Safety System	600,332	-
Firefighters System	22,397	93,373
Tier 2 Public Employee System	1,056,931	-
Tier 2 Public Safety and Firefighter	554,518	42,522
Tier 2 DC Only System	112,959	-
Tier 2 DC Public Safety and Firefighter System	17,238	-
Total	\$ 3,788,360	\$ 135,895

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, 2024, we reported a net pension liability of \$ 4,532,889 and a net pension asset of \$ 310,456.

	(Measurement Date): December 31, 2023				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2021	Change (Decrease)
Noncontributory System	\$ -	\$ 2,136,303	0.9209928%	0.9130355%	0.0079573%
Public Safety System	-	1,703,200	1.1909122%	1.2400088%	-0.0490966%
Firefighters System	310,456	-	1.3228092%	0.5348745%	0.7879347%
Tier 2 Public Employees System	-	468,215	0.2405570%	0.2494337%	-0.0088767%
Tier 2 Public Safety and Fire Fighter System	-	225,171	0.5977583%	0.4920880%	0.1056703%
	<u>\$ 310,456</u>	<u>\$ 4,532,889</u>			

The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 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, 2024. We recognized a pension expense of **\$2,833,235**.

At June 30, 2024, 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	\$ 2,267,141	\$ 23,039
Changes in assumptions	1,255,585	4,990
Net difference between projected and actual earnings on pension plan investments	1,072,385	-
Changes in proportion and differences between contributions and proportionate share of contributions	77,783	395,033
Contributions subsequent to the measurement date	1,936,768	-
Total	<u>\$ 6,609,662</u>	<u>\$ 423,062</u>

\$1,936,768 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, 2023.

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>
2024	\$ 1,197,658
2025	992,884
2026	1,984,299
2027	(376,870)
2028	68,879
Thereafter	382,981

Actuarial assumptions: The total pension liability in the December 31, 2023, 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%	6.87%	2.40%
Debt securities	20.00%	1.54%	0.31%
Real assets	18.00%	5.43%	0.98%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	3.86%	0.58%
Cash and cash equivalents	0.00%	0.24%	0.00%
Totals	100.00%		5.45%
	Inflation		2.50%
	Expected arithmetic nominal return		7.95%

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 6.85 percent. The projection of cash

flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced 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	\$ 11,087,296	\$ 2,136,303	\$ (5,359,548)
Public Safety System	5,344,175	1,703,200	(1,263,969)
Firefighters System	370,478	(310,456)	(864,158)
Tier 2 Public Employee System	1,608,722	468,216	(416,247)
Tier 2 Public Safety and Firefighter	725,507	225,171	(175,107)
Total	\$ 19,136,178	\$ 4,222,434	\$ (8,079,029)

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:

	2024	2023	2022
401 (k) Plan			
Employer Contributions	\$ 237,995	\$ 166,515	\$ 159,688
Employee Contributions	\$ 148,093	\$ 106,521	\$ 86,924
457 Plan			
Employer Contributions	\$ -	\$ -	\$ 120
Employee Contributions	\$ 92,655	\$ 49,520	\$ 56,890
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 115,914	\$ 95,866	\$ 79,429
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 1,050	\$ 675	\$ 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.

In Fiscal Year 2024 the city received \$100,000 of a \$4,500,000 note payable that was borrowed from the State of Utah Division of Water Quality. The note is to help fund the construction of the new treatment plant facility in the Sewer fund. The note requirements dictated that the remaining \$4,400,000 would be distributed upon proof of payment towards the financed project. The remaining \$4,400,000 was received by the city in September 2024. While the financial statements only account for \$100,000 of the note, the Long-Term Debt section of the notes to the financial statements account for all \$4,500,000. For this reason the total debt owing in the financial statements will not reconcile to the debt owing in the notes.

4.H. PRIOR PERIOD ADJUSTMENT

During the preparation of the current year's financial statements, management identified that an interfund loan, which occurred in a prior year, had not been recorded in the Fiscal Year 2023 financial statements. To correct this, a prior period adjustment has been made in Fiscal Year 2024, which adjusts the beginning fund balances of the Electric and Broadband funds. The unpaid portion of the loan was for the amount of \$1,957,665.

REQUIRED SUPPLEMENTARY INFORMATION

Changes in Assumptions Related to Pensions

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

**Spanish Fork City
Schedule of the Proportionate
Share of the Net Pension Liability
For the Year Ended June 30, 2024**

		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	0.9130355%	1.2400088%	0.5348745%	0.2494337%	0.4920880%
	2024	0.9209928%	1.1909122%	1.3228092%	0.2405570%	0.5977583%
Proportionate share of the net pension liability (asset)	2015	\$ 3,291,832	\$ 1,359,805	\$ -	\$ (4,901)	\$ (2,993)
	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
	2024	2,136,303	1,703,200	(310,456)	468,216	225,171
Covered Employee Payroll	2015	\$ 6,433,835	\$ 1,579,886	\$ -	\$ 794,624	\$ 83,973
	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
	2024	8,027,819	1,747,452	505,065	6,219,227	2,264,929
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%	-3.60%
	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%
	2024	26.61%	97.47%	-61.47%	7.53%	9.94%
Plan fiduciary net position as a percentage of the total pension liability.	2015	90.20%	90.50%	0.00%	103.50%	120.50%
	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%
	2024	96.90%	96.44%	106.79%	89.58%	89.10%

* 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.

Spanish Fork City
Schedule of Contributions (Pensions)
For the Year Ended June 30, 2024

	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%
	2024	1,423,984	1,423,984	-	7,987,703	17.83%
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%
	2024	600,332	600,332	-	1,763,610	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%
	2024	22,397	22,397	-	620,418	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%
	2024	1,056,931	1,056,931	-	6,601,695	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%
	2024	554,518	554,518	-	2,568,253	21.59%
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%
	2024	112,959	112,959	-	1,824,862	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%
	2024	17,238	17,238	-	177,946	9.69%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 Systems. Tier 2 Systems were created effectively July 1, 2011

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI.

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

SUPPLEMENTARY INFORMATION

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**Spanish Fork City
Combining Balance Sheet
Non-Major Governmental Funds
As of June 30, 2024**

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>		Total Non-major Governmental Funds
	RAP Tax Fund	RDA Fund	Debt Service Fund	River Recla- mation Fund	Golf Course Impr. Fund	
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 153,038	\$ 100,844	\$ 253,882
Restricted Assets:						
Cash and cash equivalents	2,147,219	\$ 2,862,775	533,569	-	-	5,543,563
Total assets	<u>2,147,219</u>	<u>2,862,775</u>	<u>533,569</u>	<u>153,038</u>	<u>100,844</u>	<u>5,797,445</u>
						-
LIABILITIES						
Accounts payable	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property tax revenues						
Total deferred inflows of resources						
FUND BALANCES						
Restricted for:						
Capital projects						-
RAP programs	2,147,219	-	-	-	-	2,147,219
Redevelopment	-	2,862,775	-	-	-	2,862,775
Debt service	-	-	533,569	-	-	533,569
Committed for:						
Capital projects	-	-	-	153,038	100,844	253,882
Total fund balances	<u>2,147,219</u>	<u>2,862,775</u>	<u>533,569</u>	<u>153,038</u>	<u>100,844</u>	<u>5,797,445</u>
Total liabilities and fund balance	<u>\$ 2,147,219</u>	<u>\$ 2,862,775</u>	<u>\$ 533,569</u>	<u>\$ 153,038</u>	<u>\$ 100,844</u>	<u>\$ 5,797,445</u>

Spanish Fork City
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2024

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>		Total
	RAP Tax	RDA	Debt Service	River	Golf Course	Non-major
	Fund	Fund	Fund	Reclamation	Improvements	Governmental
REVENUES:						Funds
Taxes	\$ 1,244,074	\$ -	\$ -	\$ -	\$ -	\$ 1,244,074
Sundry revenues	-	166,623	797,497	-	20,844	984,964
Interest income	87,159	122,577	54,248	-	-	263,984
Total revenues	<u>1,331,233</u>	<u>289,200</u>	<u>851,745</u>	<u>-</u>	<u>20,844</u>	<u>2,493,022</u>
EXPENDITURES:						
Current Expenditures:						
Professional Services	289	968,973	42	-	-	969,304
RAP Programs	1,400,847	-	-	-	-	1,400,847
RDA Programs	-	2,467	-	-	-	2,467
Debt service:						
Principal retirement	-	-	1,901,624	-	-	1,901,624
Interest and fiscal charges	-	-	348,453	-	-	348,453
Capital outlay	-	13,192	-	-	-	13,192
Total expenditures	<u>1,401,136</u>	<u>984,632</u>	<u>2,250,119</u>	<u>-</u>	<u>-</u>	<u>4,635,887</u>
Excess of revenues over (under) expenditures	<u>(69,903)</u>	<u>(695,432)</u>	<u>(1,398,374)</u>	<u>-</u>	<u>20,844</u>	<u>(2,142,865)</u>
Other financing sources (uses):						
Transfers (Out)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>148,291</u>	<u>1,436,231</u>	<u>-</u>	<u>80,000</u>	<u>1,664,522</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(69,903)</u>	<u>(547,141)</u>	<u>37,857</u>	<u>-</u>	<u>100,844</u>	<u>(478,343)</u>
Fund balances - beginning of year	2,217,122	3,409,916	495,712	153,038	-	6,275,788
Fund balances - end of year	<u>\$ 2,147,219</u>	<u>\$ 2,862,775</u>	<u>\$ 533,569</u>	<u>\$ 153,038</u>	<u>\$ 100,844</u>	<u>\$ 5,797,445</u>

Spanish Fork City
Combining Statement of Net Position
Non-Major Proprietary Funds
As of June 30, 2024

	Business-Type Activities - Enterprise Funds			
	Airport Fund	Garbage Fund	Gun Club Fund	Total Other Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 216,284	\$ 1,619,104	\$ 143,970	\$ 1,979,358
Accounts receivable	-	315,409	-	315,409
Allowance for doubtful accounts	-	(1,730)	-	(1,730)
Inventory	-	-	54,624	54,624
Total current assets	<u>216,284</u>	<u>1,932,783</u>	<u>198,594</u>	<u>2,347,661</u>
Noncurrent assets:				
Net pension asset	-	1,980	55	2,035
Capital Assets:				
Land	2,636,873	217,903	-	2,854,776
Buildings	-	163,563	28,116	191,679
Improvements	19,665,741	37,378	177,001	19,880,120
Equipment	46,738	1,352,582	84,120	1,483,440
Less: accumulated depreciation	(6,345,348)	(1,437,952)	(169,260)	(7,952,560)
Other Assets:				
Equity in joint venture	-	2,710,615	-	2,710,615
Total noncurrent assets	<u>16,004,004</u>	<u>3,046,069</u>	<u>120,032</u>	<u>19,170,105</u>
Total assets	<u>16,220,288</u>	<u>4,978,852</u>	<u>318,626</u>	<u>21,517,766</u>
Deferred outflows of resources due to pensions				
	<u>20,586</u>	<u>42,155</u>	<u>1,168</u>	<u>63,909</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>16,240,874</u>	<u>5,021,007</u>	<u>319,794</u>	<u>21,581,675</u>
LIABILITIES				
Current liabilities:				
Accrued Liabilities	6,006	7,096	24,156	37,258
Accounts payable	117,847	201,196	39,914	358,957
Compensated absences	15,797	32,349	896	49,042
Total current liabilities	<u>139,650</u>	<u>240,641</u>	<u>64,966</u>	<u>445,257</u>
Noncurrent liabilities:				
Net pension liability	13,150	28,910	801	42,861
Deferred revenue	-	-	-	-
Total noncurrent liabilities	<u>13,150</u>	<u>28,910</u>	<u>801</u>	<u>42,861</u>
Total liabilities	<u>152,800</u>	<u>269,551</u>	<u>65,767</u>	<u>488,118</u>
Deferred inflows of resources due to pensions				
	<u>1,318</u>	<u>2,698</u>	<u>75</u>	<u>4,091</u>
Net Position				
Net investment in capital assets	16,004,004	333,474	119,977	16,457,455
Unrestricted	82,752	4,415,284	133,975	4,632,011
Total Net Position	<u>\$ 16,086,756</u>	<u>\$ 4,748,758</u>	<u>\$ 253,952</u>	<u>\$ 21,089,466</u>

Spanish Fork City
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Proprietary Funds
For the Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds			
	Airport Fund	Garbage Fund	Gun Club Fund	Total Other Funds
Operating revenues:				
Charges for sales and services	\$ 607,481	\$ 3,475,391	\$ 463,457	\$ 4,546,329
Other income	200,795	-	7,578	208,373
Total operating revenues	808,276	3,475,391	471,035	4,754,702
Operating expenses:				
Landfill fees	-	2,490,928	-	2,490,928
Employee salaries	191,200	275,692	136,805	603,697
Materials and supplies	9,300	125,877	236,237	371,414
Repairs and maintenance	23,668	1,696	21,432	46,796
Professional services	210,280	204,234	12,890	427,404
Motorpool charges	30,048	16,507	9,261	55,816
Utilities and Rent	14,748	22,666	15,658	53,072
Insurance	16,648	4,518	1,262	22,428
Depreciation	380,515	15,589	4,445	400,549
Indirect services	43,974	202,606	-	246,580
Sundry charges	8,559	14,949	-	23,508
Total operating expenses	928,940	3,375,262	437,990	4,742,192
Operating income	(120,664)	100,129	33,045	12,510
Nonoperating revenues (expenses):				
Interest revenue	5,189	58,602	2,586	66,377
Grant Proceeds	3,868,208	-	87,421	3,955,629
Pension benefit expense	11,778	24,598	644	37,020
Pension expense	(8,519)	(17,445)	(483)	(26,447)
Total nonoperating revenues (expenses)	3,876,656	82,291	90,168	4,049,115
Income (loss) before operating transfers	3,755,992	182,420	123,213	4,061,625
Operating transfers:				
Operating transfers in/(out)	95,000	(25,000)	-	70,000
Total operating transfers	95,000	(25,000)	-	70,000
Change in Net Position	3,850,992	157,420	123,213	4,131,625
Total Net Position - beginning	12,235,764	4,591,338	130,739	16,957,841
Total Net Position - ending	\$ 16,086,756	\$ 4,748,758	\$ 253,952	\$ 21,089,466

Spanish Fork City
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds			
	Airport Fund	Garbage Fund	Gun Club Fund	Total Non-Major Funds
Cash Flows From Operating Activities				
Receipts from customers	\$ 607,481	\$ 3,450,909	\$ 463,457	\$ 4,521,847
Other cash receipts	200,795	-	7,578	208,373
Payments to suppliers	(608,030)	(3,033,097)	(273,307)	(3,914,434)
Payments to employees	(189,826)	(270,472)	(136,845)	(597,143)
Net cash provided (used) by operating activities	<u>10,420</u>	<u>147,340</u>	<u>60,883</u>	<u>218,643</u>
Cash Flows From Noncapital Financing Activities				
Transfers in (out)	95,000	(25,000)	-	70,000
Net cash provided (used) by noncapital activities	<u>95,000</u>	<u>(25,000)</u>	<u>-</u>	<u>70,000</u>
Cash Flows From Capital and Related Financing Activities				
Purchases of capital assets	(4,089,212)	-	(81,527)	(4,170,739)
Grant Proceeds	3,868,208	-	87,421	3,955,629
Net cash provided (used) by capital and related financing activities	<u>(221,004)</u>	<u>-</u>	<u>5,894</u>	<u>(215,110)</u>
Cash Flows From Investing Activities				
Interest and dividends received	5,189	58,602	2,586	66,377
Net cash provided (used) by investing activities	<u>5,189</u>	<u>58,602</u>	<u>2,586</u>	<u>66,377</u>
Net increase (decrease) in cash and cash equivalents	(110,395)	180,942	69,363	139,910
Cash balance, beginning	326,679	1,438,162	74,607	1,839,448
Cash balance, ending	<u>216,284</u>	<u>1,619,104</u>	<u>143,970</u>	<u>1,979,358</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	(120,664)	100,129	33,045	12,510
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	380,515	15,589	4,445	400,549
(Increase) decrease in accounts receivable	-	(24,482)	-	(24,482)
(Increase) decrease in inventory	-	-	(33,598)	(33,598)
Increase (decrease) in accrued liabilities	(250,805)	50,884	57,031	(142,890)
(Increase) decrease in compensated absences	1,374	5,220	(40)	6,554
Total adjustments	<u>131,084</u>	<u>47,211</u>	<u>27,838</u>	<u>206,133</u>
Net cash provided (used) by operating activities	<u>\$ 10,420</u>	<u>\$ 147,340</u>	<u>\$ 60,883</u>	<u>\$ 218,643</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

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Report on Internal Control Over Financial Reporting

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Report on Compliance and Other Matters

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Purpose of this Report

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

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Report on Compliance for Each Major Federal Program

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Opinion on Each Major Federal Program

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• ~ áb^&cÁc [Áæ~ áácá } Ác@^ÁUTÓÁÔ [{ } |]æ } &^ÁÛ }] | ^ { ^ } cÁc@æçÁ& [~ |áÁ@æç^ÁæÁáá!^&cÁæ } áÁ { æc^!|æ|Á^~^&cÁ [} Á^æ&@Á
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Basis for Opinion on Each Major Federal Program

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c€~ áácá } * Á Ûcæ } áæ!á • Áá • ~ ^áá à^Á c@^Á Ô [] c! [| | ^!Á Ô^ } ^!æ|Á [-Á c@^Á W } ác^áÁ Ûcæc^•Á çÖ [ç^!] { ^ } cÁ c€~ áácá } * Á
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Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards] çW } á- [! { Á
Ô~ ááæ } &^ÁÉÁÛ ~ !Á!^• [] • áá|áçá^Á^ } á^!Ác@ [• Á • cæ } áæ!á • Áæ } áÁc@^ÁW } á- [! { Á Ô~ ááæ } &^Áæ!Á^~ !c@^!Áá^• &!áá^áÁ } Á
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Responsibilities of Management for Compliance

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|æ , • ÉÁ • cæc^c^ÉÁ!^* |æcá [] • ÉÁ!^ | ^Áæ } áÁ] ! [çáá^Á } • Á [-Á& [] c!æ&c•Á [! Á * !æ } cÁæ^!^ { ^ } c•Áæ]] |á&æà|Ác [ÁÛ } æ } á • @Á
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Hqt"vjg" [gct"Gpfgf"Lwpg"52."4246"

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SUMMARY OF AUDIT RESULTS

FÈÁV@^Áâ}â^}^}â^}cÁæ~ââc[!qÁ!^}[!cÁ^ç]!^•••Áæ}Á~}~æ|â-â^âÁ[]â}â[]Á[]Ác@^Áâæ•â&Á
-â}æ}&âæ|Á

•cæc^ { ^ }c•Á[-ÀÛ]æ}â•@ÁØ[!ÁÔâc^ÉÁ

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GÈÁÞ[Á!^}[!cæà|Á&[]ââcâ[]•Á!^|æc^âÁc[Ác@^Áæ~ââcÁ[-Ác@^Á-â}æ}&âæ|Á•cæc^ { ^ }c•Áæ!^Á!^}[!c^âÁ
â}Ác@^Á

ÇE~ââc[!qÁÛ^}[!cÁ[]ÁQ}c^!}æ|ÁÔ[]c! [!Áæ}âÁÔ[{]|âæ}&^Á, âc@ÁŠæ, •Áæ}âÁÛ^*~|æcâ[]•ÉÁ

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HÈÁÞ[Áâ}•cæ}&^•Á[-Á] []&[{]|âæ}&^Á { æc^!âæ|Ác[Ác@^Á-â}æ}&âæ|Á•cæc^ { ^ }c•Á[-ÀÛ]æ}â•@ÁØ[!Á
Ôâc^Á, ^!^Á

ââ&|[!^âÁâ~!â} *Ác@^Áæ~ââcÉÁ

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IÈÁÞ[Á { æc^!âæ|Á, ^æ\ }^•••Á!^|æcâ} *Ác[Ác@^Áæ~ââcÁ[-Ác@^Á { æb[!Á-^â!^|æ|Áæ, æ!âÁ]! [*!æ { Áâ•Á
!^}[!c^âÁâ}Ác@^ÁÛ^}[!cÁ[]ÁÔ[{]|âæ}&^Á, âc@ÁÛ^~â!^ { ^ }c•ÁÇE]]|â&æà|Ác[ÁÔæ&@ÁTæb[!Á

Ú! [*!æ { Áæ}âÁQ}c^!}æ|ÁÔ[]c! [!Á[ç^!ÁÔ[{]|âæ}&^Áâ}ÁÇE&&[!âæ}&^Á, âc@ÁV}â-[! { ÁÔ~ââæ}&^ÉÁ

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ÍÈÁV@^Áâ}â^}^}â^}cÁæ~ââc[!qÁ!^}[!cÁ[]Á&[{]|âæ}&^Á- [!Ác@^Á { æb[!Á-^â!^|æ|Áæ, æ!âÁ
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Û]æ}â•@ÁØ[!ÁÔâc^ÉÁ^ç]!^•••Áæ}Á~}~æ|â-â^âÁ[]â}â[]ÉÁ

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ÎÈÁV@^Áæ~ââcÁââ&|[!^âÁ} [Áæ~ââcÁ-â}ââ} *Ác@æcÁæ!^Á!^~â!^âÁc[Áà^Á!^}[!c^âÁ~}â!^ÁGÁÔØÜÁ
•^&câ[]Á

G€€ÈÍFÎÇæDÉÁ

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ÇEâ! [!cÁQ []! [ç^ { ^ }cÁÛ! [*!æ { ÁÈÁØÇEÇÁ Á Á GFÈ€GÏÁ

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ÏÈÁV@^Ác@!^•@[!â- [!Áââ•câ} *~â•@â} *ÁV^]^•ÁÇEÁæ}âÁÔÁ! [*!æ { •Áâ•ÁÁÏÍ€€€€€[-Á-^â!^|æ|Á
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JÈÁÛ]æ}â•@ÁØ[!ÁÔâc^Á, æ•Áâ^c^! { â}^âÁ} [cÁc[Áà^ÁæÁ[], È!â•Áæ~ââc^.

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FINANCIAL STATEMENT FINDINGS

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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SUMMARY OF PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS

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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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Hqt"vjg" [gct"Gpfgf"Lwpg"52."4246"

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Hgfgtcn" I tcvqtlRcuu/Vjtw" I tcvqtlRtqitc o"Vlwg	Hgfgtcn"EHFC Pw odgt	Rcuu/Vj tqwi j I tcvqtu"Eqvptcev	C o qwpv"qh Gzrgpfkwtgu
Fktgev"Cuukvcepg<			
Gpxktq o gpvcr"Rtqvgevkp"Cigpe{ Dtq y phlgnf"Cuuguo o gpv" I tcvp Vqvcr"Gpxktq o gpvcr"Rtqvgevkp"Cigpe{	880:3:	PIC	&*****73.987 *****73.987
Vqvcr"Fktgev"Cuukvcepg<			*****73.987
Kp fktgev"Cuukvcepg<			
WU" Fgrctv o gpv"qh" Lwvkieg" *FQL+ Rcuugf"vj tqwi j"Uvcvg"qh" Wvcj Dwnngvrtqqh"Xguv"Rctvpgtujkr"Rtqitc o	380829		*****6.46;
WU" Fgrctv o gpv"qh" Lwvkieg" *FQL+ Rcuugf"vj tqwi j"Uvcvg"qh" Wvcj Xievk o u"qh" Etk o g" Cev" I tcvp Vqvcr" WU" Fgrctv o gpv"qh" Lwvkieg"	380797	PIC	*****43.; ;: *****48.469
WU" Fgrctv o gpv"qh" Vtcburqtvcvkp< Rcuugf"vj tqwi j"Uvcvg"qh" Wvcj , Cktrqtv"X o rtqxcg o gpv"Rtqitc o"/HCC Vqvcr" Fgrctv o gpv"qh" Vtcburqtvcvkp	420328	PIC	*****5.89.:297 *****5.89.:297
WU" Fgrctv o gpv"qh" J q o gncpf"Ugewtiv{ Rcuugf"vj tqwi j"Uvcvg"qh" Wvcj G o gt i gpe{ "O cpc i g o gpv" Rgthqt o cpeg" I tcvp WU" Fgrctv o gpv"qh" J q o gncpf"Ugewtiv{	:90264	PIC	*****42.;89 *****42.;89
WU" Fgrctv o gpv"qh" J q wuipi"cpf" Wtdcp" Fgxgnqr o gpv Rcuugf"vj tqwi j" O qwpvcip" Ncpf" Cuuqekvqk"qh" I qxgtp o gpvu Eq o o wpi{ "Fgxgnqr o gpv" Dnqem" I tcvp	36043:	PIC	*****422.222
WU" Fgrctv o gpv"qh" Ci tkewnwtg" *Hqtguv"Ugtxieq+ Rcuugf"vj tqwi j" Wvcj" Eqwpr{ Kphncvqk" Tgfwevqk" I tcvp Vqvcr" WU" Fgrctv o gpv"qh" Ci tkewnwtg" *Hqtguv"Ugtxieq+	320866	PIC	*****33.4:7 *****33.4:7
Vqvcr" Kp fktgev" Cuukvcepg			*****5.;58.7:6
VQVCN" GZRGPFKWTGU" QH" HGFGTCN" CYCTFU , Oclqt" Rtqitc o			&*****5.;:56;

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1. GENERAL

V@^Áæ&&[{]æ}^ã} *Á•&@^ã~|^Á [-Á^ç]^}ãäc~!^•Á [-Á-^ã^!æ|Áæ, æ!ã•Áçc@^Á•&@^ã~|DÁã}&|^ã^•
c@^ *!æ}cæ&cäçäc^Á[-ÁÜ]æ}ã•@AØ[!^ÁÖäc^Áçc@^ÁÖäc^DA^}ã^!Á!| *!æ { •Á[-Ác@^Á-^ã^!æ|Á * [ç^!} { ^}c
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æ&&[!áæ}&^Á, äc@ c@^Á!^~ã!^ { ^}c•Á [-ÁVäc|^ÁGÁWEÜÉÁÖ[ä^Á [-ÁØ^ã^!æ|ÁÜ^*~|æcä []•ÁÜæ!cÁG€€É
W}ã- [! { CEä { ä}ã•c!æcç^Á Ü^~ã!^ { ^}c•ÉÁ Ö[•cÁ U!ã}&ã|^ÁÉÁ æ}ãÁ CE^ãäcÁ Ü^~ã!^ { ^}c•Á - [!
Ø^ã^!æ|ÁCE, æ!ã• ÇW}ã- [! { ÁÖ^ãäæ}&^ÉÁV@^ÁÖäc^Á!^ [!cä} *^Á}cäc^Áã•Áã^~}^Áã}ÁB [c^ÁFÁc [Ác@^
àæ•ã&~ã}æ}&ãæ| •cæc^ { ^}c•ÉÁCE|^Á-^ã^!æ|Áæ, æ!ã•Á!^&^ãç^ãÁã!^&c|^Á- [! { Á-^ã^!æ|Áæ*^}&ã^Áæ•
, ^|Áæ•Á-^ã^!æ|æ, æ!ã•Á]æ••ãÉc@! [~ *@Á [c@^!Á * [ç^!} { ^}c^Áæ*^}&ã^Áæ!^Áã}&|^ã^ã []Ác@^
•&@^ã~|^Á [- ^ç]^}ãäc~!^•Á [-Á-^ã^!æ|Áæ, æ!ã•ÉÁ Ö&æ~^Á c@^Á •&@^ã~|^Á]!^•^}c•Á []^Áæ
•^!^&c^ãÁ [!cä []Á [- c@^Á []^!æcä []•Á [-ÁÜ]æ}ã•@AØ[!^ÁÖäc^ÁäcÁã•Á} [cä]c^}ã^ãÁc [Áæ}ãÁã [^Á] [c
]!^•^}c^Ác@^Á-ã}æ}&ãæ| [•äcä []ÉÁ&@æ} *^Áã}Á}^cÁ [•äcä []ÉÁ!Á&æ•@Á- [, •Á [-ÁÜ]æ}ã•@AØ[!^ÁÖäc^É

2. BASIS OF ACCOUNTING

V@^Áæ&&[{]æ}^ã} *Á•&@^ã~|^Á [-Á^ç]^}ãäc~!^•Á [-Á-^ã^!æ|Áæ, æ!ã•Áã•Á]!^•^}c^ãÁ •ã} *Ác@^
{ [äã-ã^ãÁæ&&|^æ|Áäæ•ã•Á [-Áæ&& [~]cä} *Á- [!Á^ç]^}ãäc~!^•Áã}Á * [ç^!} { ^}cæ|Á-~}ã^c^ ^Á^æ}ãÁ []
c@^Áæ&&|^æ|Áäæ•ã•Á- [!Á^ç]^}••Áã}Á! [!]!á^cæ!^Á-~}ãÁc^]^•ÉÁ, @ã&@Áã•Áã^•&!ãà^ãÁã}ÁB [c^ÁFÁc [c@^Á
c@^Á äæ•ã&~ã}æ}&ãæ|Á •cæc^ { ^}c•ÉÁ Ü^~ã!^ç]^}ãäc~!^•Áæ!^Á!^&[*]ã:ã^ã- [|| [, ä} *Á c@^Á & [•
]!á}&ã|^Á^Á& []cæã}^ãÁã}Ác@^ÁW}ã- [! { ÁÖ^ãäæ}&^ÉÁ, @^!^ã}Á^!cæã}Ác^]^Á^Á [-Á^ç]^}ãäc~!^•Áæ!^
} [cæ|| [, ^ãÁ [!Áæ!^Á]ä { äc^ãÁæ•Ác [Á!^ã { ä~!^•^ { ^}cÉ

Úæ••Éc@! [~ *@Á]cäc^Áã^ã^}cä-^ã} *Á}~ { à!^Áæ!^Á]!^•^}c^ãÁ, @^!^Áæçæã|æã|^É

3. NON-CASH ASSISTANCE

V@^ÁÖäc^ÁããÁ} [cÁ!^&^ãç^Áæ} ^Á} []É&æ•@Áæ••ã•cæ}&^

4. LOANS OUTSTANDING

V@^ÁÖäc^Á@æ•Á} [-Á-^ã^!æ|Á] [æ}•Á [~c•cæ}ãã} *Áæ•Á [-ÁR^}^ÁH€ÉÁG€G |É

5. DE MINIMIS INDIRECT COST RATE

V@^ÁÖäc^Á@æ•Á!^&c^ãÁ [Á~^Ác@^ÁF€ÁÁ^Á { ä}ã { ä•Áã}ãã!^&cÁ& [•cÁ!æc^É