

**SPANISH FORK CITY, UTAH  
BASIC FINANCIAL STATEMENTS  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED JUNE 30, 2025**

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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, 2025, 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, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 issuance 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 December 9, 2025, 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

December 9, 2025

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## 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, 2025**. 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 **\$56,151,409** to **\$628,632,246**. The governmental net position increased by **\$8,321,344** and the business-type net position increased by **\$47,830,065**.
- The total net position of **\$628,632,246** is made up of **\$503,769,141** in capital assets net of related debt and **\$124,863,105** in other net position.
- The General Fund (the primary operating fund) had an increase in its fund balance of **\$407,225**.
- The City's total long-term debt decreased by **\$7,182,242** 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 funds (as determined by generally accepted accounting principles) are the General, LBA, Parks Construction, Land Acquisition, Verk Industrial, and Recreation Center Construction Funds. 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 **\$628,632,246**.

The largest portion of Spanish Fork City's net position **\$503,769,141 or 80%** 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	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 77,592,368	\$ 102,140,160	\$ 116,717,511	\$ 138,610,519	\$ 194,309,879	\$ 240,750,679
Capital assets	194,400,757	161,993,512	529,605,108	467,958,395	724,005,865	629,951,907
Total assets	<b>271,993,125</b>	<b>264,133,672</b>	<b>646,322,619</b>	<b>606,568,914</b>	<b>918,315,744</b>	<b>870,702,586</b>
Deferred out flows - pension	5,105,677	4,932,633	1,773,442	1,677,028	6,879,119	6,609,661
Total deferred outflows of resources	<b>5,105,677</b>	<b>4,932,633</b>	<b>1,773,442</b>	<b>1,677,028</b>	<b>6,879,119</b>	<b>6,609,661</b>
Total Assets and Deferred outflows	<b>277,098,802</b>	<b>269,066,305</b>	<b>648,096,061</b>	<b>608,245,942</b>	<b>925,194,863</b>	<b>877,312,247</b>
Other liabilities	37,293,888	34,327,529	21,555,562	29,551,515	58,849,450	63,879,044
Long-term liabilities outstanding	98,177,000	101,758,242	133,700,875	133,681,176	231,877,875	235,439,418
Total liabilities	<b>135,470,888</b>	<b>136,085,771</b>	<b>155,256,437</b>	<b>163,232,691</b>	<b>290,727,325</b>	<b>299,318,462</b>
Deferred property tax revenue	5,433,250	5,089,893	-	-	5,433,250	5,089,893
Deferred inflows - pension	298,393	315,714	103,649	107,341	402,042	423,055
Total deferred inflows of resources	<b>5,731,643</b>	<b>5,405,607</b>	<b>103,649</b>	<b>107,341</b>	<b>5,835,292</b>	<b>5,512,948</b>
Total Liabilities and Deferred inflow	<b>141,202,531</b>	<b>141,491,378</b>	<b>155,360,086</b>	<b>163,340,032</b>	<b>296,562,617</b>	<b>304,831,410</b>
Net Position:						
Invested in capital assets, net of related debt	95,416,968	59,710,135	408,352,173	347,504,460	503,769,141	407,214,595
Restricted	5,754,497	6,167,671	1,648,148	239,065	7,402,645	6,406,736
Unrestricted	34,724,806	61,697,121	82,735,654	97,162,385	117,460,460	158,859,506
Total Net Position	<b>\$ 135,896,271</b>	<b>\$ 127,574,927</b>	<b>\$ 492,735,975</b>	<b>\$ 444,905,910</b>	<b>\$ 628,632,246</b>	<b>\$ 572,480,837</b>

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 22,180,566	\$ 21,075,628	\$ 83,086,246	\$ 72,878,624	\$ 105,266,812	\$ 93,954,252
Operating grants and contribs	256,237	419,738	-	-	256,237	419,738
Capital grants and contribs	31,927,048	8,827,075	25,932,518	73,334,460	57,859,566	82,161,535
General revenues:						
Property taxes	5,885,340	5,741,117	-	-	5,885,340	5,741,117
Sales and Use Tax	18,857,971	18,016,044	-	-	18,857,971	18,016,044
Other taxes	348,790	378,039	-	-	348,790	378,039
Unrestricted investment earnings	3,539,614	2,177,538	3,755,304	4,051,907	7,294,918	6,229,445
Sundry revenues	2,056,512	1,488,620	-	-	2,056,512	1,488,620
Joint Venture Gain (Loss)	-	-	(672,960)	16,536	(672,960)	16,536
Gain on Sale of Capital Assets	-	(121,367)	(209,815)	-	(209,815)	(121,367)
Total revenues	<b>85,052,078</b>	<b>58,002,432</b>	<b>111,891,293</b>	<b>150,281,527</b>	<b>196,943,371</b>	<b>208,283,959</b>
Expenses:						
General government	11,922,094	12,093,678	-	-	11,922,094	12,093,678
Public safety	18,025,971	14,848,368	-	-	18,025,971	14,848,368
Public works	6,465,021	5,492,018	-	-	6,465,021	5,492,018
Parks and recreation	13,482,875	11,159,935	-	-	13,482,875	11,159,935
Operating expenses (business type)	-	-	87,127,353	81,860,975	87,127,353	81,860,975
Interest expense	3,768,648	1,511,440	-	-	3,768,648	1,511,440
Total expenses	<b>53,664,609</b>	<b>45,105,439</b>	<b>87,127,353</b>	<b>81,860,975</b>	<b>140,791,962</b>	<b>126,966,414</b>
Increase in Net Position before transfers	<b>31,387,469</b>	<b>12,896,993</b>	<b>24,763,940</b>	<b>68,420,552</b>	<b>56,151,409</b>	<b>81,317,545</b>
Interfund transfer of capital assets	(26,113,653)	(5,847,656)	26,113,653	5,847,656	-	-
Transfers	3,047,528	2,604,501	(3,047,528)	(2,604,501)	-	-
Increase in Net Position	<b>8,321,344</b>	<b>9,653,838</b>	<b>47,830,065</b>	<b>71,663,707</b>	<b>56,151,409</b>	<b>81,317,545</b>
Net Position - beginning	127,574,927	117,921,089	444,905,910	373,242,203	572,480,837	491,163,292
Prior Period Adjustment	-	-	-	-	-	-
Net Position - ending	<b>\$ 135,896,271</b>	<b>\$ 127,574,927</b>	<b>\$ 492,735,975</b>	<b>\$ 444,905,910</b>	<b>\$ 628,632,246</b>	<b>\$ 572,480,837</b>

## 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 June 30, 2025, the City's governmental funds (General, Debt Service, Special Revenue, and Capital Project Fund) reported combined fund equity of **\$53,149,910**. This represents a decrease of **\$26,927,404** 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 **\$25,092,102** and represent **33%** 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 **\$43,117,890** to a final budget of **\$43,803,494**. 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, 2025, amounts to **\$503,769,141** (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 \$520,331.

Land Purchase for new Park for \$449,544.

**Fairground Improvements**

Stock Pen Construction for \$183,604.

**Recreation Improvements**

Recreation Center Landscaping for \$217,290.

Recreation Center Design for \$293,378.

Recreation Center Construction & Equipment for \$32,331,438.

**Golf Course**

Golf Course Pressurized Irrigation Project for \$269,030.

Golf Course Improvements for \$110,657.

**Fire Improvements**

Station 61 Design \$29,570.

**Water & Pressurized Irrigation Improvements:**

Water & Pressurized Irrigation Improvement Projects for \$10,353,404.

**Sewer Improvements:**

Sewer Plant Rebuild for \$27,970,816.

Verk Project Sewer Land & Improvements for \$9,545,924.

Sewer Improvements for \$13,965,152.

**Streets/Storm Drain Improvements:**

Streets/Storm Drain Improvements for \$12,069,931.

Streets/Storm Drain Land for \$511,084.

Verk Project Streets/Storm Drain Land & Improvements for \$2,539,922.

**Electric Improvements:**

Electric Improvements for \$3,190,678.

Verk Project Electric Improvements for \$6,941,213.

**Airport Improvements**

Airport Improvements for \$588,137.

**Gun Club Improvements**

Sporting Clay Machine for \$16,975.

**Other Improvements:**

Land Purchased by City for \$1,914,419.

City Office Remodel for \$122,903.

**Spanish Fork Community Network:**

New Node Construction \$570,068.

Core WEI Replacement for \$323,422.

**Motor pool:**

City Wide Equipment and Vehicle Purchases for \$4,211,905.

**Capital Asset and Debt Administration**

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 26,725,559	\$ 24,361,597	\$ 19,478,611	\$ 16,744,170
Water Shares	-	-	8,652,123	8,022,282
Buildings	114,061,755	84,107,128	3,388,173	3,458,103
Improvements	20,265,938	20,260,421	495,513,006	437,622,603
Equipment	15,610,126	14,909,990	2,573,195	2,111,235
Infrastructure	17,737,379	18,354,376	-	-
Total Net Assets -				
Net of Depreciation	<u>\$ 194,400,757</u>	<u>\$ 161,993,512</u>	<u>\$ 529,605,108</u>	<u>\$ 467,958,393</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, 2025, the City had total bonded debt outstanding of **\$209,669,000**. Of that, **\$148,919,00** is debt secured solely by specific revenue sources (i.e., revenue bonds within the Sewer and Water Utilities). **\$60,750,000** is debt secured solely by tax sources (i.e. Sales Tax revenue and Property Tax increment for the RDA).

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

	Spanish Fork City's Outstanding Debt			
	Governmental Activities		Business-type Activities	
	2025	2024	2025	2024
Direct Borrowings	\$ 10,064,242	\$ 10,064,242	\$ -	\$ -
Accrued Vacation & Sick Leav	3,027,262	2,818,190	1,274,146	1,286,934
Revenue Bonds	88,177,000	91,694,000	121,492,000	120,693,000
Total Outstanding Debt	<u>\$ 101,268,504</u>	<u>\$ 104,576,432</u>	<u>\$ 122,766,146</u>	<u>\$ 121,979,934</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 **\$5,459,437,554**. The City currently has no outstanding general obligation debt. The current limitation for the City is **\$218,377,502** 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 **\$218,377,502** 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 3.2% and a national rate of 4.1%. (Source: Utah Dept of Workforce Services)

- Some capital improvements budgeted for the FY 2026 include:

1. Finish construction of water reclamation facility
2. Finish construction of recreation center
3. Utility infrastructure construction in Verk Industrial Park
4. Power & light system improvements
5. Purchase of city vehicles
6. Design of new fire station

## 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, 2025**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 39,460,682	\$ 55,638,540	\$ 95,099,222
Receivables (net of allowance)	31,351,899	7,001,562	38,353,461
Prepaid expenses	3,064	-	3,064
Internal balances	(17,496,198)	17,496,198	-
Inventory	118,837	8,287,483	8,406,320
Equity in joint venture	-	2,037,654	2,037,654
Restricted cash and cash equivalents	23,942,067	3,922,601	27,864,668
Note receivable from Mapleton City	-	22,260,750	22,260,750
Net Pension Asset	212,017	72,723	284,740
Capital Assets (not being depreciated):			
Land	26,725,559	19,478,611	46,204,170
Water shares	-	8,652,123	8,652,123
Capital Assets (net of accumulated depreciation):			
Buildings	114,061,755	3,388,173	117,449,928
Improvements other than buildings	20,265,938	495,513,006	515,778,944
Equipment	15,610,126	2,573,195	18,183,321
Infrastructure	17,737,379	-	17,737,379
Total assets	<b>271,993,125</b>	<b>646,322,619</b>	<b>918,315,744</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources relating to pensions	<b>5,105,677</b>	<b>1,773,442</b>	<b>6,879,119</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>277,098,802</b>	<b>648,096,061</b>	<b>925,194,863</b>
<b>LIABILITIES</b>			
Accounts payable	7,112,204	6,407,754	13,519,958
Developer escrows and deposits	18,685,189	2,335,772	21,020,961
Deferred revenue	46,910	-	46,910
Connectors agreement	-	874,467	874,467
Compensated absences	3,027,262	1,274,146	4,301,408
Bond interest payable	806,789	812,189	1,618,978
Bond premiums	3,325,867	-	3,325,867
Noncurrent Liabilities:			
Cash held on behalf of Mapleton City	-	3,537,150	3,537,150
Net pension liability	4,289,667	1,489,083	5,778,750
Construction retainage payable	-	4,825,001	4,825,001
Due within one year	3,591,000	4,968,000	8,559,000
Due in more than one year	94,586,000	128,732,875	223,318,875
Total liabilities	<b>135,470,888</b>	<b>155,256,437</b>	<b>290,727,325</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	5,433,250	-	5,433,250
Relating to pensions	298,393	103,649	402,042
Total deferred inflows of resources	<b>5,731,643</b>	<b>103,649</b>	<b>5,835,292</b>
<b>NET POSITION</b>			
Net investments in capital assets	95,416,968	408,352,173	503,769,141
Restricted for:			
Capital projects	698,525	-	698,525
RAP programs	1,411,792	-	1,411,792
Redevelopment agency	1,000,716	-	1,000,716
Impact fees	-	1,409,083	1,409,083
Debt service	2,643,464	-	2,643,464
Bond requirements	-	239,065	239,065
Unrestricted	34,724,806	82,735,654	117,460,460
Total net position	<b>\$ 135,896,271</b>	<b>\$ 492,735,975</b>	<b>\$ 628,632,246</b>

**Spanish Fork City**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	11,922,094	14,933,327	46,376	25,368,817	28,426,426	-	28,426,426
Public safety	18,025,971	3,599,795	177,361	-	(14,248,815)	-	(14,248,815)
Public works	6,465,021	-	-	-	(6,465,021)	-	(6,465,021)
Parks, rec. & public property	13,482,875	3,647,444	32,500	6,558,231	(3,244,700)	-	(3,244,700)
Interest on long-term debt	3,768,648	-	-	-	(3,768,648)	-	(3,768,648)
Total governmental activities	53,664,609	22,180,566	256,237	31,927,048	699,242	-	699,242
Business-type activities:							
Water	10,585,368	9,042,342	-	5,891,341	-	4,348,315	4,348,315
Sewer	13,107,737	10,307,898	-	3,803,784	-	1,003,945	1,003,945
Electric	33,949,751	38,162,610	-	3,923,928	-	8,136,787	8,136,787
Streets & Storm Drain	15,122,999	9,641,864	-	11,702,172	-	6,221,037	6,221,037
Broadband	9,064,288	10,945,473	-	-	-	1,881,185	1,881,185
Garbage	3,592,296	3,637,160	-	-	-	44,864	44,864
Airport	1,306,572	943,475	-	587,144	-	224,047	224,047
Gun club	398,342	405,424	-	24,149	-	31,231	31,231
Total business-type activities	87,127,353	83,086,246	-	25,932,518	-	21,891,411	21,891,411
Total primary government	140,791,962	105,266,812	256,237	57,859,566	699,242	21,891,411	22,590,653
General revenues:							
Property taxes					5,885,340	-	5,885,340
Sales taxes					18,857,971	-	18,857,971
Other taxes					348,790	-	348,790
Unrestricted investment earnings					3,539,614	3,755,304	7,294,918
Sundry revenues					2,056,512	-	2,056,512
Joint venture gain (loss)					-	(672,960)	(672,960)
Gain (loss) on sale of capital assets					-	(209,815)	(209,815)
Interfund transfer of capital assets					(26,113,653)	26,113,653	-
Transfers					3,047,528	(3,047,528)	-
Total general revenues and transfers					7,622,102	25,938,654	33,560,756
Change in Net Position					8,321,344	47,830,065	56,151,409
Net Position - beginning					127,574,927	444,905,910	572,480,837
Prior Period Adjustment					-	-	-
Net Position - ending					135,896,271	492,735,975	628,632,246

**Spanish Fork City  
Balance Sheet  
Governmental Funds  
As of June 30, 2025**

	General Fund	Local Building Authority Fund	Parks Construction Fund	Land Acquisition Fund	Verk Industrial Park Fund	Recreation Center Construction Fund	Total Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 10,765,877	\$ -	\$ 2,385,998	\$ 6,846,971	\$ -	\$ 13,764,864	\$ 832,264	\$ 34,595,974
Receivables (net of allowance):								
Tax	8,820,038	-	-	-	-	-	-	8,820,038
Reimbursements					22,531,859			22,531,859
Due from other funds	2,786,021	60,350	225,734	647,776	-	1,302,261	515,730	5,537,872
Prepaid expense	3,064	-	-	-	-	-	-	3,064
Inventory	118,837	-	-	-	-	-	-	118,837
Restricted Assets:								
Cash and cash equivalents	18,685,189	637,897	-	-	-	-	4,618,981	23,942,067
Total assets	<u>\$ 41,179,026</u>	<u>\$ 698,247</u>	<u>\$ 2,611,732</u>	<u>\$ 7,494,747</u>	<u>\$ 22,531,859</u>	<u>\$ 15,067,125</u>	<u>\$ 5,966,975</u>	<u>\$ 95,549,711</u>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 1,334,795	\$ (278)	\$ -	\$ 61,782	\$ 368,340	\$ 3,236,747	\$ 2,957	\$ 5,004,343
Due to other funds	-	-	-	-	11,632,972	-	-	11,632,972
Payroll payable	1,597,137	-	-	-	-	-	-	1,597,137
Developer escrow	12,067,321	-	-	-	-	-	-	12,067,321
Final inspection deposit	6,617,868	-	-	-	-	-	-	6,617,868
Deferred revenue	46,910	-	-	-	-	-	-	46,910
Total liabilities	<u>21,664,031</u>	<u>(278)</u>	<u>-</u>	<u>61,782</u>	<u>12,001,312</u>	<u>3,236,747</u>	<u>2,957</u>	<u>36,966,551</u>
<b>DEFERRED INFLOWS</b>								
Deferred property tax revenue	5,433,250	-	-	-	-	-	-	5,433,250
Total deferred inflows of resources	<u>5,433,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,433,250</u>
<b>FUND BALANCES</b>								
Nonspendable	121,901	-	-	-	-	-	-	121,901
Restricted for:								
Capital projects	-	698,525	-	-	-	-	-	698,525
RAP programs	-	-	-	-	-	-	1,411,792	1,411,792
Redevelopment agency	-	-	-	-	-	-	1,000,716	1,000,716
Debt service	-	-	-	-	-	-	2,643,464	2,643,464
Committed for:								
Capital projects	-	-	2,611,732	7,432,965	10,530,547	11,830,378	908,046	33,313,668
Unassigned	13,959,844	-	-	-	-	-	-	13,959,844
Total fund balances	<u>14,081,745</u>	<u>698,525</u>	<u>2,611,732</u>	<u>7,432,965</u>	<u>10,530,547</u>	<u>11,830,378</u>	<u>5,964,018</u>	<u>53,149,910</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 41,179,026</u>	<u>\$ 698,247</u>	<u>\$ 2,611,732</u>	<u>\$ 7,494,747</u>	<u>\$ 22,531,859</u>	<u>\$ 15,067,125</u>	<u>\$ 5,966,975</u>	<u>\$ 95,549,711</u>

**Spanish Fork City**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2025**

Total fund balances - governmental fund types:	<b>\$ 53,149,910</b>
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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	251,542,472	
Accumulated depreciation	(57,141,715)	
Net Pension Asset	212,017	
Deferred Outflow - Pension	5,105,677	
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities		<b>199,718,451</b>

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

(4,074,678)

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	(806,787)	
Long-term debt	(98,177,000)	
Compensated absences	(2,975,519)	
Unamortized Bond Premium	(3,325,867)	
Net Pension - Liability	(4,289,667)	
Interfund Loan	(3,024,179)	
Deferred Inflow - Pension	(298,393)	
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities		<b>(112,897,412)</b>

Net position of government activities	<b>\$ 135,896,271</b>
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**Spanish Fork City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2025**

	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
<b>REVENUES</b>								
Taxes	\$ 23,813,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,278,718	\$ 25,092,102
Interfund Charges for Services	-	1,941,885	-	-	-	-	-	1,941,885
Grants		-	-	-			2,600,000	2,600,000
Licenses and permits	3,120,844	-	-	-	-	-	-	3,120,844
Sundry revenue	3,419,370	-	40,061	105,000	161,684	584,654	1,067,811	5,378,580
Intergovernmental revenues	256,237	-	-	-	25,368,817	750,000	-	26,375,054
Charges for services	7,360,542	-	-	-	137,363	-	-	7,497,905
Fines and forfeitures	141,406	-	-	-	-	-	-	141,406
Interest income	1,369,314	95,058	-	316,625	-	1,524,463	234,153	3,539,613
Total revenues	<b>39,481,097</b>	<b>2,036,943</b>	<b>40,061</b>	<b>421,625</b>	<b>25,667,864</b>	<b>2,859,117</b>	<b>5,180,682</b>	<b>75,687,389</b>
<b>EXPENDITURES</b>								
Current:								
General government	10,768,671	-	-	24,083	48,365	-	1,422,075	12,263,194
Public safety	17,597,852	-	-	-	-	-	-	17,597,852
Public works	6,226,406	-	-	-	-	-	2,434	6,228,840
Parks, recreation and public property	8,902,760	-	-	-	-	-	-	8,902,760
Debt Service:								
Principal retirement	-	1,262,000	-	-	-	-	2,750,139	4,012,139
Interest and fiscal charges	-	678,001	146	-	-	-	2,808,847	3,486,994
Capital outlay	-	22,525	909,242	2,238,446	24,120,620	32,842,106	2,402,292	62,535,231
Total expenditures	<b>43,495,689</b>	<b>1,962,526</b>	<b>909,388</b>	<b>2,262,529</b>	<b>24,168,985</b>	<b>32,842,106</b>	<b>9,385,787</b>	<b>115,027,010</b>
Excess revenues over (under) expenditures	<b>(4,014,592)</b>	<b>74,417</b>	<b>(869,327)</b>	<b>(1,840,904)</b>	<b>1,498,879</b>	<b>(29,982,989)</b>	<b>(4,205,105)</b>	<b>(39,339,621)</b>
<b>Other financing sources (uses)</b>								
Impact fees	1,523,906	-	1,644,264	-	-	-	-	3,168,170
Indirect services	6,196,519	-	-	-	-	-	-	6,196,519
Transfers in	2,368,025	-	-	2,968,000	-	300,000	5,371,678	11,007,703
Transfers out	(5,666,633)	-	(543,542)	(750,000)	-	-	(1,000,000)	(7,960,175)
Total other financing sources and uses	<b>4,421,817</b>	<b>-</b>	<b>1,100,722</b>	<b>2,218,000</b>	<b>-</b>	<b>300,000</b>	<b>4,371,678</b>	<b>12,412,217</b>
Excess of revenues and other sources over (under) expenditures and other uses	407,225	74,417	231,395	377,096	1,498,879	(29,682,989)	166,573	(26,927,404)
Fund balances - beginning of year	13,674,520	624,108	2,380,337	7,055,869	9,031,668	41,513,367	5,797,445	80,077,314
Fund balances - end of year	<b>\$ 14,081,745</b>	<b>\$ 698,525</b>	<b>\$ 2,611,732</b>	<b>\$ 7,432,965</b>	<b>\$ 10,530,547</b>	<b>\$ 11,830,378</b>	<b>\$ 5,964,018</b>	<b>\$ 53,149,910</b>

**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, 2025**

Net changes in fund balances - total governmental funds \$ (26,927,404)

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	62,697,328	
Depreciation Expense	<u>(4,863,753)</u>	
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in Net Position of governmental activities		<u>57,833,575</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.

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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.

1,508,845

Interfund transfer of assets.

(26,113,653)

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

2,965,485

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	(225,381)	
Change in Pension Expenses	<u>(720,123)</u>	

Change in Net Position of governmental activities

\$ 8,321,344

**Spanish Fork City**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance between Actual and Final Budget Over(Under)	Variance between Original and Final Budget Over(Under)
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 23,805,000	\$ 23,400,000	\$ 23,813,384	\$ 413,384	\$ (405,000)
Licenses and permits	3,401,500	3,068,160	3,120,844	52,684	(333,340)
Intergovernmental revenues	55,000	70,000	256,237	186,237	15,000
Charges for services	6,570,886	7,248,618	7,360,542	111,924	677,732
Fines and forfeitures	115,000	150,000	141,406	(8,594)	35,000
Interest income	1,150,200	1,380,200	1,369,314	(10,886)	230,000
Sundry revenue	2,508,412	2,606,828	3,419,370	812,542	98,416
Total revenues	<u>37,605,998</u>	<u>37,923,806</u>	<u>39,481,097</u>	<u>1,557,291</u>	<u>317,808</u>
					-
<b>EXPENDITURES</b>					
Current:					
General government	10,913,872	11,058,619	10,768,671	(289,948)	144,747
Public safety	17,359,034	17,676,108	17,597,852	(78,256)	317,074
Public works	6,186,903	6,157,568	6,226,406	68,838	(29,335)
Parks, recreation and public property	8,658,081	8,911,199	8,902,760	(8,439)	253,118
Total expenditures	<u>43,117,890</u>	<u>43,803,494</u>	<u>43,495,689</u>	<u>(307,805)</u>	<u>685,604</u>
					-
Excess revenues over (under) expenditures	<u>(5,511,892)</u>	<u>(5,879,688)</u>	<u>(4,014,592)</u>	<u>1,865,096</u>	<u>(367,796)</u>
					-
<b>Other financing sources (uses)</b>					
Impact fees	1,000,000	1,500,000	1,523,906	23,906	500,000
Indirect services	6,105,127	6,240,021	6,196,519	(43,502)	134,894
Transfers in	2,368,025	-	2,368,025	2,368,025	(2,368,025)
Transfers out	(5,084,425)	(5,921,425)	(5,666,633)	254,792	(837,000)
Total other financing sources and uses	<u>4,388,727</u>	<u>1,818,596</u>	<u>4,421,817</u>	<u>2,603,221</u>	<u>(2,570,131)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (1,123,165)</u>	<u>\$ (4,061,092)</u>	407,225	<u>\$ 4,468,317</u>	<u>\$ (2,937,927)</u>
Fund balances - beginning of year			13,674,520		
Fund balances - end of year			<u>\$ 14,081,745</u>		



**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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
<b>REVENUES</b>				
Interfund charges for services	\$ 1,941,885	\$ 1,941,885	\$ 1,941,885	\$ -
Interest income	-	-	95,056	95,056
Total revenues	<u>1,941,885</u>	<u>1,941,885</u>	<u>2,036,941</u>	<u>95,056</u>
<b>EXPENDITURES</b>				
Current:				
Construction of Buildings	250,000	250,000	22,523	(227,477)
Debt Service:				
Principal retirement	1,262,000	1,262,000	1,262,000	-
Interest and fiscal charges	673,984	673,984	678,001	4,017
Total expenditures	<u>2,185,984</u>	<u>2,185,984</u>	<u>1,962,524</u>	<u>(223,461)</u>
Excess revenues over (under) expenditures	<u>(244,099)</u>	<u>(244,099)</u>	<u>74,418</u>	<u>318,517</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (244,099)</u>	<u>\$ (244,099)</u>	74,418	<u>\$ 318,517</u>
Fund balances - beginning of year			624,108	
Fund balances - end of year			<u>\$ 698,526</u>	

**Spanish Fork City**  
**Statement of Net Position – Proprietary Funds**  
**As of June 30, 2025**

	Business-Type Activities - Enterprise Funds							Governmental Activities - Internal Service
	Water	Sewer	Electric	Broadband	Streets & Storm Drain	Non Major Enterprise Funds	Total	Fund
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 2,293,363	\$ 24,221,619	\$ 18,465,888	\$ 6,113,746	\$ 2,702,296	\$ 1,841,628	\$ 55,638,540	\$ 4,864,708
Accounts receivable	941,762	803,286	3,418,162	973,777	576,299	333,084	7,046,370	-
Interfund receivable	1,393,092	-	1,631,087	-	-	-	3,024,179	-
Allowance for doubtful accounts	(9,408)	(2,825)	(24,741)	(5,616)	(488)	(1,730)	(44,808)	-
Due from other funds	245,258	2,291,550	1,956,524	578,407	388,968	174,155	5,634,862	460,238
Inventory	4,500	3,500	8,240,352	-	-	39,131	8,287,483	-
Total current assets	<b>4,868,567</b>	<b>27,317,130</b>	<b>33,687,272</b>	<b>7,660,314</b>	<b>3,667,075</b>	<b>2,386,268</b>	<b>79,586,626</b>	<b>5,324,946</b>
Noncurrent assets:								
Restricted cash and equivalents	299,004	-	2,214,514	-	1,409,083	-	3,922,601	-
Net Pension Asset	10,779	7,063	21,042	20,358	11,660	1,821	72,723	2,991
Capital Assets:	-	-	-	-	-	-	-	-
Land	870,483	1,746,388	975,096	-	13,031,865	2,854,779	19,478,611	-
Water rights	8,652,123	-	-	-	-	-	8,652,123	-
Buildings	2,546,143	589,108	2,092,869	2,119,003	416,473	201,092	7,964,688	1,374,524
Improvements	144,329,484	195,655,624	90,444,289	15,695,355	242,238,812	20,502,030	708,865,594	-
Equipment	3,045,731	2,353,875	209,289	7,273,898	307,284	631,063	13,821,140	29,435,439
Less: accumulated depreciation	(58,101,812)	(37,278,418)	(27,720,775)	(12,828,437)	(85,738,507)	(7,509,099)	(229,177,048)	(14,850,838)
Other Assets:	-	-	-	-	-	-	-	-
Note receivable from Mapleton City	-	22,260,750	-	-	-	-	22,260,750	-
Equity in joint venture	-	-	-	-	-	2,037,654	2,037,654	-
Total noncurrent assets	<b>101,651,935</b>	<b>185,334,390</b>	<b>68,236,324</b>	<b>12,280,177</b>	<b>171,676,670</b>	<b>18,719,340</b>	<b>557,898,836</b>	<b>15,962,116</b>
Total assets	<b>106,520,502</b>	<b>212,651,520</b>	<b>101,923,596</b>	<b>19,940,491</b>	<b>175,343,745</b>	<b>21,105,608</b>	<b>637,485,462</b>	<b>21,287,062</b>
Deferred Outflows of Resources Due to Pensions	259,582	170,086	506,732	490,254	280,784	66,004	1,773,442	72,020
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<b>\$ 106,780,084</b>	<b>\$ 212,821,606</b>	<b>\$ 102,430,328</b>	<b>\$ 20,430,745</b>	<b>\$ 175,624,529</b>	<b>\$ 21,171,612</b>	<b>\$ 639,258,904</b>	<b>\$ 21,359,082</b>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	\$ 116,425	2,153,450	\$ 2,663,620	\$ 340,554	\$ 802,908	\$ 330,797	\$ 6,407,754	\$ 510,724
Accrued interest payable	48,622	763,567	-	-	-	-	812,189	-
Compensated absences payable	186,499	122,200	364,066	352,228	201,732	47,421	1,274,146	51,743
Customer deposits	59,939	-	416,526	-	61,319	-	537,784	-
Final inspection deposits	-	-	1,797,988	-	-	-	1,797,988	-
Connector agreements	-	15,166	-	-	859,301	-	874,467	-
Bonds payable - current portion	708,000	4,260,000	-	-	-	-	4,968,000	-
Total current liabilities	<b>1,119,485</b>	<b>7,314,383</b>	<b>5,242,200</b>	<b>692,782</b>	<b>1,925,260</b>	<b>378,218</b>	<b>16,672,328</b>	<b>562,467</b>
Noncurrent liabilities:								
Cash held on behalf of Mapleton City	-	3,537,150	-	-	-	-	3,537,150	-
Net pension liability	218,095	142,902	425,744	411,900	235,908	54,534	1,489,083	60,509
Construction retainage payable	-	4,825,001	-	-	-	-	4,825,001	-
Bonds payable	9,154,000	107,370,000	-	-	-	-	116,524,000	-
Bond premiums	998,587	11,210,288	-	-	-	-	12,208,875	-
Total noncurrent liabilities	<b>10,370,682</b>	<b>127,085,341</b>	<b>425,744</b>	<b>411,900</b>	<b>235,908</b>	<b>54,534</b>	<b>138,584,109</b>	<b>60,509</b>
Total liabilities	<b>11,490,167</b>	<b>134,399,724</b>	<b>5,667,944</b>	<b>1,104,682</b>	<b>2,161,168</b>	<b>432,752</b>	<b>155,256,437</b>	<b>622,976</b>
Deferred Inflows of Resources Due to Pensions	15,171	9,941	29,616	28,653	16,410	3,858	103,649	4,209
<b>Net Position</b>								
Net investment in capital assets, net of related debt	91,719,217	51,436,577	66,000,768	12,259,819	170,255,927	16,679,865	408,352,173	15,959,125
Restricted for:	-	-	-	-	1,409,083	-	1,409,083	-
Impact fees	-	-	-	-	1,409,083	-	1,409,083	-
Bond requirements	239,065	-	-	-	-	-	239,065	-
Unrestricted	3,316,464	26,975,364	30,732,000	7,037,591	1,781,941	4,055,137	73,898,497	4,772,772
Total Net Position	<b>\$ 95,274,746</b>	<b>\$ 78,411,941</b>	<b>\$ 96,732,768</b>	<b>\$ 19,297,410</b>	<b>\$ 173,446,951</b>	<b>\$ 20,735,002</b>	<b>483,898,818</b>	<b>\$ 20,731,897</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:							8,837,157	
Net Position from business-type activities:							<b>\$ 492,735,975</b>	

**Spanish Fork City**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

	Business-Type Activities - Enterprise Funds						Governmental Activities- Internal Service Fund
	Water	Sewer	Electric	Broadband	Streets & Storm Drain	Non Major Enterprise Funds	Total Enterprise Funds
Operating Revenues:							
Charges for sales and services	\$ 7,857,988	\$ 8,935,968	\$ 38,162,610	\$ 10,945,473	\$ 3,312,337	\$ 4,664,990	\$ 73,879,366
Other income	1,184,354	1,371,930	-	-	6,329,527	321,069	9,206,880
Total operating revenues	<u>9,042,342</u>	<u>10,307,898</u>	<u>38,162,610</u>	<u>10,945,473</u>	<u>9,641,864</u>	<u>4,986,059</u>	<u>83,086,246</u>
Operating Expenses:							
Water assessment	594,331	-	-	-	-	-	594,331
Power purchases	-	-	20,287,134	-	-	-	20,287,134
Landfill fees	-	-	-	-	-	2,557,196	2,557,196
Employee salaries	1,995,790	1,262,565	3,409,525	3,472,340	2,095,748	660,979	12,896,947
Materials and supplies	525,713	463,052	2,822,485	451,872	464,018	452,990	5,180,130
Repairs and maintenance	169,200	229,945	13,092	50,355	28,626	66,963	558,181
Professional services	884,272	1,151,664	2,816,643	2,462,814	4,513,353	597,823	12,426,569
Motorpool charges	424,737	392,692	536,349	254,581	1,031,206	57,715	2,697,280
Utilities and rent	212,992	397,107	248,445	1,016,132	50,417	59,014	1,984,107
Insurance	37,820	30,225	84,268	56,714	36,853	21,746	267,626
Depreciation	3,550,815	4,724,852	2,300,320	933,568	6,177,878	463,269	18,150,702
Indirect services	1,945,442	1,273,904	1,405,004	349,266	892,537	330,366	6,196,519
Sundry charges	-	37,362	16,440	157	-	31,604	85,563
Training	44,218	26,369	55,263	10,242	19,227	-	155,319
Total operating expenses	<u>10,385,330</u>	<u>9,989,737</u>	<u>33,994,968</u>	<u>9,058,041</u>	<u>15,309,863</u>	<u>5,299,665</u>	<u>84,037,604</u>
Operating income	<u>(1,342,988)</u>	<u>318,161</u>	<u>4,167,642</u>	<u>1,887,432</u>	<u>(5,667,999)</u>	<u>(313,606)</u>	<u>(951,358)</u>
Nonoperating revenues (expenses):							
Interest revenue	189,339	2,130,168	964,851	248,047	142,531	80,368	3,755,304
Impact fees and water right fees	3,517,224	1,806,988	3,097,873	-	5,486,154	-	13,908,239
Change in joint venture equity	-	-	-	-	-	(672,960)	(672,960)
Contributions from private contractors	2,374,117	1,596,796	826,055	-	5,416,160	-	10,213,128
Grant proceeds	-	400,000	-	-	799,858	611,293	1,811,151
Contributed Assets	5,093,560	9,545,924	6,941,213	-	4,532,956	-	26,113,653
Gain(loss) on sale of fixed assets	-	-	(209,815)	-	-	-	(209,815)
Pension benefit expense	150,255	90,480	282,276	280,839	158,210	36,729	998,789
Pension expense	(182,044)	(119,281)	(355,370)	(343,814)	(196,913)	(46,288)	(1,243,710)
Interest expense	(260,174)	(3,173,806)	-	-	-	-	(3,433,980)
Total nonoperating revenues (expenses)	<u>10,882,277</u>	<u>12,277,269</u>	<u>11,547,083</u>	<u>185,072</u>	<u>16,338,956</u>	<u>9,142</u>	<u>51,239,799</u>
Income (loss) before operating transfers	<u>9,539,289</u>	<u>12,595,430</u>	<u>15,714,725</u>	<u>2,072,504</u>	<u>10,670,957</u>	<u>(304,464)</u>	<u>50,288,441</u>
Operating Transfers from (to) Other Funds							
Operating transfers out	(353,000)	(155,025)	(2,014,503)	(450,000)	(25,000)	(50,000)	(3,047,528)
Total contributions and operating transfers	<u>(353,000)</u>	<u>(155,025)</u>	<u>(2,014,503)</u>	<u>(450,000)</u>	<u>(25,000)</u>	<u>(50,000)</u>	<u>(3,047,528)</u>
Change in Net Position	9,186,289	12,440,405	13,700,222	1,622,504	10,645,957	(354,464)	47,240,913
Total Net Position - beginning	86,088,457	65,971,536	83,032,546	17,674,906	162,800,994	21,089,466	436,657,905
Prior period adjustment	-	-	-	-	-	-	-
Total Net Position - ending	<u>\$ 95,274,746</u>	<u>\$ 78,411,941</u>	<u>\$ 96,732,768</u>	<u>\$ 19,297,410</u>	<u>\$ 173,446,951</u>	<u>\$ 20,735,002</u>	<u>\$ 483,898,818</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:							589,152
Change in Net Position of business-type activities:							<u>\$ 47,830,065</u>

# Spanish Fork City

## Statement of Cash Flows

### Proprietary Funds

### For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds						
	Water Fund	Sewer Fund	Electric Fund	Broadband Fund	Streets & Storm Drain Fund	Non Major Enterprise Funds	Total Enterprise Funds
<b>Cash Flows From Operating Activities</b>							
Receipts from customers	\$ 7,667,209	\$ 8,866,838	\$ 37,688,540	\$ 10,960,623	\$ 3,324,597	\$ 4,647,316	\$ 73,155,123
Other cash receipts	1,184,354	1,371,930	-	-	6,329,527	321,069	9,206,880
Payments to suppliers	(5,719,315)	(6,753,003)	(31,333,861)	(4,588,322)	(7,900,477)	(4,225,342)	(60,520,320)
Payments to employees	(1,987,177)	(1,277,507)	(3,421,214)	(3,463,657)	(2,097,580)	(662,605)	(12,909,740)
Net cash provided (used) by operating activities	1,145,071	2,208,258	2,933,465	2,908,644	(343,933)	80,438	8,931,943
<b>Cash Flows From Noncapital Activities</b>							
Decrease (increase) in due from other funds	(245,258)	(2,291,550)	(1,956,524)	(578,407)	(388,968)	(174,155)	(5,634,862)
Advances from other funds	185,559	-	309,580	-	-	-	495,139
Transfers in (out)	(353,000)	(155,025)	(2,014,503)	(450,000)	(25,000)	(49,999)	(3,047,527)
Net cash provided (used) by noncapital activities	(412,699)	(2,446,575)	(3,661,447)	(1,028,407)	(413,968)	(224,154)	(8,187,250)
<b>Cash Flows From Capital and Related Financing Activities</b>							
Decrease (increase) of Notes Receivable	-	(139,583)	-	-	-	-	(139,583)
Increase (decrease) of Cash Held on Behalf of Mapleton City	-	(5,861,350)	-	-	-	-	(5,861,350)
Purchases of capital assets	(5,897,153)	(30,579,899)	(3,297,270)	(893,358)	(10,595,420)	(685,674)	(51,948,774)
Principal payments on capital debt	(676,000)	(2,925,000)	-	-	-	-	(3,601,000)
Proceeds from bond issuance	-	4,400,000	-	-	-	-	4,400,000
Interest paid on capital debt	(343,390)	(3,869,893)	-	-	-	-	(4,213,283)
Contributions from (reimbursements to) private contractors	2,374,117	1,596,796	826,055	-	5,416,160	-	10,213,128
Impact fees collected	3,517,224	1,806,988	3,097,873	-	5,486,154	-	13,908,239
Grant proceeds	-	400,000	-	-	799,858	611,293	1,811,151
Net cash provided (used) by capital and related financing activities	(1,025,202)	(35,171,941)	626,658	(893,358)	1,106,752	(74,381)	(35,431,472)
<b>Cash Flows From Investing Activities</b>							
Interest and dividends received	189,339	2,130,168	964,851	248,047	142,531	80,367	3,755,303
Net cash provided (used) by investing activities	189,339	2,130,168	964,851	248,047	142,531	80,367	3,755,303
Net increase (decrease) in cash and cash equivalents	(103,491)	(33,280,090)	863,527	1,234,926	491,382	(137,730)	(30,931,476)
Cash and cash equivalents, July 1	2,695,858	57,501,709	19,816,875	4,878,820	3,619,997	1,979,358	90,492,617
Prior Period Adjustment							
Cash and cash equivalents, June 30	<u>\$ 2,592,367</u>	<u>24,221,619</u>	<u>\$ 20,680,402</u>	<u>\$ 6,113,746</u>	<u>4,111,379</u>	<u>\$ 1,841,628</u>	<u>\$ 59,561,141</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>							
Operating income	\$ (1,342,988)	318,161	\$ 4,167,642	\$ 1,887,432	(5,667,999)	\$ (313,606)	\$ (951,358)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	3,550,815	4,724,852	2,300,320	933,568	6,177,878	463,269	18,150,702
(Increase) decrease in accounts receivable	(190,779)	(69,130)	(474,070)	15,150	12,260	(17,674)	(724,243)
Decrease (increase) in inventory	-	-	(3,139,431)	-	-	15,493	(3,123,938)
Increase (decrease) in accrued liabilities	(882,029)	(2,759,113)	681,171	63,811	74,053	(65,418)	(2,887,525)
Increase (decrease) in compensated absences	8,613	(14,942)	(11,689)	8,683	(1,832)	(1,626)	(12,793)
Increase (decrease) in customer deposits	1,439	8,430	(590,478)	-	(938,293)	-	(1,518,902)
Total adjustments	2,488,059	1,890,097	(1,234,177)	1,021,212	5,324,066	394,044	9,883,301
Net cash provided (used) by operating activities	<u>\$ 1,145,071</u>	<u>2,208,258</u>	<u>\$ 2,933,465</u>	<u>\$ 2,908,644</u>	<u>(343,933)</u>	<u>80,438</u>	<u>\$ 8,931,943</u>

**Spanish Fork City  
Statement of Net Position  
Fiduciary Fund  
As of June 30, 2025**

	<u>Custodial Funds</u>
	Fire
	Retirement
	<u>Capital Fund</u>
<b>ASSETS</b>	
Cash and equivalents	<u>\$ 108,566</u>
Total assets	<u><b>\$ 108,566</b></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Net position:	
Deferred compensation	<u>\$ 108,566</u>
Total net position	<u>\$ 108,566</u>
Total liabilities and net position	<u><b>\$ 108,566</b></u>

**Spanish Fork City**  
**Statement of Changes in Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2025**

	<u>Custodial Funds</u>
	Fire
	Retirement
	<u>Capital Fund</u>
<b>REVENUES:</b>	
Employer contribution	111,000
Interest income	<u>5,776</u>
Total	<u><b>116,776</b></u>
<b>EXPENDITURES:</b>	
Retirement payments	<u>125,437</u>
Total	<u>125,437</u>
Excess of revenues over (under) expenditures	<u>(8,661)</u>
Net position - beginning of year	<u>117,227</u>
Net position - end of year	<u><b>108,566</b></u>

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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, 2025 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	\$ 1,932,763	\$ 824,729	\$ 2,757,492
Sick Leave Liability	1,094,499	449,417	1,543,916
Total Compensated Absences	<u>\$ 3,027,262</u>	<u>\$ 1,274,146</u>	<u>\$ 4,301,408</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, 2025, 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, 2025, 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, 2025, the City had **\$121,492,000** 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, 2025.

## 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 22<sup>nd</sup>, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1<sup>st</sup>.
- 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, 2025, The City’s custodial credit risk for deposits is as follows:

		Balance June 30, 2025
Depository Accounts	<u>Custodial Credit Risk</u>	
	Insured	\$ 250,000
	Uninsured and uncollateralized	4,655,969
	Total Depository Accounts	<u>\$ 4,905,969</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, 2025, Spanish Fork City had the following recurring fair value measurements:

Security Type Category	Level 1	Level 2	Level 3	Other	Total
Agency	\$ 7,538,675	\$ -	\$ -	\$ -	\$ 7,538,675
CD	-	29,014,418			29,014,418
Corporate	-	13,328,873	-	-	13,328,873
Currency	2,752	-	-	-	2,752
MM Fund	182,897	-	-	-	182,897
US Gov	3,701,436	-	-	-	3,701,436
Total Fair Value	\$ 11,425,759	\$ 42,343,291	\$ -	\$ -	\$ 53,769,051

\* Not recorded at fair value as it is not a true investment and will only receive book value not

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

For securities that generally have market prices from multiple sources, it can be challenging to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a weighted average price for each security. Spanish Fork City receives market prices for these securities from a variety of industry-standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, Spanish Fork City uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

- U.S. Treasuries, Money Markets, U.S. Agencies: quoted prices for identical securities in markets that are active;

Debt securities classified in Level 2 are valued using the following approaches

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities’ relationship to benchmark quoted prices;
- Bond Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers’ Investment Fund: application of the June 30, 2025, fair value factor, as calculated by the Utah State Treasurer, to Spanish Fork City’s average daily balance in the fund; and,
- Donated Real Estate: recent appraisals of the real estate’s value.

*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, 2025, Spanish Fork City's investments had the following maturities:

	Fair Value	Investment Maturity in Years- Fair Value			
		Less Than 1	1-3	3-5	More Than 5
Cash	\$ 2,752	\$ 2,752	\$ -	\$ -	\$ -
CD	29,107,829	9,820,740	16,417,766	2,869,323	-
AGCY BOND	7,643,420		2,436,459	5,206,961	-
Corp	11,919,435	1,506,879	10,412,556	-	-
MM Fund	182,897	182,897	-	-	-
T-BILL	-		-	-	-
US Gov	3,738,174	1,145,512	798,531	1,794,131	-
Yankee	1,509,276	1,509,276		-	-
Total Fair Value	\$ 54,103,783	\$ 14,168,057	\$ 30,065,312	\$ 9,870,415	\$ -

	Book Value	Investment Maturity in Years- Book Value			
		Less Than 1	1-3	3-5	More Than 5
Cash	\$ 2,752	\$ 2,752	\$ -	\$ -	\$ -
CD	28,832,397	9,787,460	16,209,809	2,835,128	-
AGCY BOND	7,541,388		2,400,000	5,141,388	-
Corp	11,829,244	1,500,107	10,329,137	-	-
MM Fund	182,897	182,897	-	-	-
T-BILL	-		-	-	-
US Gov	3,694,980	1,150,759	796,867	1,747,354	-
Yankee	1,499,429	1,499,429		-	-
Total Book Value	\$ 53,583,088	\$ 14,123,404	\$ 29,735,813	\$ 9,723,871	\$ -

**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, 2025, Spanish Fork City's investments had the following quality ratings:

Rating	Investment Ratings	
	Book Value	Market Value Plus Accrued
AAA	\$ 11,564,717	\$ 11,563,300
AA+	747,256	755,842
AA	1,260,610	1,262,519
AA-	4,187,425	4,198,952
A+	5,854,950	5,861,582
A	2,923,138	2,921,121
A-	1,977,051	1,968,366
BBB-	240,069	242,339
NA	25,159,853	25,327,009
---	2,752	2,752
	\$ 53,917,821	\$ 54,103,783

**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, 2025, 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	\$	31,175,896
Investments		91,893,502
Cash on Hand		3,058
Total	\$	<u>123,072,456</u>
<b>Government-Wide</b>		
Cash & Cash Equivalents	\$	95,099,222
Restricted Cash & Cash Equivalents		27,864,668
Fiduciary Restricted Cash		108,566
Total	\$	<u>123,072,456</u>
Net Cash on Statement of Net Position	\$	122,963,890
Fiduciary Restricted Cash		108,566
Total	\$	<u>123,072,456</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, 2025 are as follows:

<b>Type of Restricted Asset</b>	<b>Cash/Time Deposites</b>	<b>Investments</b>	<b>Accrued Int</b>	<b>Total</b>
<b>Business-Type Activities:</b>				
Customer deposits	\$ 476,465	\$ -	\$ -	\$ 476,465
Storm drainage impact fees	1,409,083	-	-	1,409,083
Water bond requirements	239,065	-	-	239,065
Final inspection deposits	1,797,988	-	-	1,797,988
Total	3,922,601	-	-	3,922,601
<b>Governmental Activities:</b>				
Developer escrows	12,067,321	-	-	12,067,321
Final inspection deposits	6,617,868	-	-	6,617,868
LBA Construction	637,897	-	-	637,897
Debt services	2,414,988	-	-	2,414,988
RAP programs	1,289,770	-	-	1,289,770
RDA requirements	914,223	-	-	914,223
Total	23,942,067	-	-	23,942,067
Grand Total	\$ 27,864,668	\$ -	\$ -	\$ 27,864,668

### 3.C. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities and of the governmental activities at June 30, 2025 were as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Accounts receivables	\$ 257,909	\$ 7,046,370	\$ 7,304,279
Sale of land	-	-	-
Reimbursements	22,531,859	-	22,531,859
Property tax	5,433,358	-	5,433,358
Other tax	3,128,773	-	3,128,773
Allowance for doubtful accounts	-	(44,808)	(44,808)
Net accounts receivable	\$ 31,351,899	\$ 7,001,562	\$ 38,353,461



### 3.D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance at 6/30/2024	Additions	Disposals/ Transfers	Balance at 6/30/2025
<b>Governmental Activities:</b>				
Land (not being depreciated)	24,361,597	2,363,962	-	26,725,559
Buildings	104,729,937	33,034,625	-	137,764,562
Improvements	34,035,321	1,083,620	-	35,118,941
Machinery and equipment	28,905,880	4,313,285	(2,323,999)	30,895,166
Infrastructure	21,038,166	-	-	21,038,166
Totals at historical cost	213,070,901	40,795,492	(2,323,999)	251,542,394
Less accumulated depreciation				
Buildings	(20,622,809)	(3,079,998)	-	(23,702,807)
Improvements	(13,774,900)	(1,078,103)	-	(14,853,003)
Machinery and equipment	(13,995,890)	(3,316,118)	2,026,968	(15,285,040)
Infrastructure	(2,683,790)	(616,997)	-	(3,300,787)
Total accumulated depreciation	(51,077,389)	(8,091,216)	2,026,968	(57,141,637)
Governmental Activities: capital assets, net	161,993,511	32,704,276	(297,031)	194,400,757
<b>Business-Type Activities</b>				
Land (not being depreciated)	16,744,170	2,734,441	-	19,478,611
Water shares (not being depreciated)	8,022,282	629,841	-	8,652,123
Buildings and structures	7,826,397	138,290	-	7,964,687
Improvements	633,607,213	75,594,195	(335,812)	708,865,596
Machinery and equipment	13,780,029	910,465	(869,352)	13,821,142
Totals at historical cost	679,980,091	80,007,232	(1,205,164)	758,782,159
Less accumulated depreciation				
Buildings and structures	(4,368,294)	(208,220)	-	(4,576,514)
Improvements	(195,984,610)	(17,493,977)	125,997	(213,352,590)
Machinery and equipment	(11,668,794)	(448,505)	869,352	(11,247,947)
Total accumulated depreciation	(212,021,698)	(18,150,702)	995,349	(229,177,051)
Business-Type Activities: capital assets, net	467,958,393	61,856,530	(209,815)	529,605,108

Depreciation expense was charged to governmental activities as follows:

<b>Governmental Activities:</b>	
General government	\$ 25,883
Public safety	845,569
Parks	3,573,931
Governmental portion of internal service fund	3,227,463
<b>Total depreciation expense</b>	<b>\$ 8,091,216</b>
 <b>Business-Type Activities</b>	
Water	\$ 3,550,815
Electric	4,724,852
Sewer	2,300,320
Broadband	933,568
Garbage	7,774
Streets and storm drainage	6,177,878
Gun club	6,669
Airport	448,826
<b>Total depreciation expense</b>	<b>\$ 18,150,702</b>

### 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:

	Unavailable	Unearned
Deferred property tax	\$ 5,433,250	\$ -
Deferred inflows - pension	298,393	-
Total deferred inflows of resources for governmental funds	<b>\$ 5,731,643</b>	<b>\$ -</b>

### 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, 2025, 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	\$ 3,175,000
Local Building Authority Bond Series 2021, Dated February 25, 2021 (Original amount \$20,120,000)	.85%-2.4%	March 15, 2041	16,495,000
Local Building Authority Bond Series 2022, Dated May 20, 2022 (Original amount \$12,000,000)	2.2%-4.55%	March 15, 2042	10,932,000
Sales Tax Revenue Bond Series 2024, Dated April 24, 2024 (Original amount \$58,340,000)	0.75%-5%	April 15, 2049	<u>57,575,000</u>
Total Bonds Payable Government Activities			88,177,000
			<u>(3,591,000)</u>
Total Long term portion of bonds payable- government activities			<u>\$ 84,586,000</u>

***Business-type Activities:***

As of June 30, 2025, 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	\$ 802,000
Sewer Revenue Bonds Series 2020, Dated August 5, 2020 (Original Amount \$73,345,000)	1.8-5%	September 1, 2040	67,625,000
Water Revenue Bonds Series 2020, Dated November 5, 2020 (Original Amount \$10,685,000)	2-5%	June 1, 2037	9,060,000
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>121,492,000</u>
		Less current portion	<u>(4,968,000)</u>
Total Long term portion of bonds payable- business-type activities			<u><u>\$ 116,524,000</u></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, 2025:

Type of Debt	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
Governmental activities:				
Bonds:				
Bonds payable	\$ 91,694,000	\$ -	\$ (3,517,000)	\$ 88,177,000
<b>Total bonds:</b>	<b>91,694,000</b>	<b>-</b>	<b>(3,517,000)</b>	<b>88,177,000</b>
Direct borrowings	10,064,242	-	(64,242)	10,000,000
<b>Total direct borrowings:</b>	<b>10,064,242</b>	<b>-</b>	<b>(64,242)</b>	<b>10,000,000</b>
Compensated absences	2,818,190	209,072	-	3,027,262
<b>Total - Governmental Activities</b>	<b>\$ 104,576,432</b>	<b>\$ 209,072</b>	<b>\$ (3,581,242)</b>	<b>\$ 101,204,262</b>
Business-type Activities:				
Bonds:				
Bonds payable	\$ 125,093,000	\$ -	\$ (3,601,000)	\$ 121,492,000
<b>Total bonds:</b>	<b>125,093,000</b>	<b>-</b>	<b>(3,601,000)</b>	<b>121,492,000</b>
Compensated absences	1,286,934	-	(12,788)	1,274,146
<b>Total - Business-type Activities</b>	<b>\$ 126,379,934</b>	<b>\$ -</b>	<b>\$ (3,613,788)</b>	<b>\$ 122,766,146</b>
Due Within One Year	\$ 6,417,242	\$ (8,559,000)	\$ (6,417,242)	\$ (8,559,000)

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, 2025 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Bonds Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
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	2,542,000	3,136,409	5,960,000	3,467,194
2030-2034	15,233,000	14,323,637	34,034,000	14,380,750
2035-2039	20,527,000	11,157,231	37,554,000	8,275,509
2040-2044	20,582,000	6,612,819	24,401,000	3,106,232
2045-2049	19,510,000	2,577,688	3,459,000	251,233
Total	<u>\$ 88,177,000</u>	<u>\$ 47,804,019</u>	<u>\$ 121,492,000</u>	<u>\$ 41,501,398</u>

\*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
<b>Governmental Activities:</b>		
General fund	\$ 2,368,025	\$ (5,666,633)
RAP Tax fund	-	(1,000,000)
Local Building Authority fund	-	-
RDA fund	123,633	-
Debt service fund	4,186,045	-
Land acquisition fund	2,968,000	(750,000)
Golf course improvements fund	312,000	-
Recreation center fund	300,000	-
<b>Total Governmental Activities</b>	<b>11,007,703</b>	<b>(7,960,175)</b>
<b>Business-Type Activities:</b>		
Major Funds:		
Water fund	-	(353,000)
Sewer fund	-	(155,025)
Electric fund	-	(2,014,503)
Streets & Storm Drain	-	(25,000)
Broadband fund	-	(450,000)
Non-Major Funds:		
Airport fund	-	-
Garbage fund	-	(50,000)
<b>Total Business-Type Activities</b>	<b>-</b>	<b>(3,047,528)</b>
<b>Grand Totals</b>	<b>\$ 11,007,703</b>	<b>\$ (11,007,703)</b>

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
<b>Major business-type activities:</b>		
Water fund	\$ 1,945,442	\$ -
Sewer fund	1,273,904	-
Broadband fund	349,266	-
Electric fund	1,405,004	-
Strom drain fund	892,537	-
<b>Non-major business-type activities:</b>		
Garbage fund	235,469	-
Airport fund	94,897	-
<b>Major governmental activities:</b>		
General fund	-	6,196,519
<b>Total</b>	<b>\$ 6,196,519</b>	<b>\$ 6,196,519</b>

### 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 **\$20,731,897** on June 30, 2025. The Business Type Activity Funds share of this fund balance is **\$8,837,157**. This amount is reflected in the internal balances on the Statement of Net Position.

***Internal Balances Reconciliation:***

Interfund Loans	\$ 3,024,179
Due from Governmental Funds to Business-Type Funds	5,634,862
Internal Service Fund Balance Allocation	<u>8,837,157</u>
Total Internal Balances	<u><u>\$ 17,496,198</u></u>



	<u>Due to</u>	<u>Due from</u>
<b>Governmental Funds:</b>		
Major Funds:		
General fund	\$ -	\$ 2,786,021
Local Building Authority fund		60,350
Capital projects fund - Parks Construction		225,734
Capital projects fund - Land acquisition		647,776
Capital projects fund - Rec Center Construction		1,302,261
Capital projects fund - Verk Industrial Park	11,632,972	-
Non-Major Funds:		
Recreation, Arts, & Parks fund		122,022
Debt service fund		228,476
RDA Subfund - North Industrial		16,487
RDA Subfund - Sierra Bonita		15,872
RDA Subfund - Housing		32,586
RDA Subfund - Admin		21,547
Capital projects fund - Golf course		2,989
Capital projects fund - Trails		13,227
Capital projects fund - Fire station		62,523
<b>Total Governmental Funds</b>	<u><b>11,632,972</b></u>	<u><b>5,537,871</b></u>
<b>Business-Type Funds:</b>		
Major Funds:		
Water fund		\$ 245,258
Sewer fund		2,291,550
Electric fund		1,956,524
Airport fund		16,532
Broadband services		578,407
Non-Major Funds:		
Garbage fund		146,389
Strom drainage fund		388,968
Gun club fund		11,234
<b>Total Business-Type Funds</b>	<u><b>-</b></u>	<u><b>5,634,862</b></u>
<b>Internal Service Fund:</b>		
Motorpool fund		460,238
<b>Total Internal Service Fund</b>	<u><b>-</b></u>	<u><b>460,238</b></u>
<b>Grand Totals</b>	<u><u><b>\$ 11,632,972</b></u></u>	<u><u><b>\$ 11,632,972</b></u></u>

### 3.I. RESERVED FUND BALANCES

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

## NOTE 4. OTHER NOTES

### 4.A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other government in the State of Utah to form the Utah Risk Management Mutual Association (URMMA), a public entity risk pool currently operating as a common risk management insurance program for the Utah State governments. The City pays an annual premium to URMMA for its tort liability insurance coverage.

### 4.B. COMMITMENTS AND CONTINGENCIES

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

### 4.C. JOINT VENTURES

#### Utah Municipal Power Agency

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

Additional information is as follows:

a. Participants and their percentage shares:

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

- b. UMPA is governed by a Board of Directors which is comprised of six directors. The Mayor and City Council of each member-City appoints one director. All decisions of the Board are made by majority vote, except in specific decisions as described in the Inter-local Cooperation Agreement which stipulates that votes shall be by number of kilowatt hours sold. For Provo to prevail in a tie vote, they would need one additional city to vote with them.
- c. The UMPA Board of Directors governs the operations of the Agency through management employed by the Board. Since UMPA is subject to the same laws as the creating entities, it must follow State law for cities in the areas of fiscal management, budgeting, and financing.
- d. The UMPA 2025 financial information were not available prior to the issuance of these statements. June 30, 2024 audited statements are the most recent available. Audited summary financial information of UMPA at June 30, 2024 are as follows from UMPA:

	UMPA	Spanish Fork City's Share
Total assets & deferred outflows	<u>\$ 273,933,612</u>	<u>\$ 58,347,859</u>
Total liabilities & deferred inflows	<u>\$ 273,930,262</u>	<u>\$ 58,347,146</u>
Total net position	<u>\$ 3,350</u>	<u>\$ 714</u>
Total operating revenues	\$ 171,503,303	\$ 36,530,204
Total operating expenses	<u>(142,724,472)</u>	<u>(30,400,313)</u>
Net operating income	28,778,831	6,129,891.00
Net non-operating income (expenses)	<u>795,988</u>	<u>169,545</u>
Change in net assets	<u>\$ 29,574,819</u>	<u>\$ 6,299,436</u>
Deferred inflow of resources adj	(29,574,819)	(6,299,436)
Change in net position	<u>\$ -</u>	<u>\$ -</u>

- e. 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:
- |                                    |         |
|------------------------------------|---------|
| 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) | 0.00%   |
|                                    | 100.00% |
- 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, 2024 is as follows from SUVSWD:

	South Utah Valley Solid Waste District	Spanish Fork City's Share
Total assets & deferred outflows	<u>\$ 57,463,980</u>	<u>\$ 6,752,018</u>
Total liabilities & deferred inflows	<u>\$ 40,122,243</u>	<u>\$ 4,714,364</u>
Total net position	<u>\$ 17,341,737</u>	<u>\$ 2,037,654</u>
Total operating revenues	\$ 10,947,022	\$ 1,286,275
Total operating expenses	<u>11,374,359</u>	<u>1,336,487</u>
Net operating income	(427,337)	(50,212)
Total non-operating income (expenses)	<u>(5,299,986)</u>	<u>(622,748)</u>
Change in net assets	<u>\$ (5,727,323)</u>	<u>\$ (672,960)</u>

The joint venture has the following long-term debt:

Bonds Payable	\$ 33,570,000	\$ 3,944,475
Bond Premium	3,236,408	380,278
Right to use Lease liability	61,301	7,203
Accrued compensated absences	301,986	35,483
Net pension liability	310,307	36,461
Notes payable	-	-
Total long-term liabilities	<u>\$ 37,480,002</u>	<u>\$ 4,403,900</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. 14,356 water connections at June 30, 2025
3. Total culinary water billings for the year were \$3,856,644
4. Rate schedule 1

Base charge	\$11.65
Price per 1,000 gallons for usage over base is	\$1.16 - \$2.18
Connection/Impact fee (1 inch)	\$1,865.00

Rate schedule 2

Base charge	\$16.35
Price per 1,000 gallons for usage over base is	\$1.16 - \$2.18
Connection/Impact fee (1 inch)	\$1,865.00

#### 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	260,413
E. Krona CRA	-
Total Collected	<u>\$ 260,413</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	68,292
E. Krona CRA	111,270
Total Paid	<u>\$ 179,562</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	1,993,034
D. Administrative & contracted costs	256,427
Total Expended	<u>\$ 2,249,461</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](http://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
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years 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.

Contribution Rate Summary: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with and additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2025 are as follows:

Contribution Rate Summary

	Tier 1 - DB System			Tier 2 - DB Hybrid System				Tier 2 - 401(k) Option			
	Employee	Employer	ER104(k)	Tier 2 Fund	Employee	Employer	ER104(k)	Tier 2 Fund	Employee	Employer	ER104(k)
Noncontributory System 15 Local Government	-	16.97	-	111	0.70	15.19	-	211	-	5.19	10.00
Public Safety System 43 Other Div A 2.5% COLA	-	33.54	-	122	4.73	25.33	-	222	-	11.33	14.00
Firefighters System 31 Other Division A	15.05	1.61	-	132	4.73	14.08	-	232	-	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, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer Contribution	Employee Contribution
Noncontributory System	\$ 1,312,419	\$ -
Public Safety System	588,815	-
Firefighters System	12,676	114,362
Tier 2 Public Employee System	1,180,253	54,390
Tier 2 Public Safety and Firefighter	704,815	166,526
Tier 2 DC Only System	114,992	-
Tier 2 DC Public Safety and Firefighter System	25,041	-
Total	\$ 3,939,011	\$ 335,278

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, 2025, we reported a net pension liability of \$5,779,671 and a net pension asset of \$285,661.

	(Measurement Date): December 31, 2024				
	Net Pension Liability	Net Pension Asset	Proportionate Share	Proportionate Share December 31, 2023	Change (Decrease)
Noncontributory System	\$ 2,903,898	\$ -	0.9157339%	0.9209928%	-0.0052589%
Public Safety System	1,842,742	-	1.1909391%	1.1909122%	0.0000269%
Firefighters System	-	285,661	1.6262874%	1.3228092%	0.3034782%
Tier 2 Public Employees System	722,152	-	0.2421388%	0.2405570%	0.0015818%
Tier 2 Public Safety and Fire Fighter System	310,878	-	0.6873448%	0.5977583%	0.0895865%
	<u>\$ 5,779,670</u>	<u>\$ 285,661</u>			

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 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, 2025. We recognized a pension expense of **\$4,915,457**.

At June 30, 2025, 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	\$ 2,739,288	\$ 21,309
Changes in assumptions	678,655	4,956
Net difference between projected and actual earnings on pension plan investments	1,341,583	-
Changes in proportion and differences between contributions and proportionate share of contributions	128,694	375,783
Contributions subsequent to the measurement date	1,990,901	-
Total	<u>\$ 6,879,121</u>	<u>\$ 402,048</u>

**\$1,990,901** 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, 2024.

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>
2025	\$ 1,989,555
2026	2,323,312
2027	(431,337)
2028	5,020
2029	227,327
Thereafter	372,293

Actuarial assumptions: The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	2.50 percent
Salary increases	3.5-9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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%	7.01%	2.45%
Debt securities	20.00%	2.54%	0.51%
Real assets	18.00%	5.45%	0.98%
Private equity	12.00%	10.05%	1.21%
Absolute return	15.00%	4.36%	0.65%
Cash and cash equivalents	0.00%	0.49%	0.00%
Totals	100.00%		5.80%
	Inflation		2.50%
	Expected arithmetic nominal return		8.30%

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:

<b>System</b>	<b>1% Decrease (5.85%)</b>	<b>Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
Noncontributory System	\$12,281,108	\$ 2,903,898	\$ (4,960,545)
Public Safety System	5,661,168	1,842,742	(1,273,035)
Firefighters System	621,678	(285,661)	(1,025,491)
Tier 2 Public Employee System	2,156,894	722,152	(393,935)
Tier 2 Public Safety and Firefighter	1,060,066	310,878	(288,109)
<b>Total</b>	<b>\$21,780,914</b>	<b>\$ 5,494,009</b>	<b>\$ (7,941,115)</b>

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 30th were as follows:

	2025	2024	2023
<b>401 (k) Plan</b>			
Employer Contributions	\$ 411,708	\$ 237,995	\$ 166,515
Employee Contributions	\$ 208,673	\$ 148,093	\$ 106,521
<b>457 Plan</b>			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 145,866	\$ 92,655	\$ 49,520
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 140,968	\$ 115,914	\$ 95,866
<b>Traditional IRA</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 2,950	\$ 1,050	\$ 675

#### 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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## **Notes to the Required Supplementary Information**

### **Changes in Assumptions Related to Pensions**

There were no changes in actuarial assumptions or methods since the prior actuarial valuation.

**Spanish Fork City  
Schedule of the Proportionate  
Share of the Net Pension Liability  
For the Year Ended June 30, 2025**

		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)	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%
	2025	0.9157339%	1.1909391%	1.6262874%	0.2421388%	0.6873448%
Proportionate share of the net pension liability (asset)	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
	2025	2,903,898	1,842,742	(285,661)	722,152	310,878
Covered Employee Payroll	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
	2025	7,911,217	1,772,207	690,876	7,172,617	3,137,527
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	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%
	2025	36.71%	103.98%	-41.35%	10.07%	9.91%
Plan fiduciary net position as a percentage of the total pension liability.	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%
	2025	96.02%	93.30%	104.64%	87.44%	90.10%

\* In accordance with paragraph 81 of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pens Liability (Asset) in their RSI.

**Spanish Fork City**  
**Schedule of Contributions (Pensions)**  
**For the Year Ended June 30, 2025**

	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	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%
	2025	1,312,419	1,312,419	-	7,803,232	16.82%
Public Safety System	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%
	2025	588,815	588,815	-	1,755,561	33.54%
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%
	2025	12,676	12,676	-	757,299	1.67%
Tier 2 Public Employees System*	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%
	2025	1,180,253	1,180,253	-	7,769,930	15.19%
Tier 2 Public Safety and Firefighter System'	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%
	2025	704,815	704,815	-	3,520,636	20.02%
Tier 2 Public Employees DC Only System*	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%
	2025	114,992	114,992	-	2,215,635	5.19%
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%
	2025	25,041	25,041	-	616,092	4.06%

\*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, 2025**

	<u>Special Revenue</u>		<u>Debt Service</u>		<u>Capital Projects</u>		Non-major
	RAP Tax	RDA	Debt Service	River Recla-	Golf Course	Fire Station	Governmental
	Fund	Fund	Fund	mation Fund	Impr. Fund	Construction Fund	Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 139,811	\$ 31,589	\$ 660,864	\$ 832,264
Due from other funds	122,022	86,493	228,476	13,227	2,989	62,523	515,730
Restricted Assets:							
Cash and cash equivalents	1,289,770	914,223	2,414,988	-	-	-	4,618,981
Total assets	<u><b>1,411,792</b></u>	<u><b>1,000,716</b></u>	<u><b>2,643,464</b></u>	<u><b>153,038</b></u>	<u><b>34,578</b></u>	<u><b>723,387</b></u>	<u><b>5,966,975</b></u>
<b>LIABILITIES</b>							
Accounts payable	-	-	-	-	-	2,957	2,957
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>2,957</b></u>	<u><b>2,957</b></u>
<b>FUND BALANCES</b>							
Restricted for:							
RAP programs	1,411,792	-	-	-	-	-	1,411,792
Redevelopment	-	1,000,716	-	-	-	-	1,000,716
Debt service	-	-	2,643,464	-	-	-	2,643,464
Committed for:							
Capital projects	-	-	-	153,038	34,578	720,430	908,046
Total fund balances	<u>1,411,792</u>	<u>1,000,716</u>	<u>2,643,464</u>	<u>153,038</u>	<u>34,578</u>	<u>720,430</u>	<u>5,964,018</u>
Total liabilities and fund balance	<u><b>\$ 1,411,792</b></u>	<u><b>\$ 1,000,716</b></u>	<u><b>\$ 2,643,464</b></u>	<u><b>\$ 153,038</b></u>	<u><b>\$ 34,578</b></u>	<u><b>\$ 723,387</b></u>	<u><b>\$ 5,966,975</b></u>

**Spanish Fork City**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2025**

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>			Total
	RAP Tax	RDA	Debt Service	River	Golf Course	Fire Station	Non-major
	Fund	Fund	Fund	Reclamation	Improvements	Construction Fund	Governmental
REVENUES:							Funds
Taxes	\$ 1,278,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,278,718
Grants	-	-	2,600,000	-	-	-	2,600,000
Sundry revenues	-	268,888	797,497	-	1,426	-	1,067,811
Interest income	85,642	63,172	85,339	-	-	-	234,153
Total revenues	<u>1,364,360</u>	<u>332,060</u>	<u>3,482,836</u>	<u>-</u>	<u>1,426</u>	<u>-</u>	<u>5,180,682</u>
EXPENDITURES:							
Current Expenditures:							
Professional Services	265	322,284	-	-	4	-	322,553
RAP Programs	1,099,522	-	-	-	-	-	1,099,522
RDA Programs	-	2,434	-	-	-	-	2,434
Debt service:							
Principal retirement	-	-	2,750,139	-	-	-	2,750,139
Interest and fiscal charges	-	-	2,808,847	-	-	-	2,808,847
Capital outlay	-	1,993,034	-	-	379,688	29,570	2,402,292
Total expenditures	<u>1,099,787</u>	<u>2,317,752</u>	<u>5,558,986</u>	<u>-</u>	<u>379,692</u>	<u>29,570</u>	<u>9,385,787</u>
Excess of revenues over (under) expenditures	<u>264,573</u>	<u>(1,985,692)</u>	<u>(2,076,150)</u>	<u>-</u>	<u>(378,266)</u>	<u>(29,570)</u>	<u>(4,205,105)</u>
Other financing sources (uses):							
Transfers In	-	123,633	4,186,045	-	312,000	750,000	5,371,678
Transfers (Out)	(1,000,000)	-	-	-	-	-	(1,000,000)
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>123,633</u>	<u>4,186,045</u>	<u>-</u>	<u>312,000</u>	<u>750,000</u>	<u>4,371,678</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(735,427)</u>	<u>(1,862,059)</u>	<u>2,109,895</u>	<u>-</u>	<u>(66,266)</u>	<u>720,430</u>	<u>166,573</u>
Fund balances - beginning 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>-</u>	<u>5,797,445</u>
Fund balances - end of year	<u>\$ 1,411,792</u>	<u>\$ 1,000,716</u>	<u>\$ 2,643,464</u>	<u>\$ 153,038</u>	<u>\$ 34,578</u>	<u>\$ 720,430</u>	<u>\$ 5,964,018</u>

**Spanish Fork City**  
**Combining Statement of Net Position**  
**Non-Major Proprietary Funds**  
**As of June 30, 2025**

	Business-Type Activities - Enterprise Funds			
	Airport Fund	Garbage Fund	Gun Club Fund	Total Other Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 174,747	\$ 1,547,328	\$ 119,553	\$ 1,841,628
Accounts receivable	-	333,084	-	333,084
Allowance for doubtful accounts	-	(1,730)	-	(1,730)
Due from other funds	16,532	146,389	11,234	174,155
Inventory	-	-	39,131	39,131
Total current assets	<u>191,279</u>	<u>2,025,071</u>	<u>169,918</u>	<u>2,386,268</u>
Noncurrent assets:				
Net pension asset	-	1,771	50	1,821
Capital Assets:				
Land	2,636,873	217,906	-	2,854,779
Buildings	9,413	163,563	28,116	201,092
Improvements	20,325,029	-	177,001	20,502,030
Equipment	46,738	483,230	101,095	631,063
Less: accumulated depreciation	(6,794,174)	(538,996)	(175,929)	(7,509,099)
Other Assets:				
Equity in joint venture	-	2,037,654	-	2,037,654
Total noncurrent assets	<u>16,223,879</u>	<u>2,365,128</u>	<u>130,333</u>	<u>18,719,340</u>
Total assets	<u>16,415,158</u>	<u>4,390,199</u>	<u>300,251</u>	<u>21,105,608</u>
Deferred outflows of resources due to pensions	<u>22,149</u>	<u>42,654</u>	<u>1,201</u>	<u>66,004</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>16,437,307</b></u>	<u><b>4,432,853</b></u>	<u><b>301,452</b></u>	<u><b>21,171,612</b></u>
<b>LIABILITIES</b>				
Current liabilities:				
Accrued Liabilities	27,945	11,715	8,050	47,710
Accounts payable	60,850	221,112	1,125	283,087
Compensated absences	15,913	30,645	863	47,421
Total current liabilities	<u>104,708</u>	<u>263,472</u>	<u>10,038</u>	<u>378,218</u>
Noncurrent liabilities:				
Net pension liability	<u>17,690</u>	<u>35,835</u>	<u>1,009</u>	<u>54,534</u>
Total noncurrent liabilities	<u>17,690</u>	<u>35,835</u>	<u>1,009</u>	<u>54,534</u>
Total liabilities	<u>122,398</u>	<u>299,307</u>	<u>11,047</u>	<u>432,752</u>
Deferred inflows of resources due to pensions	<u>1,295</u>	<u>2,493</u>	<u>70</u>	<u>3,858</u>
<b>Net Position</b>				
Net investment in capital assets	16,223,879	325,703	130,283	16,679,865
Unrestricted	<u>89,735</u>	<u>3,805,350</u>	<u>160,052</u>	<u>4,055,137</u>
Total Net Position	<u><b>\$ 16,313,614</b></u>	<u><b>\$ 4,131,053</b></u>	<u><b>\$ 290,335</b></u>	<u><b>\$ 20,735,002</b></u>

**Spanish Fork City**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-Major Proprietary Funds**  
**For the Year Ended June 30, 2025**

	Business-Type Activities - Enterprise Funds			
	Airport Fund	Garbage Fund	Gun Club Fund	Total Other Funds
Operating revenues:				
Charges for sales and services	\$ 659,702	\$ 3,637,160	\$ 368,128	\$ 4,664,990
Other income	283,773	-	37,296	321,069
Total operating revenues	<b>943,475</b>	<b>3,637,160</b>	<b>405,424</b>	<b>4,986,059</b>
Operating expenses:				
Landfill fees	-	2,557,196	-	2,557,196
Employee salaries	233,820	305,138	122,021	660,979
Materials and supplies	18,421	212,362	222,207	452,990
Repairs and maintenance	43,015	4,664	19,284	66,963
Professional services	376,805	213,349	7,669	597,823
Motorpool charges	40,835	12,268	4,612	57,715
Utilities and rent	22,718	21,895	14,401	59,014
Insurance	15,988	4,454	1,304	21,746
Depreciation	448,826	7,774	6,669	463,269
Indirect services	94,897	235,469	-	330,366
Sundry charges	8,295	23,309	-	31,604
Total operating expenses	<b>1,303,620</b>	<b>3,597,878</b>	<b>398,167</b>	<b>5,299,665</b>
Operating income	<b>(360,145)</b>	<b>39,282</b>	<b>7,257</b>	<b>(313,606)</b>
Nonoperating revenues (expenses):				
Interest revenue	2,811	72,405	5,152	80,368
Grant proceeds	587,144	-	24,149	611,293
Pension benefit expense	12,581	23,481	667	36,729
Pension expense	(15,533)	(29,913)	(842)	(46,288)
Total nonoperating revenues (expenses)	<b>587,003</b>	<b>(606,987)</b>	<b>29,126</b>	<b>9,142</b>
Income (loss) before operating transfers	<b>226,858</b>	<b>(567,705)</b>	<b>36,383</b>	<b>(304,464)</b>
Operating transfers:				
Operating transfers in/(out)	-	(50,000)	-	(50,000)
Total operating transfers	<b>-</b>	<b>(50,000)</b>	<b>-</b>	<b>(50,000)</b>
Change in Net Position	226,858	(617,705)	36,383	(354,464)
Total Net Position - beginning	16,086,756	4,748,758	253,952	21,089,466
Total Net Position - ending	<b>\$ 16,313,614</b>	<b>\$ 4,131,053</b>	<b>\$ 290,335</b>	<b>\$ 20,735,002</b>

**Spanish Fork City**  
**Combining Statement of Cash Flows**  
**Non-Major Proprietary Funds**  
**For the Year Ended June 30, 2025**

	Business-Type Activities - Enterprise Funds			
	Airport Fund	Garbage Fund	Gun Club Fund	Total Non-Major Funds
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 659,702	\$ 3,619,486	\$ 368,128	\$ 4,647,316
Other cash receipts	283,773	-	37,296	321,069
Payments to suppliers	(656,032)	(3,260,431)	(308,879)	(4,225,342)
Payments to employees	(233,704)	(306,847)	(122,054)	(662,605)
Net cash provided (used) by operating activities	53,739	52,208	(25,509)	80,438
<b>Cash Flows From Noncapital Financing Activities</b>				
Increase (decrease) in due from other funds	(16,532)	(146,389)	(11,234)	(174,155)
Transfers in (out)	-	(50,000)	-	(50,000)
Net cash provided (used) by noncapital activities	(16,532)	(196,389)	(11,234)	(224,155)
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchases of capital assets	(668,699)	-	(16,975)	(685,674)
Grant proceeds	587,144	-	24,149	611,293
Net cash provided (used) by capital and related financing activities	(81,555)	-	7,174	(74,381)
<b>Cash Flows From Investing Activities</b>				
Interest and dividends received	2,811	72,405	5,152	80,368
Net cash provided (used) by investing activities	2,811	72,405	5,152	80,368
Net increase (decrease) in cash and cash equivalents	(41,537)	(71,776)	(24,417)	(137,730)
Cash balance, beginning	216,284	1,619,104	143,970	1,979,358
Cash balance, ending	<u>174,747</u>	<u>1,547,328</u>	<u>119,553</u>	<u>1,841,628</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income	(360,145)	39,282	7,257	(313,606)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	448,826	7,774	6,669	463,269
(Increase) decrease in accounts receivable	-	(17,674)	-	(17,674)
(Increase) decrease in inventory	-	-	15,493	15,493
Increase (decrease) in accrued liabilities	(35,058)	24,535	(54,895)	(65,418)
(Increase) decrease in compensated absences	116	(1,709)	(33)	(1,626)
Total adjustments	413,884	12,926	(32,766)	394,044
Net cash provided (used) by operating activities	<u>\$ 53,739</u>	<u>\$ 52,208</u>	<u>\$ (25,509)</u>	<u>\$ 80,438</u>

## **OTHER REPORTS**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2025, and the related notes to the financial statements, which collectively comprise Spanish Fork City's basic financial statements, and have issued our report thereon dated December 9, 2025.

***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Larson & Company, PC".

Larson & Company, PC

Spanish Fork, Utah  
December 9, 2025



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

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

### ***Report on Compliance with General State Compliance Requirements***

We have audited Spanish Fork City's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2025.

State compliance requirements were tested for the year ended June 30, 2025 in the following areas:

Budgetary Compliance	Fund Balance
Restricted Taxes and Related Revenues	Fraud Risk Assessment
Government Fees	Cash Management
Tax Levy Revenue Recognition	Impact Fees
Utah Retirement Systems	Crime Insurance for Public Treasurers
Open and Public Meetings Act	Internal Control Systems
Enterprise Fund Transfers, Reimbursements, Loans, and Services	

### ***Opinion on Compliance***

In our opinion, Spanish Fork City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

### ***Basis for Opinion***

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guide and which is described in the accompanying schedule of findings and recommendations as item 2025-001. Our opinion on compliance is not modified with respect to this finding.

*Governmental Auditing Standards* require the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and recommendations. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### ***Report On Internal Control over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material

noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.



Larson & Company, PC

Spanish Fork, Utah  
December 9, 2025

# SPANISH FORK CITY

## Schedule of Findings and Recommendations

For the Year Ended June 30, 2025

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### Summary of Current Year Findings

#### **Government Auditing Standards and Compliance Findings**

##### **2025-001 Public Treasurer's Bond**

**Criteria:** Utah Administrative Code R628-4-2 states that every public treasurer shall secure a fidelity bond or crime insurance in the amount shown in R628-4-4. The table in R628-4-4 shows budgeted revenues of \$50,000,001 to \$500,000,000 needs to be bonded at 2% but not less than \$1,500,000.

**Condition and Context:** It was noted in our testing that the City is currently bonded for \$4,000,000. Based on the budgeted revenues for the prior year, which is the basis for the calculation, the City should have been bonded in the amount of \$6,046,493. This amount will decrease for FY2026 to \$5,000,000.

**Cause and Effect:** Oversight on the management and staff.

**Recommendation:** We recommend that the City implement a review control and assign an individual to review the Treasurer's bond coverage each year. This can be determined at any point during the year as it is based on prior year's total budgeted revenue. This coverage can significantly change each year, so the City needs to ensure that they are properly bonded at any given time.

**Managements response to the finding:** Management agrees with the finding. Management will assign an individual to review bonding requirements each year to ensure that the Treasurer is always sufficiently bonded in accordance with Administrative Code for the Money Management Council.

### Summary of Prior Year Findings

#### **Government Auditing Standards and Compliance Findings**

No findings noted during prior year.