

**SPANISH FORK CITY, UTAH  
BASIC FINANCIAL STATEMENTS  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED JUNE 30, 2022**



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

Honorable Mayor and  
City Council Members  
Spanish Fork City  
Spanish Fork, Utah

### Report on the Audit of the Financial Statements

#### **Opinions**

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

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

#### **Basis for Opinions**

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional 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, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 on our consideration of Spanish Fork City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Spanish Fork City's internal control over financial reporting and compliance.

## ***Larson & Company, PC***

Larson & Company, PC  
Spanish Fork, Utah

December 13, 2022

## 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, 2022**. 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 **\$37,686,801** to **\$443,180,839**. The governmental net position increased by **\$9,643,383** and the business-type net position increased by **\$28,043,418**.
- The total net position of **\$443,180,839** is made up of **\$290,365,927** in capital assets net of related debt and **\$152,814,912** in other net position.
- The General Fund (the primary operating fund) had a decrease in its fund balance of **\$1,706,561**.
- The City's total long-term debt increased by **\$8,116,703** during the current fiscal year.

### REPORTING THE CITY AS A WHOLE

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

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

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

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

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Spanish Fork City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The only major governmental fund (as determined by generally accepted accounting principles) is the General Fund. The balance of the governmental funds are determined to be non-major and are included in the combining statements within this report.

- **Proprietary funds** - Spanish Fork City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Spanish Fork City uses enterprise funds to account for its Electric Utility, Water Utility (Culinary and Pressurized Irrigation), Sewer Utility, Solid Waste Collection Utility, Streets and Storm Drainage Utility, Broadband Utility, Airport, and Gun Club. Internal service funds are an



accounting device used to accumulate and allocate costs internally among Spanish Fork City's various functions. The City uses an internal service fund for purchase and maintenance of its vehicles and equipment. Because this service primarily benefits governmental activities, it has been included with governmental activities in the government-wide financial statements. As determined by generally accepted accounting principles, the Electric, Water, Sewer, Broadband, and Street and Storm Drain enterprise funds meet the criteria for major fund classification. The other enterprise funds are classified as non-major and are included in the combining statements within this report.

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Spanish Fork City, assets exceed liabilities by **\$443,180,839**.

The largest portion of Spanish Fork City's net position **\$290,365,927 or 66%** 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 70,656,306	\$ 60,511,091	\$ 153,765,548	\$ 165,475,325	\$ 224,421,854	\$ 225,986,416
Capital assets	98,615,152	87,471,071	315,574,061	271,409,804	414,189,213	358,880,875
Total assets	<b>169,271,458</b>	<b>147,982,162</b>	<b>469,339,609</b>	<b>436,885,129</b>	<b>638,611,067</b>	<b>584,867,291</b>
Deferred outflows - pension	2,063,469	2,238,377	1,250,080	384,584	3,313,549	2,622,961
Total deferred outflows of resources	<b>2,063,469</b>	<b>2,238,377</b>	<b>1,250,080</b>	<b>384,584</b>	<b>3,313,549</b>	<b>2,622,961</b>
Total Assets and Deferred outflows	<b>171,334,927</b>	<b>150,220,539</b>	<b>470,589,689</b>	<b>437,269,713</b>	<b>641,924,616</b>	<b>587,490,252</b>
Other liabilities	18,115,288	22,420,382	28,405,125	24,943,903	46,520,413	47,364,285
Long-term liabilities outstanding	38,847,726	29,071,968	95,461,319	96,946,374	134,309,045	126,018,342
Total liabilities	<b>56,963,014</b>	<b>51,492,350</b>	<b>123,866,444</b>	<b>121,890,277</b>	<b>180,829,458</b>	<b>173,382,627</b>
Deferred property tax revenue	4,795,770	3,598,067	-	-	4,795,770	3,598,067
Deferred grant revenue	2,421,040	-	-	-	2,421,040	-
Deferred inflows - pension	6,661,733	4,280,135	4,035,776	735,385	10,697,509	5,015,520
Total deferred inflows of resources	<b>13,878,543</b>	<b>7,878,202</b>	<b>4,035,776</b>	<b>735,385</b>	<b>17,914,319</b>	<b>8,613,587</b>
Total Liabilities and Deferred inflows	<b>70,841,557</b>	<b>59,370,552</b>	<b>127,902,220</b>	<b>122,625,662</b>	<b>198,743,777</b>	<b>181,996,214</b>
Net Position:						
Invested in capital assets, net of related debt	59,696,801	58,315,145	230,669,126	185,606,869	290,365,927	243,922,014
Restricted	26,608,551	6,283,923	239,065	239,065	26,847,616	6,522,988
Unrestricted	14,188,018	26,250,919	111,779,278	128,798,117	125,967,296	155,049,036
Total Net Position	<b>\$ 100,493,370</b>	<b>\$ 90,849,987</b>	<b>\$ 342,687,469</b>	<b>\$ 314,644,051</b>	<b>\$ 443,180,839</b>	<b>\$ 405,494,038</b>

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 17,744,690	\$ 14,021,283	\$ 64,049,415	\$ 64,315,077	\$ 81,794,105	\$ 78,336,360
Operating grants and contribs	324,441	1,109,053	-	-	324,441	1,109,053
Capital grants and contribs	3,161,171	2,975,057	33,488,161	23,010,395	36,649,332	25,985,452
General revenues:						
Property taxes	4,259,495	4,040,761	-	-	4,259,495	4,040,761
Sales and Use Tax	16,747,962	14,311,240	-	-	16,747,962	14,311,240
Other taxes	392,187	386,563	-	-	392,187	386,563
Unrestricted investment earnings	210,272	90,041	1,041,951	1,041,923	1,252,223	1,131,964
Sundry revenues	1,321,740	1,408,532	-	-	1,321,740	1,408,532
Joint Venture Gain (Loss)	-	-	557,101	120,383	557,101	120,383
Gain on Sale of Capital Assets	(467,369)	5,860,822	13,986	-	(453,383)	5,860,822
Total revenues	<b>43,694,589</b>	<b>44,203,352</b>	<b>99,150,614</b>	<b>88,487,778</b>	<b>142,845,203</b>	<b>132,691,130</b>
Expenses:						
General government	407,098	7,129,558	-	-	407,098	7,129,558
Public safety	11,409,007	9,509,437	-	-	11,409,007	9,509,437
Public Works	6,213,750	9,408,816	-	-	6,213,750	9,408,816
Parks and recreation	17,897,539	2,561,466	-	-	17,897,539	2,561,466
Operating Expenses (Business Type)	-	-	68,372,944	55,740,158	68,372,944	55,740,158
Interest Expense	858,064	625,832	-	-	858,064	625,832
Total expenses	<b>36,785,458</b>	<b>29,235,109</b>	<b>68,372,944</b>	<b>55,740,158</b>	<b>105,158,402</b>	<b>84,975,267</b>
Increase in Net Position before transfers	<b>6,909,131</b>	<b>14,968,243</b>	<b>30,777,670</b>	<b>32,747,620</b>	<b>37,686,801</b>	<b>47,715,863</b>
Interfund transfer of capital assets	-	(50,479,432)	-	50,479,432	-	-
Transfers	2,734,252	1,706,620	(2,734,252)	(1,706,620)	-	-
Increase in Net Position	<b>9,643,383</b>	<b>(33,804,569)</b>	<b>28,043,418</b>	<b>81,520,432</b>	<b>37,686,801</b>	<b>47,715,863</b>
Net Position - beginning	90,849,987	124,654,556	314,644,051	233,123,619	405,494,038	357,778,175
Net Position - ending	<b>\$ 100,493,370</b>	<b>\$ 90,849,987</b>	<b>\$ 342,687,469</b>	<b>\$ 314,644,051</b>	<b>\$ 443,180,839</b>	<b>\$ 405,494,038</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 the June 30, 2022, the City's governmental funds (General, Debt Service, Special Revenue, and Capital Project Fund) reported combined fund equity of **\$49,489,782**. This represents an increase of **\$8,568,265** 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 **\$21,399,644** and represent **60%** 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 **\$31,561,611** to a final budget of **\$33,893,712**. The significant change to expenditures from the original budget to the final budget was due to budget changes in the capital projects in the parks division.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets** - Spanish Fork City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to **\$290,365,927** (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 \$858,617.94.

Construction of Electric Park for \$788,191.08.

**Water & Pressurized Irrigation Improvements:**

Water & Pressurized Irrigation Improvement Projects for \$12,738,186.07

**Sewer Improvements:**

Sewer Trunkline for \$8,995,772.44.

Sewer Plant Rebuild for \$3,602,126.73.

Sewer Lift Station for \$1,649,110.14

Sewer Improvements for \$5,752,159.40

**Streets/Storm Drain Improvements:**

Streets/Storm Drain Improvements for \$16,684,899.35.

**Electric Improvements:**

Substation Improvements for \$1,629,212.00

Electric Improvements for \$3,357,092.64.

**Airport Improvements**

Airport Improvements for \$97,453.63.

**Other Improvements:**

Land Purchases for \$1,539,294.30.

Library Construction for \$5,422,146.27

Golf Course Irrigation Project for \$3,588,644.27.

**Spanish Fork Community Network:**

New Node Construction \$516,970.18.

Improvement for Fiber to the Home for \$352,724.86.

New SFCN Building \$296,875.90.

**Motor pool:**

City Wide Equipment and Vehicle Purchases for \$4,122,724.86.

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

	Spanish Fork City's Capital Assets			
	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
Land	\$ 16,203,797	\$ 14,633,943	\$ 15,160,342	\$ 15,160,345
Water Shares	-	-	6,943,282	6,483,230
Buildings	34,565,208	30,380,418	3,672,708	3,573,324
Improvements	19,347,785	15,712,224	288,422,850	244,900,559
Equipment	10,345,307	8,274,547	1,374,879	1,292,346
Infrastructure	18,153,055	18,469,939	-	-
Total Net Assets - Net of Depreciation	<u>\$ 98,615,152</u>	<u>\$ 87,471,071</u>	<u>\$ 315,574,061</u>	<u>\$ 271,409,804</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, 2022, the City had total bonded debt outstanding of **\$123,799,000**. Of that, **\$116,384,000** is debt secured solely by specific revenue sources (i.e., revenue bonds within the Sewer and Water Utilities). **\$7,415,000** 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	
	2022	2021	2022	2021
Direct Borrowings	\$ 192,726	\$ 256,968	\$ -	\$ -
Accrued Vacation & Sick Leave	2,318,010	2,193,438	1,157,474	1,063,286
Revenue Bonds	38,655,000	28,815,000	85,144,000	86,042,000
Total Outstanding Debt	<u>\$ 41,165,736</u>	<u>\$ 31,265,406</u>	<u>\$ 86,301,474</u>	<u>\$ 87,105,286</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 **\$3,186,950,605**. The City currently has no outstanding general obligation debt. The current limitation for the City is **\$127,478,024** 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 **\$127,478,024** 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 1.8% compared with a state unemployment rate of 2.0% and a national rate of 3.6%. (Source: Utah Dept of Workforce Services)
  
- Some capital improvements budgeted for the FY 2023 include:
  1. Airport operations and capital improvements
  2. River reclamation projects
  3. Water line replacement.
  4. Sewer line replacement
  5. Electric system improvements
  6. Storm drainage system expansion
  7. Pressurized irrigation system expansion
  8. Sidewalk replacement and repair of various areas of town
  9. Purchase of city vehicles
  10. Additional city parks
  11. Construction for new library
  12. Construction of new sewer plant
  13. Construction of new broadband building
  14. Design of new recreation center

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Spanish Fork City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: Finance Director, Spanish Fork City, 40 South Main St, Spanish Fork, UT 84660.

## **BASIC FINANCIAL STATEMENTS**

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**Spanish Fork City**  
**Statement of Net Position**  
**As of June 30, 2022**  
Spanish Fork City  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 27,865,334	\$ 48,572,380	\$ 76,437,714
Receivables (net of allowance)	8,450,311	5,467,395	13,917,706
Prepaid expenses	216,127	130	216,257
Internal balances	(10,514,103)	10,514,103	-
Inventory	78,033	2,594,247	2,672,280
Equity in joint venture	-	2,358,967	2,358,967
Restricted cash and cash equivalents	40,414,462	63,952,282	104,366,744
Note receivable from Mapleton City	-	17,795,500	17,795,500
Net Pension Asset	4,146,142	2,510,544	6,656,686
Capital Assets (not being depreciated):			
Land	16,203,797	15,160,342	31,364,139
Water shares	-	6,943,282	6,943,282
Capital Assets (net of accumulated depreciation):			
Buildings	34,565,208	3,672,708	38,237,916
Improvements other than buildings	19,347,785	288,422,850	307,770,635
Equipment	10,345,307	1,374,879	11,720,186
Infrastructure	18,153,055	-	18,153,055
Total assets	<u>169,271,458</u>	<u>469,339,609</u>	<u>638,611,067</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources relating to pensions	<u>2,063,469</u>	<u>1,250,080</u>	<u>3,313,549</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>171,334,927</u>	<u>470,589,689</u>	<u>641,924,616</u>
<b>LIABILITIES</b>			
Accounts payable	1,900,363	4,664,569	6,564,932
Developer escrows and deposits	13,799,370	3,640,463	17,439,833
Deferred revenue	26,920	-	26,920
Connectors agreement	-	496,820	496,820
Compensated absences	2,318,010	1,157,473	3,475,483
Bond interest payable	70,625	866,029	936,654
Noncurrent Liabilities:			
Cash held on behalf of Mapleton City	-	17,536,978	17,536,978
Net pension liability	-	(1,250)	(1,250)
Construction retainage payable (jordan added)	-	44,043	44,043
Due within one year	2,706,242	617,000	3,323,242
Due in more than one year	36,141,484	94,844,319	130,985,803
Total liabilities	<u>56,963,014</u>	<u>123,866,444</u>	<u>180,829,458</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	4,795,770	-	4,795,770
Deferred grant revenue (jordan added)	2,421,040	-	2,421,040
Relating to pensions	6,661,733	4,035,776	10,697,509
Total deferred inflows of resources	<u>13,878,543</u>	<u>4,035,776</u>	<u>17,914,319</u>
<b>NET POSITION</b>			
Net investments in capital assets	59,696,801	230,669,126	290,365,927
Restricted for:			
Capital projects (jordan added)	21,556,302	-	21,556,302
RAP programs	1,403,922	-	1,403,922
Redevelopment agency	3,182,771	-	3,182,771
Debt service	465,556	-	465,556
Bond requirements	-	239,065	239,065
Unrestricted	14,188,018	111,779,278	125,967,296
Total net position	<u>\$ 100,493,370</u>	<u>\$ 342,687,469</u>	<u>\$ 443,180,839</u>

**Spanish Fork City**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

Function/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Governmental Activities	Primary Government		Total
			Grants and Contributions	Contributions			Business-type Activities	Activities	
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 407,098	\$ 13,454,733	\$ 39,588	\$ -	\$ -	\$ 13,087,223	\$ -	\$ -	\$ 13,087,223
Public safety	11,409,007	1,774,171	167,533	-	-	(9,467,303)	-	-	(9,467,303)
Public works	6,213,750	-	-	-	-	(6,213,750)	-	-	(6,213,750)
Parks, rec. & public property	17,897,539	2,515,786	117,320	3,161,171	-	(12,103,262)	-	-	(12,103,262)
Interest on long-term debt	858,064	-	-	-	-	(858,064)	-	-	(858,064)
Total governmental activities	36,785,458	17,744,690	324,441	3,161,171	-	(15,555,156)	-	-	(15,555,156)
<b>Business-type activities:</b>									
Water	8,513,477	6,691,127	-	8,183,811	-	-	6,361,461	-	6,361,461
Sewer	8,676,560	6,866,662	-	5,275,729	-	-	3,465,831	-	3,465,831
Electric	28,702,639	28,991,394	-	3,609,869	-	-	3,898,624	-	3,898,624
Streets & Storm Drain	10,948,007	8,041,586	-	16,226,058	-	-	13,319,637	-	13,319,637
Broadband	7,819,514	9,838,804	-	-	-	-	2,019,290	-	2,019,290
Garbage	2,784,960	3,018,532	-	-	-	-	233,572	-	233,572
Airport	653,138	345,167	-	192,694	-	-	(115,277)	-	(115,277)
Gun club	274,649	256,143	-	-	-	-	(18,506)	-	(18,506)
Total business-type activities	68,372,944	64,049,415	-	33,488,161	-	-	29,164,632	-	29,164,632
<b>Total primary government</b>	<b>\$ 105,158,402</b>	<b>\$ 81,794,105</b>	<b>\$ 324,441</b>	<b>\$ 36,649,332</b>	<b>\$ -</b>	<b>(15,555,156)</b>	<b>29,164,632</b>	<b>29,164,632</b>	<b>13,609,476</b>
General revenues:									
Property taxes						4,259,495	-	-	4,259,495
Sales taxes						16,747,962	-	-	16,747,962
Other taxes						392,187	-	-	392,187
Unrestricted investment earnings						210,272	1,041,951	-	1,252,223
Sundry revenues						1,321,740	-	-	1,321,740
Joint venture gain (loss)						-	557,101	-	557,101
Gain (loss) on sale of capital assets						(467,369)	13,986	-	(453,383)
Interfund transfer of capital assets						-	-	-	-
Transfers						2,734,252	(2,734,252)	-	-
Total general revenues and transfers						25,198,539	(1,121,214)	-	24,077,325
Change in Net Position						9,643,383	28,043,418	-	37,686,801
Net Position - beginning						90,849,987	314,644,051	-	405,494,038
Net Position - ending						\$ 100,493,370	\$ 342,687,469	\$ -	\$ 443,180,839

**Spanish Fork City  
Balance Sheet  
Governmental Funds  
As of June 30, 2022**

	General Fund	Local Building Authority Fund	Parks Construction Fund	Land Acquisition Fund	Total Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 13,779,419	\$ -	\$ 3,464,706	\$ 6,035,207	\$ 170,023	\$ 23,449,355
Receivables (net of allowance):						
Tax	8,214,369	-	-	-	-	8,214,369
Prepaid expense	216,127	-	-	-	-	216,127
Inventory	78,033	-	-	-	-	78,033
Restricted Assets:						
Cash and cash equivalents	13,799,370	\$ 21,557,127	-	-	5,057,965	40,414,462
Total assets	<u>\$ 36,087,318</u>	<u>\$ 21,557,127</u>	<u>\$ 3,464,706</u>	<u>\$ 6,035,207</u>	<u>\$ 5,227,988</u>	<u>\$ 72,372,346</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 1,184,030	\$ 825	\$ 1,319	\$ -	\$ 46,156	\$ 1,232,330
Payroll payable	607,134	-	-	-	-	607,134
Developer escrow	11,665,556	-	-	-	-	11,665,556
Final inspection deposit	2,133,814	-	-	-	-	2,133,814
Deferred revenue	26,920	-	-	-	-	26,920
Total liabilities	<u>15,617,454</u>	<u>825</u>	<u>1,319</u>	<u>-</u>	<u>46,156</u>	<u>15,665,754</u>
<b>DEFERRED INFLOWS</b>						
Deferred property tax revenue	4,795,770	-	-	-	-	4,795,770
Deferred grant revenue (jordan added)	2,421,040.00	-	-	-	-	2,421,040
Total deferred inflows of resources	<u>7,216,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,216,810</u>
<b>FUND BALANCES</b>						
Nonspendable	294,160	-	-	-	-	294,160
Restricted for:						
Capital projects	-	21,556,302	-	-	-	21,556,302
RAP programs	-	-	-	-	1,403,922	1,403,922
Redevelopment agency	-	-	-	-	3,182,771	3,182,771
Debt service	-	-	-	-	465,556	465,556
Committed for:						
Capital projects	-	-	3,463,387	6,035,207	129,583	9,628,177
Unassigned	12,958,894	-	-	-	-	12,958,894
Total fund balances	<u>13,253,054</u>	<u>21,556,302</u>	<u>3,463,387</u>	<u>6,035,207</u>	<u>5,181,832</u>	<u>49,489,782</u>
Total liabilities, deferred inflows, and fund	<u>\$ 36,087,318</u>	<u>\$ 21,557,127</u>	<u>\$ 3,464,706</u>	<u>\$ 6,035,207</u>	<u>\$ 5,227,988</u>	<u>\$ 72,372,346</u>

**Spanish Fork City**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2022**

Total fund balances - governmental fund types: \$ 49,489,782

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	143,377,360	
Accumulated depreciation	(44,762,208)	
Net Pension Asset	4,029,370	
Deferred Outflow - Pension	<u>2,005,353</u>	
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities		<u>104,649,875</u>

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

(1,840,157)

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	(70,623)	
Long-term debt	(38,847,726)	
Compensated absences	(2,267,106)	
Interfund Loan	(4,146,563)	
Deferred Inflow - Pension	<u>(6,474,112)</u>	
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities		<u>(51,806,130)</u>

Net position of government activities \$ 100,493,370

**Spanish Fork City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	General Fund	Local Building Authority Fund	Parks Construction Fund	Land Acquisition Fund	Total Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 20,133,665	\$ -	\$ -	\$ -	\$ 1,265,979	\$ 21,399,644
Lease Revenue	-	1,200,000	-	-	-	1,200,000
Licenses and permits	3,301,871	-	-	-	-	3,301,871
Sundry revenue	3,127,799	-	21,000	503,243	797,497	4,449,539
Intergovernmental revenues	324,441	-	-	-	-	324,441
Charges for services	4,580,539	-	-	-	-	4,580,539
Fines and forfeitures	86,138	-	-	-	-	86,138
Interest income	115,446	70,358	-	-	24,468	210,272
Total revenues	<b>31,669,899</b>	<b>1,270,358</b>	<b>21,000</b>	<b>503,243</b>	<b>2,087,944</b>	<b>35,552,444</b>
<b>EXPENDITURES</b>						
Current:						
General government	8,527,080	-	-	-	156,655	8,683,735
Public safety	11,176,167	-	-	-	-	11,176,167
Public works	5,638,159	-	-	-	1,058,475	6,696,634
Parks, recreation and public property	7,121,659	-	-	-	-	7,121,659
Debt Service:						
Principal retirement	-	880,000	-	-	1,280,000	2,160,000
Interest and fiscal charges	-	412,484	-	-	405,100	817,584
Capital outlay	-	9,834,423	365,947	1,837,432	3,596,423	15,634,225
Total expenditures	<b>32,463,065</b>	<b>11,126,907</b>	<b>365,947</b>	<b>1,837,432</b>	<b>6,496,653</b>	<b>52,290,004</b>
Excess revenues over (under) expenditures	<b>(793,166)</b>	<b>(9,856,549)</b>	<b>(344,947)</b>	<b>(1,334,189)</b>	<b>(4,408,709)</b>	<b>(16,737,560)</b>
<b>Other financing sources (uses)</b>						
Sale of fixed assets	21,809	-	-	-	-	21,809
Interfund loan proceeds	-	-	-	-	1,940,250	1,940,250
Bond Proceeds	-	12,000,000	-	-	-	12,000,000
Impact fees	3,161,171	-	-	-	-	3,161,171
Indirect services	5,448,343	-	-	-	-	5,448,343
Transfers in	1,975,000	-	3,326,500	5,263,290	3,689,180	14,253,970
Transfers out	(11,519,718)	-	-	-	-	(11,519,718)
Total other financing sources and uses	<b>(913,395)</b>	<b>12,000,000</b>	<b>3,326,500</b>	<b>5,263,290</b>	<b>5,629,430</b>	<b>25,305,825</b>
Excess of revenues and other sources over (under) expenditures and other uses	(1,706,561)	2,143,451	2,981,553	3,929,101	1,220,721	8,568,265
Fund balances - beginning of year	14,959,615	19,412,851	481,834	2,106,106	3,961,111	40,921,517
Fund balances - end of year	<b>\$ 13,253,054</b>	<b>\$ 21,556,302</b>	<b>\$ 3,463,387</b>	<b>\$ 6,035,207</b>	<b>\$ 5,181,832</b>	<b>\$ 49,489,782</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, 2022**

Net changes in fund balances - total governmental funds \$ 8,568,265

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	12,470,493	
Depreciation Expense	<u>(2,921,529)</u>	
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in Net Position of governmental activities		<u>9,548,964</u>

Internal service funds are used by management to charge the cost of motor pool to individual funds. The net revenue of certain activities of internal service funds are reported with the governmental activities. 1,024,603

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. (11,820,730)

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

Change in compensated Absences	(119,478)
Change in Pension Expenses	<u>2,930,937</u>

Change in Net Position of governmental activities \$ 9,643,383

**Spanish Fork City**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 16,836,962	\$ 19,798,000	\$ 20,133,665	\$ 335,665
Licenses and permits	1,924,576	3,135,700	3,301,871	166,171
Intergovernmental revenues	246,081	357,698	324,441	(33,257)
Charges for services	3,365,500	4,481,005	4,580,539	99,534
Fines and forfeitures	87,200	90,500	86,138	(4,362)
Interest income	100,600	80,600	115,446	34,846
Sundry revenue	2,719,163	3,029,263	3,127,799	98,536
Total revenues	<u>25,280,082</u>	<u>30,972,766</u>	<u>31,669,899</u>	<u>697,133</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,957,799	8,701,669	8,527,080	(174,589)
Public safety	10,874,998	11,553,003	11,176,167	(376,836)
Public works	5,861,329	6,273,211	5,638,159	(635,052)
Parks, recreation and public property	6,867,485	7,365,829	7,121,659	(244,170)
Total expenditures	<u>31,561,611</u>	<u>33,893,712</u>	<u>32,463,065</u>	<u>(1,430,647)</u>
Excess revenues over (under) expenditures	<u>(6,281,529)</u>	<u>(2,920,946)</u>	<u>(793,166)</u>	<u>2,127,780</u>
<b>Other financing sources (uses)</b>				
Impact fees	1,591,943	3,050,000	3,161,171	111,171
Indirect services	4,778,696	5,448,343	5,448,343	-
Transfers in	1,975,000	1,975,000	1,975,000	-
Transfers out	(4,212,943)	(11,519,718)	(11,519,718)	-
Total other financing sources and uses	<u>4,132,696</u>	<u>(724,375)</u>	<u>(913,395)</u>	<u>(189,020)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (2,148,833)</u>	<u>\$ (3,645,321)</u>	(1,706,561)	<u>\$ 1,938,760</u>
Fund balances - beginning of year			14,959,615	
Fund balances - end of year			<u><u>\$ 13,253,054</u></u>	

**Spanish Fork City**  
**Statement of Net Position – Proprietary Funds**  
**As of June 30, 2022**

	Business-Type Activities - Enterprise Funds						Governmental	
	Water	Sewer	Electric	Broadband	Streets &	Non Major	Internal Service	
					Storm Drain	Enterprise Funds		Total
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 9,737,507	\$ 15,749,278	\$ 12,608,271	\$ 3,011,391	\$ 5,614,758	\$ 1,851,175	\$ 48,572,380	\$ 4,415,979
Accounts receivable	653,680	538,964	2,737,207	932,763	256,556	393,033	5,512,203	235,940
Interfund Loan	1,940,250	-	2,206,313	-	-	-	4,146,563	-
Allowance for doubtful accounts	(9,408)	(2,825)	(24,741)	(5,616)	(488)	(1,730)	(44,808)	-
Prepaid Expense	-	-	-	130	-	-	130	-
Inventory	4,500	3,500	2,544,993	-	-	41,254	2,594,247	-
Total current assets	<b>12,326,529</b>	<b>16,288,917</b>	<b>20,072,043</b>	<b>3,938,668</b>	<b>5,870,826</b>	<b>2,283,732</b>	<b>60,780,715</b>	<b>4,651,919</b>
Noncurrent assets:								
Restricted cash and equivalents	294,565	60,122,214	3,535,503	-	-	-	63,952,282	-
Net Pension Asset	364,280	252,867	751,221	695,152	396,784	50,240	2,510,544	116,772
Capital Assets:								
Land	870,483	3,421,484	975,096	-	7,038,503	2,854,776	15,160,342	-
Water rights	6,943,282	-	-	-	-	-	6,943,282	-
Buildings	2,503,585	546,531	1,900,135	2,119,003	373,772	191,682	7,634,708	1,374,524
Improvements	107,820,103	74,971,182	65,701,509	15,154,863	177,823,368	14,971,405	456,442,430	-
Equipment	3,031,245	2,473,875	209,289	4,850,880	307,284	1,495,490	12,368,063	21,257,340
Less: accumulated depreciation	(48,311,657)	(26,842,965)	(21,666,115)	(10,187,427)	(68,757,860)	(7,208,740)	(182,974,764)	(11,584,735)
Other Assets:								
Note receivable from Mapleton City	-	17,795,500	-	-	-	-	17,795,500	-
Equity in joint venture	-	-	-	-	-	2,358,967	2,358,967	-
Total noncurrent assets	<b>73,515,886</b>	<b>132,740,688</b>	<b>51,406,638</b>	<b>12,632,471</b>	<b>117,181,851</b>	<b>14,713,820</b>	<b>402,191,354</b>	<b>11,163,901</b>
Total assets	<b>85,842,415</b>	<b>149,029,605</b>	<b>71,478,681</b>	<b>16,571,139</b>	<b>123,052,677</b>	<b>16,997,552</b>	<b>462,972,069</b>	<b>15,815,820</b>
Deferred Outflows of Resources Due to Pensions	181,296	125,848	373,871	345,966	197,473	25,626	1,250,080	58,116
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 86,023,711</b>	<b>\$ 149,155,453</b>	<b>\$ 71,852,552</b>	<b>\$ 16,917,105</b>	<b>\$ 123,250,150</b>	<b>\$ 17,023,178</b>	<b>\$ 464,222,149</b>	<b>\$ 15,873,936</b>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	\$ 435,034	\$ 2,751,756	\$ 311,246	\$ 410,207	\$ 705,310	\$ 51,016	\$ 4,664,569	\$ 60,899
Accrued interest payable	55,879	810,150	-	-	-	-	866,029	-
Compensated absences payable	220,244	110,358	327,852	303,382	173,166	22,471	1,157,473	50,904
Customer deposits	55,500	-	401,130	-	49,460	-	506,090	-
Final inspection deposits	-	-	3,134,373	-	-	-	3,134,373	-
Connector agreements	-	20,826	-	-	475,994	-	496,820	-
Lease payable - current portion	-	-	-	-	-	-	-	64,242
Bonds payable - current portion	617,000	-	-	-	-	-	617,000	-
Total current liabilities	<b>1,383,657</b>	<b>3,693,090</b>	<b>4,174,601</b>	<b>713,589</b>	<b>1,403,930</b>	<b>73,487</b>	<b>11,442,354</b>	<b>176,045</b>
Noncurrent liabilities:								
Cash held on behalf of Mapleton City	-	17,536,978	-	-	-	-	17,536,978	-
Net pension liability	-	-	-	-	-	(1,250)	(1,250)	-
Construction retainage payable	-	44,043	-	-	-	-	44,043	-
Lease payable	-	-	-	-	-	-	-	128,484
Bonds payable	11,182,000	73,345,000	-	-	-	-	84,527,000	-
Bond premiums	1,248,233	9,069,086	-	-	-	-	10,317,319	-
Total noncurrent liabilities	<b>12,430,233</b>	<b>99,995,107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,250)</b>	<b>112,424,090</b>	<b>128,484</b>
Total liabilities	<b>13,813,890</b>	<b>103,688,197</b>	<b>4,174,601</b>	<b>713,589</b>	<b>1,403,930</b>	<b>72,237</b>	<b>123,866,444</b>	<b>304,529</b>
Deferred Inflows of Resources Due to Pensions	585,300	406,290	1,207,009	1,116,922	637,525	82,730	4,035,776	187,621
<b>Net Position</b>								
Net investment in capital assets, net of related debt	61,297,106	(18,774,893)	47,119,914	11,937,319	116,785,067	12,304,613	230,669,126	10,854,403
Restricted for:								
Bond requirements	239,065	-	-	-	-	-	239,065	-
Unrestricted	10,088,350	63,835,859	19,351,028	3,149,275	4,423,628	4,563,598	105,411,738	4,527,383
Total Net Position	<b>\$ 71,624,521</b>	<b>\$ 45,060,966</b>	<b>\$ 66,470,942</b>	<b>\$ 15,086,594</b>	<b>\$ 121,208,695</b>	<b>\$ 16,868,211</b>	<b>336,319,929</b>	<b>\$ 15,381,786</b>
							Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:	6,367,540
							Net Position from business-type activities:	<b>\$ 342,687,469</b>



**Spanish Fork City**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2022**

	Business-Type Activities - Enterprise Funds						Governmental	
	Water	Sewer	Electric	Broadband	Streets & Storm Drain	Non Major Enterprise Funds	Total Enterprise Funds	Activities- Internal Service Fund
Operating Revenues:								
Charges for sales and services	\$ 6,400,358	\$ 6,043,754	\$ 28,991,394	\$ 9,838,804	\$ 2,922,382	\$ 3,530,585	\$ 57,727,277	\$ 5,252,701
Other income	290,769	822,908	-	-	5,119,204	89,257	6,322,138	16,154
Total operating revenues	<b>6,691,127</b>	<b>6,866,662</b>	<b>28,991,394</b>	<b>9,838,804</b>	<b>8,041,586</b>	<b>3,619,842</b>	<b>64,049,415</b>	<b>5,268,855</b>
Operating Expenses:								
Water assessment	160,444	-	-	-	-	-	160,444	-
Power purchases	-	-	18,543,275	-	-	-	18,543,275	-
Landfill fees	-	-	-	-	-	2,013,963	2,013,963	-
Employee salaries	1,479,449	986,880	2,830,236	2,812,110	1,565,718	447,188	10,121,581	473,402
Materials and supplies	344,977	203,628	2,461,705	339,753	478,217	238,758	4,067,038	545,502
Repairs and maintenance	179,070	205,096	10,523	54,555	4,916	30,555	484,715	292,330
Professional services	761,696	1,195,396	1,468,064	3,163,691	2,685,649	243,011	9,517,507	256,301
Motorpool charges	355,953	287,488	389,177	251,661	784,522	41,838	2,110,639	91,980
Utilities and Rent	320,272	318,243	244,954	246,446	41,323	49,717	1,220,955	33,884
Insurance	26,926	26,206	64,822	27,724	28,954	12,054	186,686	8,038
Depreciation	2,955,931	1,695,341	1,652,525	797,639	4,917,319	366,401	12,385,156	1,650,201
Indirect services	1,757,611	1,127,955	1,235,454	293,671	818,819	214,833	5,448,343	-
Sundry charges	4,102	15,659	27,951	17,862	1,505	75,513	142,592	-
Training	18,221	17,011	33,207	6,327	-	-	74,766	9,105
Total operating expenses	<b>8,364,652</b>	<b>6,078,903</b>	<b>28,961,893</b>	<b>8,011,439</b>	<b>11,326,942</b>	<b>3,733,831</b>	<b>66,477,660</b>	<b>3,360,743</b>
Operating income	<b>(1,673,525)</b>	<b>787,759</b>	<b>29,501</b>	<b>1,827,365</b>	<b>(3,285,356)</b>	<b>(113,989)</b>	<b>(2,428,245)</b>	<b>1,908,112</b>
Nonoperating revenues (expenses):								
Interest revenue	70,585	777,591	152,633	13,402	18,900	8,840	1,041,951	27,656
Impact fees and water right fees	4,206,562	2,632,867	1,806,477	-	3,428,833	-	12,074,739	-
Change in joint venture equity	-	-	-	-	-	557,101	557,101	-
Contributions from private contractors	3,977,249	2,642,862	1,803,392	-	12,797,225	-	21,220,728	-
Grant proceeds	-	-	-	-	-	192,694	192,694	-
Gain(loss) on sale of fixed assets	-	-	13,986	-	-	-	13,986	(45,734)
Pension benefit expense	36,136	21,517	78,684	70,432	46,704	1,776	255,249	11,421
Pension expense	7,904	5,487	16,300	15,084	8,610	1,117	54,502	2,534
Interest expense	(342,909)	(2,741,512)	-	-	-	-	(3,084,421)	-
Total nonoperating revenues (expenses)	<b>7,955,527</b>	<b>3,338,812</b>	<b>3,871,472</b>	<b>98,918</b>	<b>16,300,272</b>	<b>761,528</b>	<b>32,326,529</b>	<b>(4,123)</b>
Income (loss) before operating transfers	<b>6,282,002</b>	<b>4,126,571</b>	<b>3,900,973</b>	<b>1,926,283</b>	<b>13,014,916</b>	<b>647,539</b>	<b>29,898,284</b>	<b>1,903,989</b>
Operating Transfers from (to) Other Funds								
Operating transfers in	-	-	-	-	500,000	-	500,000	-
Operating transfers out	(1,034,750)	(150,000)	(1,904,502)	(200,000)	(25,000)	80,000	(3,234,252)	-
Total contributions and operating transfers	<b>(1,034,750)</b>	<b>(150,000)</b>	<b>(1,904,502)</b>	<b>(200,000)</b>	<b>475,000</b>	<b>80,000</b>	<b>(2,734,252)</b>	<b>-</b>
Change in Net Position	5,247,252	3,976,571	1,996,471	1,726,283	13,489,916	727,539	27,164,032	1,903,989
Total Net Position - beginning	66,377,269	41,084,395	64,474,471	13,360,311	107,718,779	16,140,672	309,155,897	13,477,797
Total Net Position - ending	<b>\$ 71,624,521</b>	<b>\$ 45,060,966</b>	<b>\$ 66,470,942</b>	<b>\$ 15,086,594</b>	<b>\$ 121,208,695</b>	<b>\$ 16,868,211</b>	<b>336,319,929</b>	<b>\$ 15,381,786</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:							879,386	
Change in Net Position of business-type activities:							<b>\$ 28,043,418</b>	

**Spanish Fork City  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2022**

	Business-Type Activities - Enterprise Funds						Total Enterprise Funds
	Water Fund	Sewer Fund	Electric Fund	Broadband Fund	Streets & Storm Drain Fund	Non Major Enterprise Funds	
<b>Cash Flows From Operating Activities</b>							
Receipts from customers	\$ 6,430,310	\$ 5,944,069	\$ 28,545,384	\$ 9,758,698	\$ 4,624,561	\$ 3,380,245	\$ 58,683,267
Other cash receipts	290,769	822,908	-	-	5,119,204	89,257	6,322,138
Payments to suppliers	(3,710,037)	52,432	(23,946,480)	(4,070,150)	(4,781,145)	(3,096,235)	(39,551,615)
Payments to employees	(1,464,275)	(970,222)	(2,806,092)	(2,785,684)	(1,561,798)	(439,323)	(10,027,394)
Net cash provided (used) by operating activities	<u>1,546,767</u>	<u>5,849,187</u>	<u>1,792,812</u>	<u>2,902,864</u>	<u>3,400,822</u>	<u>(66,056)</u>	<u>15,426,396</u>
<b>Cash Flows From Noncapital Financing Activities</b>							
Advances to other funds	(1,940,250)	-	(53,813)	-	-	-	(1,994,063)
Transfers in (out)	(1,034,750)	(150,000)	(1,904,502)	(200,000)	475,000	80,001	(2,734,251)
Net cash provided (used) by noncapital activities	<u>(2,975,000)</u>	<u>(150,000)</u>	<u>(1,958,315)</u>	<u>(200,000)</u>	<u>475,000</u>	<u>80,001</u>	<u>(4,728,314)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>							
Decrease (increase) of Notes Receivable	-	102,250	-	-	-	-	102,250
Increase (decrease) of Cash Held on Behalf of Mapleton City	-	(1,392,790)	-	-	-	-	(1,392,790)
Purchases of capital assets	(13,211,369)	(19,955,124)	(5,379,452)	(1,166,569)	(16,695,399)	(97,454)	(56,505,367)
Principal payments on capital debt	(898,000)	-	-	-	-	-	(898,000)
Interest paid on capital debt	(426,125)	(3,245,350)	-	-	-	-	(3,671,475)
Contributions from (reimbursements to) private contractors	3,977,249	2,642,862	1,803,392	-	12,797,225	-	21,220,728
Impact fees collected	4,206,562	2,632,867	1,806,477	-	3,428,833	-	12,074,739
Grant proceeds	-	-	-	-	-	192,694	192,694
Net cash provided (used) by capital and related financing activities	<u>(6,351,683)</u>	<u>(19,215,285)</u>	<u>(1,755,597)</u>	<u>(1,166,569)</u>	<u>(469,341)</u>	<u>95,240</u>	<u>(28,863,235)</u>
<b>Cash Flows From Investing Activities</b>							
Interest and dividends received	70,585	777,591	152,633	13,402	18,900	8,839	1,041,950
Net cash provided (used) by investing activities	<u>70,585</u>	<u>777,591</u>	<u>152,633</u>	<u>13,402</u>	<u>18,900</u>	<u>8,839</u>	<u>1,041,950</u>
Net increase (decrease) in cash and cash equivalents	(7,709,331)	(12,738,507)	(1,768,467)	1,549,697	3,425,381	118,024	(17,123,203)
Cash and cash equivalents, July 1	17,741,403	88,609,999	17,912,241	1,461,694	2,189,378	1,733,151	129,647,866
Cash and cash equivalents, June 30	<u>\$ 10,032,072</u>	<u>\$ 75,871,492</u>	<u>\$ 16,143,774</u>	<u>\$ 3,011,391</u>	<u>\$ 5,614,759</u>	<u>\$ 1,851,175</u>	<u>\$ 112,524,663</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>							
Operating income	\$ (1,673,525)	787,759	\$ 29,501	\$ 1,827,365	\$ (3,285,356)	\$ (113,989)	\$ (2,428,245)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	2,955,931	1,695,341	1,652,525	797,639	4,917,319	366,400	12,385,155
(Increase) decrease in accounts receivable	29,952	(99,685)	(429,114)	(80,106)	1,702,179	(150,339)	972,887
Decrease (increase) in inventory	-	-	(519,189)	-	-	(28,280)	(547,469)
Increase (decrease) in accrued liabilities	227,472	3,456,804	(336,878)	331,540	172,950	(147,713)	3,704,175
Increase (decrease) in compensated absences	15,174	16,658	24,144	26,426	3,920	7,865	94,187
Increase (decrease) in customer deposits	(8,237)	(7,690)	1,388,719	-	(110,190)	-	1,262,602
Increase (decrease) in deferred revenue	-	-	(16,896)	-	-	-	(16,896)
Total adjustments	<u>3,220,292</u>	<u>5,061,428</u>	<u>1,763,311</u>	<u>1,075,499</u>	<u>6,686,178</u>	<u>47,933</u>	<u>17,854,641</u>
Net cash provided (used) by operating activities	<u>\$ 1,546,767</u>	<u>\$ 5,849,187</u>	<u>\$ 1,792,812</u>	<u>\$ 2,902,864</u>	<u>\$ 3,400,822</u>	<u>\$ (66,056)</u>	<u>\$ 15,426,396</u>

**Spanish Fork City  
Statement of Net Position  
Fiduciary Fund  
As of June 30, 2022**

	<u>Custodial Funds</u>
	Fire
	Retirement
	<u>Capital Fund</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 107,405
Total assets	<b>107,405</b>
 <b>LIABILITIES AND FUND BALANCES</b>	
Net position:	
Deferred compensation	107,405
Total net position	107,405
Total liabilities and net position	<b>\$ 107,405</b>

**Spanish Fork City**  
**Statement of Changes in Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2022**

	Custodial Funds
	Fire Retirement Capital Fund
<b>REVENUES:</b>	
Employer contribution	\$ 37,505
Interest income	532
Total	<b>38,037</b>
 <b>EXPENDITURES:</b>	
Retirement payments	37,505
Total	37,505
Excess of revenues over (under) expenditures	532
Net position - beginning of year	106,873
Net position - end of year	<b>\$ 107,405</b>

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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 Fund

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 Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the 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, 2022 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	\$ 1,451,768	\$ 743,785	\$ 2,195,553
Sick Leave Liability	866,242	413,689	1,279,931
Total Compensated Absences	<u>\$ 2,318,010</u>	<u>\$ 1,157,474</u>	<u>\$ 3,475,484</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, 2022, 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, 2022, 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, 2022, the City had **\$85,144,000** 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, 2022.

Requirement

Level of Compliance

a. Bonds Payable Coverage:

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

b. Reserve Account Requirement:

Various escrows are set up as reserves to make the annual debt payments. Minimum balances are required to be kept in each of the escrows.

**2.D. BUDGETS AND BUDGETARY ACCOUNTING**

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

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

- A. On or before the first regularly scheduled meeting of the City Council in May, the City administrator, authorized under state statute to be appointed budget officer, submits a proposed operation budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held at which time the taxpayers' comments are heard. Notice of the hearing is given in the local newspaper at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 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.

**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.

**2.F. OTHER GOVERNMENT AGREEMENTS**

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

**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, 2022, The City’s custodial credit risk for deposits is as follows:

	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2022</u>
Depository Accounts	Insured	\$ 250,000
	Uninsured and uncollateralized	4,596,854
	<u>Total Depository Accounts</u>	<u>\$ 4,846,854</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, 2022, Spanish Fork City had the following recurring fair value measurements:

Security Type Category	Level 1	Level 2	Level 3	Other	Total
Agency	\$ 248,360	\$ -	\$ -	\$ -	\$ 248,360
CD	-	10,176,710	-	-	10,176,710
Corporate	-	15,190,533	-	-	15,190,533
Currency	858	-	-	-	858
MM Fund	280,538	-	-	-	280,538
US Gov	1,895,723	-	-	-	1,895,723
Total Fair Value	\$ 2,425,479	\$ 25,367,243	\$ -	\$ -	\$ 27,792,721

*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, 2022, Spanish Fork City’s investments had the following maturities:

	Investment Maturity in Years- Fair Value				
	Fair Value	Less Than 1	1-3	3-5	More Than 5
Cash	\$ 858	\$ 858	\$ -	\$ -	\$ -
CD	10,205,081	2,662,121	5,283,602	2,259,358	-
AGCY BOND	249,191	-	249,191	-	-
Corp	14,553,077	4,260,906	10,292,171	-	-
MM Fund	280,538	280,538	-	-	-
US Gov	1,902,711	-	912,110	990,601	-
Yankee	703,263	500,739	202,524	-	-
Total Fair Value	\$ 27,894,719	\$ 7,705,162	\$ 16,939,598	\$ 3,249,959	\$ -

	Investment Maturity in Years- Book Value				
	Book Value	Less Than 1	1-3	3-5	More Than 5
Cash	\$ 858	\$ 858	\$ -	\$ -	\$ -
CD	10,504,918	2,656,862	5,454,432	2,393,624	-
AGCY BOND	250,000	-	250,000	-	-
Corp	14,581,112	4,263,338	10,317,774	-	-
MM Fund	280,538	280,538	-	-	-
US Gov	2,018,342	-	954,819	1,063,523	-
Yankee	724,548	499,548	225,000	-	-
Total Book Value	\$ 28,360,315	\$ 7,701,144	\$ 17,202,025	\$ 3,457,147	\$ -

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, 2022, Spanish Fork City’s investments had the following quality ratings:

Rating	Investment Ratings	
	Book Value	Market Value Plus Accrued
AAA	\$ 2,934,835	\$ 3,059,280
AA+	1,509,731	1,517,272
AA	578,170	598,823
AA-	1,301,186	1,315,867
A+	5,101,701	5,167,493
A	5,771,774	5,822,526
A-	4,164,284	4,204,208
BBB+	241,727	241,630
BBB-	226,706	239,936
NA	6,064,606	6,295,279
	<u>\$ 27,894,720</u>	<u>\$ 28,462,314</u>

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

At June 30, 2022, 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	\$ 92,535,706
Investments	88,373,467
Cash on Hand	2,690
Total	<u>\$ 180,911,863</u>

**Government-Wide**

Cash & Cash Equivalents	\$ 76,437,714
Restricted Cash & Cash Equivalents	104,366,744
Fiduciary Restricted Cash	107,405
Total	<u>\$ 180,911,863</u>

Net Cash on Statement of Net Position	\$ 180,804,458
Fiduciary Restricted Cash	107,405
Total	<u>\$ 180,911,863</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, 2022 are as follows:

<u>Type of Restricted Asset</u>	<u>Cash/Time Deposites</u>	<u>Investments</u>	<u>Accrued Int</u>	<u>Total</u>
<b>Business-Type Activities:</b>				
Customer deposits	\$ 456,630	\$ -	\$ -	\$ 456,630
Sewer plant construction	60,122,214	-	-	60,122,214
Water bond requirements	239,065	-	-	239,065
Final inspection deposits	3,134,373	-	-	3,134,373
Total	<u>63,952,282</u>	<u>-</u>	<u>-</u>	<u>63,952,282</u>
<b>Governmental Activities:</b>				
Developer escrows	11,665,556	-	-	11,665,556
Final inspection deposits	2,133,814	-	-	2,133,814
LBA Construction	21,557,127	-	-	21,557,127
Debt services	465,556	-	-	465,556
RAP programs	1,409,638	-	-	1,409,638
RDA requirements	3,182,771	-	-	3,182,771
Total	<u>40,414,462</u>	<u>-</u>	<u>-</u>	<u>40,414,462</u>
Grand Total	<u>\$ 104,366,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,366,744</u>

### 3.C. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities and of the governmental activities at June 30, 2022 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts receivables	\$ 884,797	\$ 5,512,203	\$ 6,397,000
Property tax	4,795,770	-	4,795,770
Other tax	2,769,744	-	2,769,744
Allowance for doubtful accounts	-	(44,808)	(44,808)
Net accounts receivable	<u>\$ 8,450,311</u>	<u>\$ 5,467,395</u>	<u>\$ 13,917,706</u>

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### 3.D. CAPITAL ASSETS

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

	Balance at June 30, 2021	Additions	Disposals/Transfers	Balance at June 30, 2022
<b>Governmental Activities:</b>				
Land (not being depreciated)	\$ 14,633,944	\$ 1,569,854	\$ -	\$ 16,203,798
Buildings	46,813,638	5,502,106	-	52,315,743
Improvements	29,746,622	4,799,515	(2,299,905)	32,246,232
Machinery and equipment	20,769,561	4,172,743	(1,956,297)	22,986,007
Infrastructure	19,412,925	548,997	(336,345)	19,625,577
Totals at historical cost	<u>131,376,689</u>	<u>16,593,215</u>	<u>(4,592,547)</u>	<u>143,377,357</u>
Less accumulated depreciation				
Buildings	(16,433,220)	(1,317,316)	-	(17,750,536)
Improvements	(14,034,397)	(970,952)	2,106,901	(12,898,448)
Machinery and equipment	(12,495,013)	(1,703,518)	1,557,832	(12,640,700)
Infrastructure	(942,986)	(579,942)	50,406	(1,472,522)
Total accumulated depreciation	<u>(43,905,616)</u>	<u>(4,571,728)</u>	<u>3,715,139</u>	<u>(44,762,205)</u>
Governmental Activities: capital assets, net	<u>\$ 87,471,073</u>	<u>\$ 12,021,487</u>	<u>\$ (877,408)</u>	<u>\$ 98,615,152</u>
<b>Business-Type Activities</b>				
Land (not being depreciated)	\$ 15,160,346	\$ -	\$ -	\$ 15,160,346
Water shares (not being depreciated)	6,483,230	460,052	-	6,943,282
Buildings and structures	7,396,617	296,876	-	7,693,493
Improvements	401,190,544	55,251,884	-	456,442,428
Machinery and equipment	11,827,464	540,600	-	12,368,064
Totals at historical cost	<u>442,058,201</u>	<u>56,549,412</u>	<u>-</u>	<u>498,607,613</u>
Less accumulated depreciation				
Buildings and structures	(3,764,504)	(197,496)	-	(3,962,000)
Improvements	(156,289,987)	(11,729,593)	-	(168,019,580)
Machinery and equipment	(10,593,905)	(458,067)	-	(11,051,972)
Total accumulated depreciation	<u>(170,648,396)</u>	<u>(12,385,156)</u>	<u>-</u>	<u>(183,033,552)</u>
Business-Type Activities: capital assets, net	<u>\$ 271,409,805</u>	<u>\$ 44,164,256</u>	<u>\$ -</u>	<u>\$ 315,574,061</u>

Depreciation expense was charged to governmental activities as follows:

<b>Governmental Activities:</b>	
General government	\$ 17,999
Public safety	826,690
Public works	-
Parks	2,076,840
Governmental portion of internal service fund	1,650,199
<b>Total depreciation expense</b>	<b>\$ 4,571,728</b>
<b>Business-Type Activities</b>	
Water	\$ 2,955,931
Electric	1,695,341
Sewer	1,652,525
Broadband	797,639
Garbage	63,185
Streets and storm drainage	4,917,319
Gun club	3,287
Airport	299,929
<b>Total depreciation expense</b>	<b>\$ 12,385,156</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:

	<u>Unavailable</u>	<u>Unearned</u>
Deferred property tax	\$ 4,795,770	\$ -
Deferred grant revenue (jordan added)		\$ 2,421,040
Deferred inflows - pension	6,661,733	-
<b>Total deferred inflows of resources for governmental funds</b>	<b>\$ 11,457,503</b>	<b>\$ 2,421,040</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, 2022, 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	\$ 7,415,000
Local Building Authority Bond Series 2021, Dated February 25, 2021 (Original amount \$20,120,000)	.85%-2.4%	March 15, 2041	19,240,000
Local Building Authority Bond Series 2021, Dated May 20, 2022 (Original amount \$12,000,000)	2.2%-4.55%	March 15, 2042	12,000,000
			<hr/>
	Total Bonds Payable Government Activities		38,655,000
		Less current portion	<u>(2,642,000)</u>
	Total Long term portion of bonds payable- governmentt activities		<u>\$ 36,013,000</u>

***Business-type Activities:***

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

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Balance</u>
Water Revenue Bonds Series 2011, Dated October 26, 2011 (Original Amount \$2,040,000)	1.87%	June 1, 2032	\$ 1,114,000
Sewer Revenue Bonds Series 2020, Dated August 5, 2020 (Original Amount \$73,345,000)	1.8-5%	September 1, 2040	73,345,000
Water Revenue Bonds Series 2020, Dated November 5, 2020 (Original Amount \$10,685,000)	2-5%	June 1, 2037	10,685,000
			<hr/>
		Total Bonds Payable Government Activities	86,042,000
		Less current portion	(617,000)
		Total Long term portion of bonds payable- government activities	<hr/> <u>\$ 85,144,000</u>

**Changes in Long-term Debt:**

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

Type of Debt	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
<b>Governmental activities:</b>				
Bonds:				
Bonds payable	\$ 28,815,000	\$ 12,000,000	\$ (2,160,000)	\$ 38,655,000
<b>Total bonds:</b>	<b>28,815,000</b>	<b>12,000,000</b>	<b>(2,160,000)</b>	<b>38,655,000</b>
Direct borrowings	256,968	-	(64,242)	192,726
<b>Total direct borrowings:</b>	<b>256,968</b>	<b>-</b>	<b>(64,242)</b>	<b>192,726</b>
Compensated absences	2,193,438	124,572	-	2,318,010
<b>Total - Governmental Activities</b>	<b>\$ 31,265,406</b>	<b>\$ 12,124,572</b>	<b>\$ (2,224,242)</b>	<b>\$ 41,165,736</b>
<b>Business-type Activities:</b>				
Bonds:				
Bonds payable	\$ 86,042,000	\$ -	\$ (898,000)	\$ 85,144,000
<b>Total bonds:</b>	<b>86,042,000</b>	<b>-</b>	<b>(898,000)</b>	<b>85,144,000</b>
Compensated absences	1,063,286	94,187	-	1,157,473
<b>Total - Business-type Activities</b>	<b>\$ 87,105,286</b>	<b>\$ 94,187</b>	<b>\$ (898,000)</b>	<b>\$ 86,301,473</b>
Due Within One Year	\$ 3,122,242	\$ (3,323,242)	\$ (3,122,242)	\$ (3,323,242)

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

**Annual Debt Service Requirements:**

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

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Bonds Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2023	\$ 2,642,000	\$ 757,442	\$ 617,000	\$ 2,828,232
2024	2,659,000	962,820	3,439,000	\$ 2,730,699
2025	2,752,000	875,482	3,601,000	\$ 2,558,755
2026	2,896,000	783,140	3,783,000	\$ 2,378,272
2027-2031	9,073,000	2,990,391	22,013,000	\$ 8,840,995
2032-2036	8,329,000	2,147,246	26,316,000	\$ 4,064,738
2037-2041	9,438,000	1,059,060	25,375,000	\$ 1,262,500
2042-2046	866,000	39,403	-	-
<b>Total</b>	<b>\$ 38,655,000</b>	<b>\$ 9,614,984</b>	<b>\$ 85,144,000</b>	<b>\$ 24,664,191</b>

### 3.G. INTERNAL TRANSACTIONS

Operating Transfers:

	Transfers in	Transfers out
<b>Governmental Activities:</b>		
General fund	\$ 1,975,000	\$ (11,519,718)
RDA fund	1,049,928	-
Debt service fund	879,502	-
Land acquisition fund	5,263,290	-
Golf course improvements fund	1,759,750	-
Parks Construction fund	3,326,500	-
<b>Total Governmental Activities</b>	<b>14,253,970</b>	<b>(11,519,718)</b>
<b>Business-Type Activities:</b>		
Major Funds:		
Water fund	-	(1,034,750)
Sewer fund	-	(150,000)
Electric fund	-	(1,904,502)
Streets & Storm Drain	500,000	(25,000)
Broadband fund	-	(200,000)
Non-Major Funds:		
Airport fund	105,000	-
Garbage fund	-	(25,000)
<b>Total Business-Type Activities</b>	<b>605,000</b>	<b>(3,339,252)</b>
<b>Grand Totals</b>	<b>\$ 14,858,970</b>	<b>\$ (14,858,970)</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.

#### *Indirect Services:*

	Indirect Service Expense	Indirect Service Revenue
<b>Indirect Services:</b>		
<b>Major business-type activities:</b>		
Water fund	\$ 1,757,611	\$ -
Sewer fund	1,127,955	-
Broadband fund	293,671	-
Electric fund	1,235,454	-
Strom drain fund	818,819	-
<b>Non-major business-type activities:</b>		
Garbage fund	176,075	-
Airport fund	38,758	-
<b>Major governmental activities:</b>		
General fund	-	5,448,343
Total	<u>\$ 5,448,343</u>	<u>\$ 5,448,343</u>

### 3.H. INTERNAL BALANCES

Indirect 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 **\$15,381,786** on June 30, 2022. The Business Type Activity Funds share of this fund balance is **\$6,367,540**. This amount is reflected in the internal balances on the Statement of Net Position.

***Internal Balances Reconciliation:***

Interfund Loans	\$ 4,146,563
Internal Service Fund Balance Allocation	<u>6,367,540</u>
Total Internal Balances	<u>\$ 10,514,103</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 2022 financial information were not available prior to the issuance of these statements. June 30, 2021 audited statements are the most recent available. Audited summary financial information of UMPA at June 30, 2021 are as follows from UMPA:

	UMPA	Spanish Fork City's Share
Total assets & deferred outflows	<u>\$ 216,907,439</u>	<u>\$ 46,201,285</u>
Total liabilities & deferred inflows	<u>\$ 216,904,089</u>	<u>\$ 46,200,571</u>
Total net position	<u>\$ 3,350</u>	<u>\$ 714</u>
Total operating revenues	\$ 104,603,065	\$ 22,280,453
Total operating expenses	<u>(82,134,118)</u>	<u>(17,494,567)</u>
Net operating income	22,468,947	4,785,885.71
Total non-operating income (expenses)	<u>(3,185,162)</u>	<u>(678,440)</u>
Change in net assets	<u>\$ 19,283,785</u>	<u>\$ 4,107,446</u>
Transfer in of generation assets	-	-
Deferred inflow of resources adj	(19,283,785)	(4,107,446)
Change in net position	<u>\$ -</u>	<u>\$ -</u>

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

**South Utah Valley Solid Waste District**

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

Additional information is as follows:

- a. Participants and their percentage shares:
- b.

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

- b. The District is governed by a Board of Directors which are comprised of six directors. The Mayor and City Council of each member appoints one director. All decisions of the Board are by majority vote, except in the case of a tie. In a tie, the votes would be taken by tonnage. For Provo to prevail in a tie vote they would need one additional city to vote with them.
- c. The District’s Board of Directors governs the operations of the District through management employed by the Board. Since the District is subject to the same laws as the creating entities, it must follow State law for cities in the areas of fiscal management, budget.
- d. Audited summary financial information of the District as June 30, 2021 is as follows from SUVSWD:

	South Utah Valley Solid Waste District	Spanish Fork City's Share
Total assets & deferred outflows	<u>\$ 20,637,262</u>	<u>\$ 2,424,878</u>
Total liabilities & deferred inflows	<u>\$ 757,054</u>	<u>\$ 88,954</u>
Total net position	<u>\$ 19,880,208</u>	<u>\$ 2,335,924</u>
Total operating revenues	\$ 10,911,247	\$ 1,282,072
Total operating expenses	9,528,475	1,119,596
Net operating income	1,382,772	162,476
Total non-operating income (expenses)	3,345,211	393,062
Change in net assets	<u>\$ 4,727,983</u>	<u>\$ 555,538</u>

The joint venture has the following long-term debt:

Closure and postclosure liability	\$ -	\$ -
Accrued compensated absences	184,065	21,628
Net pension liability	49,224	5,784
Notes payable	-	-
Total long-term liabilities	<u>\$ 233,289</u>	<u>\$ 27,411</u>

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



#### 4.D. WATER LOAN PROGRAM

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

1. Fidelity Bonds
  - A. Public Treasurer Bond for \$4,000,000 expiring October 22, 2023 issued by Moreton & Company.
  - B. \$100,000 Blanket Employee Bond expiring April 1, 2023 covering all employees and elected officials of the City issued by Moreton & Company.
2. 12,580 water connections at June 30, 2022
3. Total culinary water billings for the year were \$3,383,508.
4. Rate schedule

Base charge	\$10.00
Price per 1,000 gallons for usage over base is	\$1.14 - \$2.14
Connection/Impact fee (1 inch)	\$1,316.00

#### 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	101,889
E. Krona CRA	<u>1,049,928</u>
Total Collected	<u>\$ 1,151,817</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	<u>26,673</u>
Total Paid	<u>\$ 26,673</u>
3. The outstanding principal amount of loans incurred to finance the cost associated with the project areas:	\$ -
4. The actual amounts expended for :	
A. Acquisition of property	\$ -
B. Site improvements	-
C. Installation of public utilities and roads	-
D. Administrative & contracted costs	<u>1,058,474</u>
Total Expended	<u>\$ 1,058,474</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
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year to June 30, 2020 2.00% per year July 1, 2020 to present	Up to 2.5%

\*Actuarial reductions are applied

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

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

Utah Retirement Systems	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer rate for 401(k) Plan
<b>Contributory System</b>				
111-Local Government Division Tier 2	N/A	N/A	16.07	0.62
<b>Noncontributory System</b>				
15-Local Government Division Tier 1	N/A	N/A	18.47	N/A
<b>Public Safety Retirement System</b>				
<b>Contributory</b>				
122 Tier 2 DB Hybrid Public Safety	N/A	2.27	25.83	N/A
<b>Noncontributory</b>				
122-Other Division A Contributory Tier 2	N/A	N/A	34.04	N/A
<b>Tier 2 DC Only</b>				
211 Local Government	N/A	N/A	6.69	10.00
222 Public Safety	N/A	N/A	11.83	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, 2022, the employer and employee contributions to the Systems were as follows:

<b>System</b>	Employer Contribution	Employee Contribution
Noncontributory System	\$ 1,354,197	N/A
Public Safety System	620,300	-
Firefighters System	1,393	-
Tier 2 Public Employee System	785,646	-
Tier 2 Public Safety and Firefighter	273,746	-
Tier 2 DC Only System	71,551	N/A
Tier 2 DC Public Safety and Firefighter System	5,934	N/A
<b>Total</b>	<b>\$ 3,112,767</b>	<b>\$ -</b>

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

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

At June 30, 2022, we reported a net pension asset of \$0 and a net pension liability of \$5,475,594.

	(Measurement Date): December 31, 2021				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2020	Change (Decrease)
Noncontributory System	\$ 5,418,263	\$ -	0.9460733%	0.9136654%	0.0324079%
Public Safety System	1,115,079	-	1.3730090%	1.2714446%	0.1015644%
Tier 2 Public Employees System	105,367	-	0.2489546%	0.2276754%	0.0212792%
Tier 2 Public Safety and Fire Fighter System	19,227	-	0.3804200%	0.3466855%	0.0337345%
	<u>\$ 6,657,936</u>	<u>\$ -</u>			

The net pension asset and liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2022. We recognized a pension expense of (\$144,467).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 730,075	\$ 16,735
Changes in assumptions	823,844	50,985
Net difference between projected and actual earnings on pension plan investments	-	10,628,098
Changes in proportion and differences between contributions and proportionate share of contributions	308,931	1,691
Contributions subsequent to the measurement date	1,450,700	-
Total	<u>\$ 3,313,550</u>	<u>\$ 10,697,509</u>

\$1,450,700 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, 2021.

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>
2022	\$ (1,604,113)
2023	(3,066,040)
2024	(2,563,189)
2025	(1,745,881)
2026	23,283
Thereafter	121,281

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

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

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

The actuarial assumptions used in the January 1, 2021, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the 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	37.00%	6.58%	2.43%
Debt securities	20.00%	-0.28%	-0.06%
Real assets	15.00%	5.77%	0.87%
Private equity	12.00%	9.85%	1.18%
Absolute return	16.00%	2.91%	0.47%
Cash and cash equivalents	0.00%	-1.01%	0.00%
Totals	100.00%		4.89%
	<u>Inflation</u>		<u>2.50%</u>
	<u>Expected arithmetic nominal return</u>		<u>7.39%</u>

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

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of

projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.85 percent from 6.95 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

<b>System</b>	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 2,913,564	\$ (5,418,263)	\$ (12,369,548)
Public Safety System	2,750,152	(1,115,079)	(4,253,914)
Tier 2 Public Employee System	627,799	(105,367)	(668,286)
Tier 2 Public Safety and Firefighter	154,251	(19,227)	(156,946)
Total	\$ 6,445,766	\$ (6,657,936)	\$ (17,448,694)

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

### ***Defined Contribution Savings Plan***

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

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

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

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b><i>401 (k) Plan</i></b>			
Employer Contributions	\$ 159,688	\$ 132,249	\$ 120,973
Employee Contributions	\$ 86,924	\$ 88,335	\$ 61,299
<b><i>457 Plan</i></b>			
Employer Contributions	\$ 120	\$ -	\$ -
Employee Contributions	\$ 56,890	\$ 15,679	\$ 5,936
<b><i>Roth IRA Plan</i></b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 79,429	\$ 73,303	\$ 63,075
<b><i>Traditional IRA</i></b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 650	\$ 650	\$ 50

#### **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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Spanish Fork City**  
**Statement of Changes in Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2022**

**Changes in Assumptions Related to Pensions**

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

**Spanish Fork City  
Schedule of the Proportionate  
Share of the Net Pension Liability  
For the Year Ended June 30, 2022**

		Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)	2015	0.7580962%	1.0812842%	0.1617363%	0.2023030%
	2016	0.7778810%	1.1538440%	0.0171388%	0.2509637%
	2017	0.8043046%	1.1807616%	0.1880264%	0.2378124%
	2018	0.8335616%	1.1948197%	0.2198402%	0.3462816%
	2019	0.8594345%	1.2131674%	0.2348667%	0.3575857%
	2020	0.9010549%	1.2407853%	0.2333133%	0.3713927%
	2021	0.9136654%	1.2714446%	0.2276754%	0.3466855%
	2022	0.9460733%	1.3730090%	0.2489546%	0.3804200%
Proportionate share of the net pension liability (asset)	2015	\$ 3,291,832	\$ 1,359,805	\$ (4,901)	\$ (2,993)
	2016	4,401,629	2,066,825	(374)	(3,667)
	2017	5,164,320	2,396,091	20,974	(2,064)
	2018	3,652,083	1,874,264	19,383	(4,007)
	2019	6,328,638	3,120,976	100,588	8,960
	2020	3,395,958	1,992,227	52,474	34,935
	2021	468,658	1,055,606	32,746	31,096
	2022	(5,418,263)	(1,115,079)	(105,367)	(19,227)
Covered Employee Payroll	2015	\$ 6,433,835	\$ 1,579,886	\$ 794,624	\$ 83,973
	2016	6,571,249	1,692,697	1,107,243	149,361
	2017	6,903,588	1,743,639	1,541,963	196,486
	2018	6,977,545	1,739,944	2,151,729	365,405
	2019	7,117,204	1,738,220	2,740,105	478,878
	2020	7,529,229	1,786,492	3,242,984	612,125
	2021	7,624,883	1,859,082	3,639,537	691,530
	2022	7,735,486	1,963,915	4,617,354	909,734
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2015	51.20%	86.10%	-0.60%	-3.60%
	2016	66.98%	122.10%	-0.03%	-0.25%
	2017	74.81%	137.40%	1.36%	-1.05%
	2018	52.34%	107.70%	0.90%	-1.10%
	2019	88.92%	179.55%	3.67%	1.87%
	2020	45.10%	111.52%	1.62%	5.71%
	2021	6.15%	56.78%	0.90%	4.50%
	2022	-70.04%	-56.78%	-2.28%	-2.11%
Plan fiduciary net position as a percentage of the total pension liability.	2015	90.20%	90.50%	103.50%	120.50%
	2016	87.80%	87.10%	100.20%	110.70%
	2017	87.30%	86.50%	95.10%	103.60%
	2018	91.90%	90.20%	97.40%	103.00%
	2019	87.00%	84.70%	90.80%	95.60%
	2020	93.70%	90.90%	96.50%	89.60%
	2021	99.20%	95.50%	98.30%	93.10%
	2022	108.70%	104.20%	103.80%	102.80%

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

## Spanish Fork City Schedule of Contributions (Pensions) For the Year Ended June 30, 2022

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
<b>Noncontributory System</b>					
2015	\$ 1,188,850	\$ 1,188,850	\$ -	\$ 6,490,086	18.32%
2016	1,232,880	1,232,880	-	6,738,212	18.30%
2017	1,274,437	1,274,437	-	6,972,376	18.28%
2018	1,279,367	1,279,367	-	7,022,987	18.22%
2019	1,327,797	1,327,797	-	7,287,792	18.22%
2020	1,400,290	1,400,290	-	7,685,572	18.22%
2021	1,365,598	1,365,598	-	7,491,820	18.23%
2022	1,354,197	1,354,197	-	7,419,852	18.25%
<b>Public Safety System</b>					
2015	\$ 559,347	\$ 559,347	\$ -	\$ 1,647,057	33.96%
2016	585,803	585,803	-	1,723,555	33.99%
2017	595,387	595,387	-	1,749,030	34.04%
2018	588,532	588,532	-	1,729,410	34.03%
2019	594,209	594,209	-	1,745,620	34.04%
2020	632,123	632,123	-	1,857,002	34.04%
2021	632,285	632,285	-	1,857,477	34.04%
2022	620,300	620,300	-	1,822,268	34.04%
<b>Firefighters System</b>					
2020	-	-	\$ -	-	0.00%
2021	-	-	-	-	0.00%
2022	1,393	1,393	-	30,206	4.61%
<b>Tier 2 Public Employees System*</b>					
2015	\$ 151,634	\$ 151,634	\$ -	\$ 1,024,321	14.80%
2016	189,010	189,010	-	1,276,697	14.80%
2017	281,807	281,807	-	1,890,051	14.91%
2018	362,112	362,112	-	2,398,374	15.10%
2019	477,206	477,206	-	3,070,823	15.54%
2020	531,875	531,875	-	3,396,388	15.66%
2021	628,250	628,250	-	3,976,266	15.80%
2022	785,646	785,646	-	4,888,897	16.07%
<b>Tier 2 Public Safety and Firefighter System*</b>					
2015	\$ 28,463	\$ 28,463	\$ -	\$ 126,220	22.55%
2016	38,350	38,350	-	170,444	22.50%
2017	59,687	59,687	-	265,276	22.50%
2018	100,657	100,657	-	446,619	22.54%
2019	121,965	121,965	-	528,216	23.09%
2020	156,014	156,014	-	674,507	23.13%
2021	194,953	194,953	-	754,755	25.83%
2022	273,746	273,746	-	1,059,803	25.83%
<b>Tier 2 Public Employees DC Only System*</b>					
2015	\$ 4,560	\$ 4,560	\$ -	\$ -	0.00%
2016	10,751	10,751	-	68,155	6.69%
2017	21,094	21,094	-	160,707	6.69%
2018	30,671	30,671	-	315,310	6.69%
2019	45,442	45,442	-	458,457	6.69%
2020	50,544	50,544	-	679,245	6.69%
2021	71,551	71,551	-	755,521	6.69%
2022	-	-	-	1,068,214	6.70%
<b>Tier 2 Public Safety and Firefighter DC Only System*</b>					
2019	-	-	-	-	0.00%
2020	4,942	4,942	-	41,776	11.83%
2021	5,934	5,934	-	50,160	11.83%
2022	-	-	-	-	-

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the past seven years.

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

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**SUPPLEMENTARY INFORMATION**

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**Spanish Fork City  
Combining Balance Sheet  
Non-Major Governmental Funds  
As of June 30, 2022**

	Special Revenue		Debt Service		Capital Projects		Total Non-major Governmental Funds
	RAP Tax Fund	RDA Fund	Debt Service Fund	River Recla- mation Fund	Golf Course Impr. Fund		
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 18,247	\$ 151,776	\$	170,023
Restricted Assets:							
Cash and cash equivalents	1,409,638	3,182,771	465,556	-	-	-	5,057,965
Total assets	<b>1,409,638</b>	<b>3,182,771</b>	<b>465,556</b>	<b>18,247</b>	<b>151,776</b>		<b>5,227,988</b>
<b>LIABILITIES</b>							
A accounts payable	5,716	-	-	-	40,440		46,156
Total liabilities	<b>5,716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,440</b>		<b>46,156</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred property tax revenues							
Total deferred inflows of resources							
<b>FUND BALANCES</b>							
RAP programs	1,403,922	-	-	-	-	-	1,403,922
Redevelopment	-	3,182,771	-	-	-	-	3,182,771
Debt service	-	-	465,556	-	-	-	465,556
Committed for:							
Capital projects	-	-	-	18,247	111,336		129,583
Total fund balances	<b>1,403,922</b>	<b>3,182,771</b>	<b>465,556</b>	<b>18,247</b>	<b>111,336</b>		<b>5,181,832</b>
Total liabilities and fund balance	<b>\$ 1,409,638</b>	<b>\$ 3,182,771</b>	<b>\$ 465,556</b>	<b>\$ 18,247</b>	<b>\$ 151,776</b>	<b>\$</b>	<b>\$ 5,227,988</b>

**Spanish Fork City**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue		Debt Service		Capital Projects		Total Non-major Governmental Funds
	RAP Tax Fund	RDA Fund	Debt Service Fund	Reclamation Fund	Golf Course Improvements Fund		
REVENUES:							
Taxes	\$ 1,164,090	\$ 101,889	\$ -	\$ -	\$ -	\$ -	\$ 1,265,979
Sundry revenues	-	-	797,497	-	-	-	797,497
Interest income	5,137	16,070	3,261	-	-	-	24,468
Total revenues	<u>1,169,227</u>	<u>117,959</u>	<u>800,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,087,944</u>
EXPENDITURES:							
Current Expenditures:							
RAP Programs	156,655	-	-	-	-	-	156,655
RDA Programs	-	1,058,475	-	-	-	-	1,058,475
Debt service:							
Principal retirement	-	-	1,280,000	-	-	-	1,280,000
Interest and fiscal charges	-	-	405,100	-	-	-	405,100
Capital outlay	-	-	-	7,759	3,588,664	-	3,596,423
Total expenditures	<u>156,655</u>	<u>1,058,475</u>	<u>1,685,100</u>	<u>7,759</u>	<u>3,588,664</u>	<u>-</u>	<u>6,496,653</u>
Excess of revenues over (under) expenditures	1,012,572	(940,516)	(884,342)	(7,759)	(3,588,664)		(4,408,709)
Other financing sources (uses):							
Loan Proceeds	-	-	-	-	1,940,250	-	1,940,250
Transfers In	-	1,049,928	879,502	-	1,759,750	-	3,689,180
Total other financing sources (uses)	<u>-</u>	<u>1,049,928</u>	<u>879,502</u>	<u>-</u>	<u>3,700,000</u>	<u>-</u>	<u>5,629,430</u>
Excess of revenues and other sources over (under) expenditures and other uses	1,012,572	109,412	(4,840)	(7,759)	111,336		1,220,721
Fund balances - beginning of year	391,350	3,073,359	470,396	26,006	-		3,961,111
Fund balances - end of year	<u>\$ 1,403,922</u>	<u>\$ 3,182,771</u>	<u>\$ 465,556</u>	<u>\$ 18,247</u>	<u>\$ 111,336</u>	<u>\$ -</u>	<u>\$ 5,181,832</u>

**Spanish Fork City**  
**Combining Statement of Net Position**  
**Non-Major Proprietary Funds**  
**As of June 30, 2022**

	Business-Type Activities - Enterprise Funds			
	Airport Fund	Garbage Fund	Gun Club Fund	Total Other Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 388,732	\$ 1,393,608	\$ 68,835	\$ 1,851,175
Accounts receivable	59,000	276,151	57,882	393,033
Allowance for doubtful accounts	-	(1,730)	-	(1,730)
Inventory	-	-	41,254	41,254
Total current assets	<u>447,732</u>	<u>1,668,029</u>	<u>167,971</u>	<u>2,283,732</u>
Noncurrent assets:				
Net pension asset		48,394	1,846	50,240
Capital Assets:				
Land	2,636,873	217,903	-	2,854,776
Buildings	-	163,563	28,119	191,682
Improvements	14,838,554	37,378	95,473	14,971,405
Equipment	58,788	1,352,582	84,120	1,495,490
Less: accumulated depreciation	(5,665,094)	(1,382,118)	(161,528)	(7,208,740)
Other Assets:				
Equity in joint venture	-	2,358,967	-	2,358,967
Total noncurrent assets	<u>11,869,121</u>	<u>2,796,669</u>	<u>48,030</u>	<u>14,713,820</u>
Total assets	<u>12,316,853</u>	<u>4,464,698</u>	<u>216,001</u>	<u>16,997,552</u>
Deferred outflows of resources due to pensions				
	<u>622</u>	<u>24,085</u>	<u>919</u>	<u>25,626</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>12,317,475</b></u>	<u><b>4,488,783</b></u>	<u><b>216,920</b></u>	<u><b>17,023,178</b></u>
<b>LIABILITIES</b>				
Current liabilities:				
Accrued Liabilities	15,216	916	19,961	36,093
Accounts payable	1,468	29	13,426	14,923
Compensated absences	545	21,120	806	22,471
Total current liabilities	<u>17,229</u>	<u>22,065</u>	<u>34,193</u>	<u>73,487</u>
Noncurrent liabilities:				
Net pension liability	(1,250)	-	-	(1,250)
Total noncurrent liabilities	<u>(1,250)</u>	<u>-</u>	<u>-</u>	<u>(1,250)</u>
Total liabilities	<u>15,979</u>	<u>22,065</u>	<u>34,193</u>	<u>72,237</u>
Deferred inflows of resources due to pensions				
	<u>2,008</u>	<u>77,756</u>	<u>2,966</u>	<u>82,730</u>
<b>Net Position</b>				
Net investment in capital assets	11,869,121	389,308	46,184	12,304,613
Unrestricted	430,367	3,999,654	133,577	4,563,598
Total Net Position	<u>\$ 12,299,488</u>	<u>\$ 4,388,962</u>	<u>\$ 179,761</u>	<u>\$ 16,868,211</u>

**Spanish Fork City**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-Major Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-Type Activities - Enterprise Funds			
	Airport Fund	Garbage Fund	Gun Club Fund	Total Other Funds
Operating revenues:				
Charges for sales and services	\$ 258,906	\$ 3,018,484	\$ 253,195	\$ 3,530,585
Other income	86,261	48	2,948	89,257
Total operating revenues	<u>345,167</u>	<u>3,018,532</u>	<u>256,143</u>	<u>3,619,842</u>
Operating expenses:				
Landfill fees	-	2,013,963	-	2,013,963
Employee salaries	155,434	191,842	99,912	447,188
Materials and supplies	12,653	105,531	120,574	238,758
Repairs and maintenance	15,678	1,402	13,475	30,555
Professional services	79,262	145,210	18,539	243,011
Motorpool charges	25,351	11,532	4,955	41,838
Utilities and Rent	13,536	22,960	13,221	49,717
Insurance	8,461	2,677	916	12,054
Depreciation	299,929	63,185	3,287	366,401
Indirect services	38,758	176,075	-	214,833
Sundry charges	3,993	71,520	-	75,513
Total operating expenses	<u>653,055</u>	<u>2,805,897</u>	<u>274,879</u>	<u>3,733,831</u>
Operating income	<u>(307,888)</u>	<u>212,635</u>	<u>(18,736)</u>	<u>(113,989)</u>
Nonoperating revenues (expenses):				
Interest revenue	-	7,981	859	8,840
Grant Proceeds	192,694	-	-	192,694
Pension benefit expense	(110)	1,696	190	1,776
Pension expense	27	1,050	40	1,117
Interest Expense				
Total nonoperating revenues (expenses)	<u>192,611</u>	<u>567,828</u>	<u>1,089</u>	<u>761,528</u>
Income (loss) before operating transfers	<u>(115,277)</u>	<u>780,463</u>	<u>(17,647)</u>	<u>647,539</u>
Operating transfers:				
Operating transfers in/(out)	105,000	(25,000)	-	80,000
Total operating transfers	<u>105,000</u>	<u>(25,000)</u>	<u>-</u>	<u>80,000</u>
Change in Net Position	(10,277)	755,463	(17,647)	727,539
Total Net Position - beginning	12,309,765	3,633,499	197,408	16,140,672
Total Net Position - ending	<u>\$ 12,299,488</u>	<u>\$ 4,388,962</u>	<u>\$ 179,761</u>	<u>\$ 16,868,211</u>

**Spanish Fork City**  
**Combining Statement Cash Flows**  
**Non-Major Proprietary Funds**  
**For the Year Ended June 30, 2022**

	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	\$ 199,906.00	\$ 2,985,028.00	\$ 195,311.00	\$ 3,380,245.00
Other cash receipts	86,261	48	2,948	89,257
Payments to suppliers	(203,673)	(2,720,386)	(172,176)	(3,096,235)
Payments to employees	(154,980)	(184,497)	(99,846)	(439,323)
Net cash provided (used) by operating activities	<u>(72,486)</u>	<u>80,193</u>	<u>(73,763)</u>	<u>(66,056)</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers in (out)	105,000	(25,000)	-	80,000
Net cash provided (used) by noncapital activities	<u>105,000</u>	<u>(25,000)</u>	<u>-</u>	<u>80,000</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchases of capital assets	(97,454)	-	-	(97,454)
Grant Proceeds	192,694	-	-	192,694
Net cash provided (used) by capital and related financing activities	<u>95,240</u>	<u>-</u>	<u>-</u>	<u>95,240</u>
<b>Cash Flows From Investing Activities</b>				
Interest and dividends received	-	7,981	859	8,840
Net cash provided (used) by investing activities	<u>-</u>	<u>7,981</u>	<u>859</u>	<u>8,840</u>
Net increase (decrease) in cash and cash equivalents	127,754	63,174	(72,904)	118,024
Cash balance, beginning	260,978	1,330,434	141,739	1,733,151
Cash balance, ending	<u><b>388,732</b></u>	<u><b>1,393,608</b></u>	<u><b>68,835</b></u>	<u><b>1,851,175</b></u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income	(307,888)	212,635	(18,736)	(113,989)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	299,929	63,186	3,285	366,400
(Increase) decrease in accounts receivable	(59,000)	(33,457)	(57,882)	(150,339)
(Increase) decrease in inventory	-	-	(28,280)	(28,280)
Increase (decrease) in accrued liabilities	(5,981)	(169,516)	27,784	(147,713)
(Increase) decrease in compensated absences	454	7,345	66	7,865
Total adjustments	<u>235,402</u>	<u>(132,442)</u>	<u>(55,027)</u>	<u>47,933</u>
Net cash provided (used) by operating activities	<u><b>\$ (72,486.00)</b></u>	<u><b>\$ 80,193.00</b></u>	<u><b>\$ (73,763.00)</b></u>	<u><b>\$ (66,056.00)</b></u>

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## **OTHER REPORTS**

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

Honorable Mayor and  
City Council Members  
Spanish Fork City  
Spanish Fork, 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, Utah, as of and for the year ended June 30, 2022, 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 13, 2022.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Spanish Fork City's internal control. Accordingly, we do not express an opinion on the effectiveness of Spanish Fork City's internal control.

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

***Larson & Company, PC***

Larson & Company  
Spanish Fork, Utah  
December 13, 2022



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

Honorable Mayor and  
City Council Members  
Spanish Fork City  
Spanish Fork, Utah

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

We have audited Spanish Fork City’s (the City) compliance with applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on the City for the year ended June 30, 2022

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

Annual Procedures:

- |                           |                                       |
|---------------------------|---------------------------------------|
| Budgetary Compliance      | Restricted Taxes and Related Revenues |
| Fund Balance              | Fraud Risk Assessment                 |
| Government Fees           | Deposit and Investment Report         |
| Enterprise Fund Transfers | Tax Levy Recognition                  |
| Impact Fees               | Utah Retirement Systems               |
| Public Treasurer’s Bond   | Open and Public Meetings              |

**Management’s Responsibility**

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

**Auditor’s Responsibility**

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

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

**Opinion on General State Compliance Requirements**

In our opinion Spanish Fork City complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2022.

## **Other Matters**

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

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

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

### ***Purpose of Report***

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

## ***Larson & Company, PC***

Larson & Company, PC  
Spanish Fork, Utah

December 13, 2022