

**SPRINGVILLE CITY CORPORATION**

**Financial Statements  
and  
Independent Auditor's Report**

**For the Year Ended June 30, 2022**

**HBME**

**CERTIFIED PUBLIC ACCOUNTANTS**

**SPRINGVILLE CITY CORPORATION**

**Financial Statements  
and  
Independent Auditor's Report**

**For the Year Ended June 30, 2022**

**SPRINGVILLE CITY CORPORATION**

**Table on Contents**

	<b>Page</b>
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor’s Report.....	1-3
Management's Discussion and Analysis .....	5-15
Basic Financial Statements:	
Entity-wide Financial Statements:	
Statement of Net Position .....	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	20
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds .....	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund .....	23-24
Statement of Net Position - Proprietary Funds .....	25-26
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	27-28
Statement of Cash Flows - Proprietary Funds .....	29-30
Notes to Financial Statements .....	31-67
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of the Proportionate Share of Net Pension Liability .....	69
Schedule of Pension Contributions.....	70
Notes to the Required Supplementary Information .....	71

**SPRINGVILLE CITY CORPORATION**

**Table on Contents**

	<b>Page</b>
<u>SUPPLEMENTARY INFORMATION</u>	
Combining Fund Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	74
Combining Statement of Net Position – Nonmajor Enterprise Funds .....	75-76
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds .....	77
Combining Statement of Cash Flows – Nonmajor Enterprise Funds .....	78-79
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund.....	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Improvement District Fund .....	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Redevelopment Agency Fund.....	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Theater .....	83
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Services Fund.....	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund.....	85
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Municipal Building Authority Fund .....	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Permanent Fund .....	87
<u>COMPLIANCE SECTION</u>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	89-90
Independent Auditor’s Report on Compliance and Report on Internal Control Over Compliance As Required by the State Compliance Audit Guide.....	91-93

## **Financial Section**



COMMITTED. EXPERIENCED. TRUSTED

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members of the City Council  
Springville City, Utah

**Report on the Audit of the Financial Statements**

***Opinions***

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

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

***Basis for Opinions***

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

The 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 the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with GAAS, 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 the 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 the 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 on pages 5-16 and the pension schedules on pages 69-71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is

required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***HBME, LLC***

December 12, 2022



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## **Basic Financial Statements**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Springville City, we offer readers of Springville City's financial statements this narrative overview and analysis of the financial activities of Springville 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 Springville City increased \$27,158,041 to \$300,374,651. The governmental net position increased by \$10,948,451 and the business-type net position increased by \$16,209,590.
- The total net position of \$300,374,651 is made up of \$212,668,532 in capital assets net of depreciation and related outstanding debt and \$87,706,119 in other net position.
- Total long-term liabilities of the City increased by \$2,472,537 primarily due to the issuance of new debt in the Water Fund.
- The General Fund (the primary operating fund) had its fund balance increase by \$1,879,274 to \$12,832,614. The increase was primarily the result of higher-than-expected revenues coupled with lower-than-expected expenses. The timing of street-related capital expenditures relative to transportation-related restricted revenues resulted in increases in restricted reserves for both B & C road funds as well as transportation sales tax revenues .

### REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to Springville City's basic financial statements. Springville City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information and 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 Springville City's finances, in a manner similar to a private-sector business.

- *The Statement of Net Position* presents information on all of Springville City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Springville 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 considered regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Springville 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 Pages 17-18 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. Springville City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and Capital Projects Fund. The remaining governmental funds are determined to be nonmajor and are included in the combining statements within this report.

- *Proprietary funds* - Springville 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. Springville City uses enterprise funds to account for its Electric Utility, Water Utility, Sewer Utility, Storm Water Utility, Solid Waste Collection, and Golf Course. Internal service funds are an accounting device used to accumulate and allocate costs internally among Springville City's various functions. The City uses an internal service fund for procurement and maintenance of its vehicles and equipment as well as maintenance of the City's buildings and grounds. Because these services primarily benefit governmental activities, they have been included with governmental activities in the government-wide financial statements. As determined by generally accepted accounting principles, the Electric, Water, Sewer and Golf enterprise funds meet the criteria for major fund classification. The other enterprise funds are classified as nonmajor and are included in the combining statements within this report.

**Notes to the Financial Statements** are to provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund statements for major funds.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) on the City's pension program. It also contains the combining fund statements referred to earlier in connection with nonmajor governmental funds and enterprise funds. The RSI and combining and individual fund statements and schedules can be found after the notes to the financial statements.

## 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 Springville City, assets exceed liabilities by \$300,374,651.

The largest portion of Springville City's net position (\$212,668,532) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment) net of accumulated depreciation and 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.

### STATEMENT OF NET POSITION

	Governmental		Business-type	
	Activities		Activities	
	2021-2022	2020-2021	2021-2022	2020-2021
Current and Other Assets	\$ 45,738,031	\$ 36,109,946	\$ 70,613,762	\$ 55,696,612
Capital Assets	124,550,871	120,181,638	111,600,885	102,511,895
Total Assets	170,288,902	156,291,584	182,214,647	158,208,507
Deferred Outflows of Resources	1,675,698	1,290,801	748,725	621,245
Long-term Debt Outstanding	18,230,804	20,205,254	12,184,420	7,737,433
Other Liabilities	5,645,366	3,279,216	6,326,037	3,916,338
Total Liabilities	23,876,170	23,484,470	18,510,457	11,653,771
Deferred Inflow of Resources	5,237,487	6,797,546	2,327,084	1,259,740
Net Position:				
Net Investment in Capital Assets	107,205,894	101,551,435	105,462,638	95,691,895
Restricted	13,256,761	8,839,243	8,464,754	6,389,642
Unrestricted	17,786,165	16,909,691	48,198,439	43,834,704
Total Net Position	\$ 138,248,820	\$ 127,300,369	\$ 162,125,831	\$ 145,916,241

At the end of the current fiscal year, Springville City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

## CHANGES IN NET POSITION

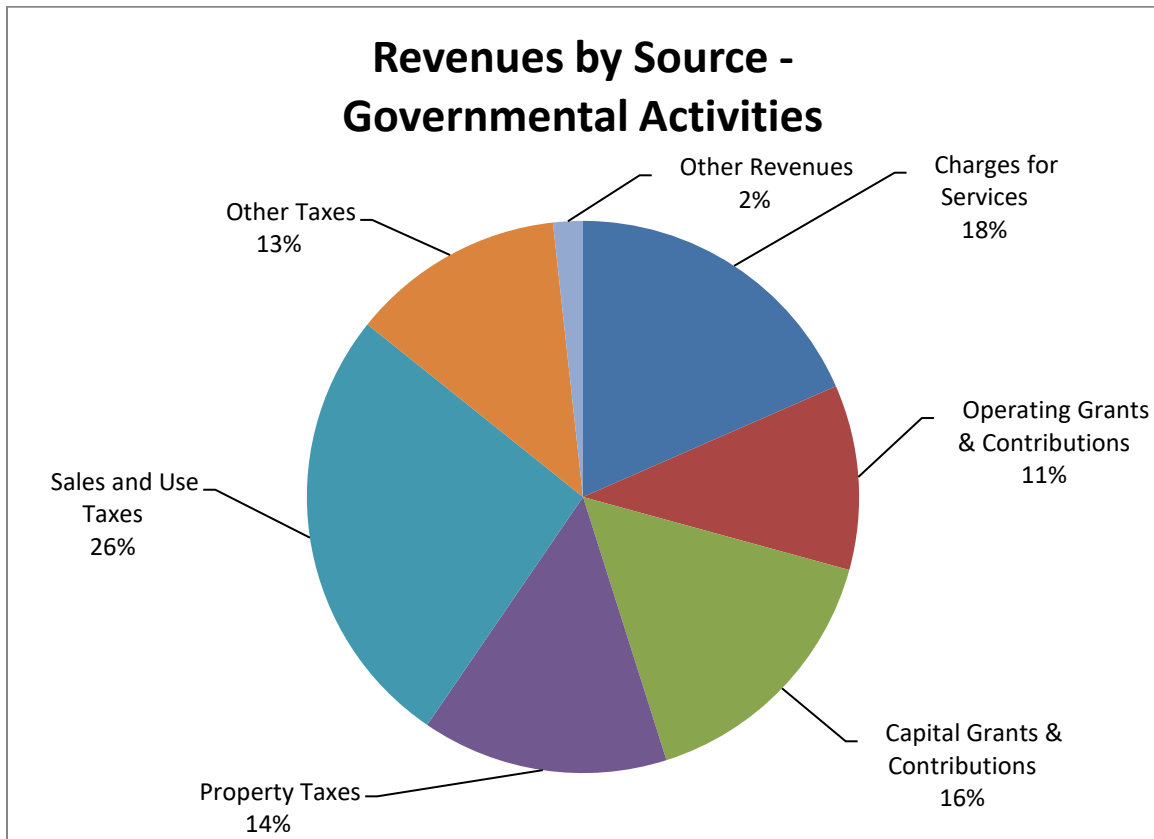
	Governmental		Business-type	
	Activities		Activities	
	<u>2021-2022</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2020-2021</u>
Revenues				
Program Revenues:				
Charges for Services	\$ 6,227,020	\$ 6,464,592	\$ 50,198,002	\$ 45,519,222
Operating Grants and Contributions	3,658,298	3,453,654	-	-
Capital Grants and Contributions	5,355,960	7,750,537	5,278,538	6,713,473
General Revenues:				
Property Taxes	4,876,097	4,609,385	-	-
Sales and Use Taxes	8,851,734	7,592,706	-	-
Other Taxes	4,228,658	3,626,402	-	-
Other Revenues	587,667	810,483	263,446	173,724
Total Revenues	<u>33,785,434</u>	<u>34,307,759</u>	<u>55,739,986</u>	<u>52,406,419</u>
Expenses				
General Government	4,843,887	5,243,284	-	-
Public Safety	6,891,534	6,213,586	-	-
Highways and Public Improvements	2,492,929	2,673,449	-	-
Community Development	1,092,331	914,850	-	-
Parks and Recreation	7,996,799	7,275,745	-	-
Interest on Long-Term Debt	450,020	526,899	-	-
Electric	-	-	27,070,682	25,547,143
Water	-	-	4,353,095	3,919,455
Sewer	-	-	3,386,730	3,007,206
Storm Water	-	-	1,108,744	923,659
Solid Waste Collections	-	-	1,741,353	1,430,092
Golf Course	-	-	939,275	921,679
Total Expenses	<u>23,767,500</u>	<u>22,847,813</u>	<u>38,599,879</u>	<u>35,749,234</u>
Increase in Net Position Before Transfers	10,017,934	11,459,946	17,140,107	16,657,185
Transfers – net	930,517	2,594,804	(930,517)	(2,594,804)
Change in Net Position	<u>10,948,451</u>	<u>14,054,750</u>	<u>16,209,590</u>	<u>14,062,381</u>
Net Position Beginning	127,300,369	113,245,619	145,916,241	131,853,860
Net Position Ending	<u>\$ 138,248,820</u>	<u>\$ 127,300,369</u>	<u>\$ 162,125,831</u>	<u>\$ 145,916,241</u>

The post-pandemic Utah economy maintained momentum into FY 2022; although, by the end of the fiscal year, inflation was souring and recessionary pressures became apparent. In the governmental activities, tax revenues continued to grow while charges for services and operating grant revenue stayed level and capital grant revenue declined. Overall, revenues were down slightly compared to FY 2021 primarily as a result of slowing new development and reductions in grant revenue. Sales tax revenues increased approximately 17% or \$1,259,028 in FY 2022 as a reflection of an expanding economy state-wide and new retail development in the City. Combined, operating and capital grants and contributions decreased approximately 20% or \$2,190,000 compared to FY 2021. This reduced amount is primarily the result of the one-time federal CARES Act dollars that were received in FY 2021 as part of the federal government’s pandemic response.

The general government expenditures increased approximately 4% or \$920,000 in FY 2022 compared to last year. Pressures from a continuing tight labor market along with significant inflation resulted in increased labor costs as well as increased costs for materials and supplies.

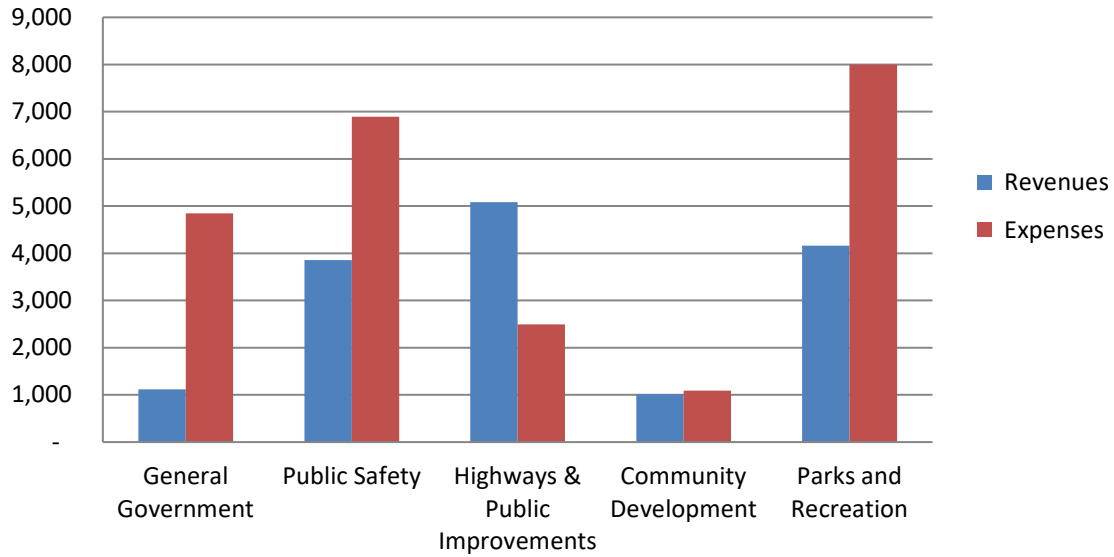
In the business-type funds, revenue increases reflect inflationary rate increased, system growth, infrastructure contributions from developers, and weather. Total revenues increased approximately 6% or \$3,333,000 in FY 2022. Expenses reflect inflationary costs for labor and materials as well as system growth from new development for a total increase of approximately 8% or \$2,850,000 in FY 2022.

The graphs shown below display the government-wide activities reflected in the previous tables. Program revenues included in the second graph are fees charged for specific services performed by the various governmental functions (for purposes of this graph, general revenues such as property taxes, sales and uses taxes, etc. are not included).



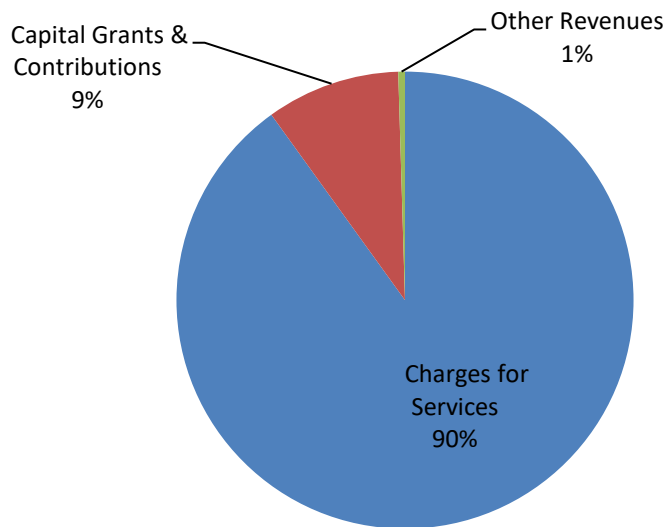
## Program Revenues and Expenses - Governmental Activities

(In Thousands)

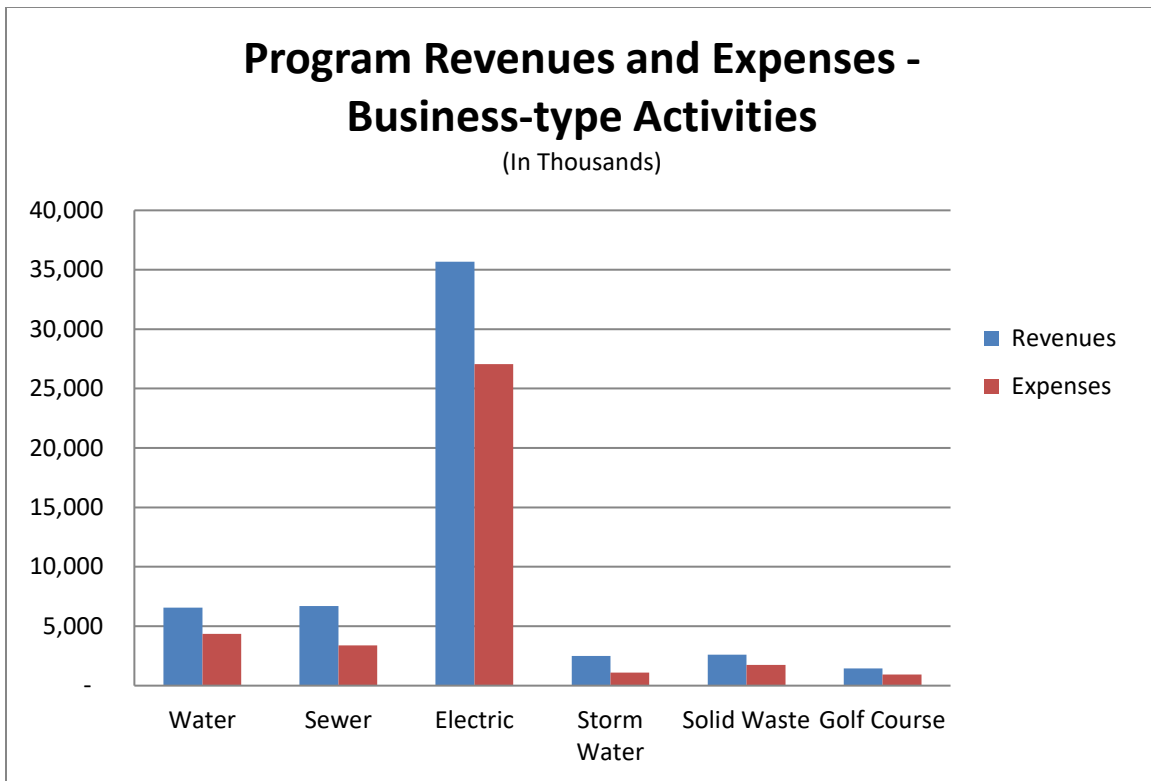


As can be seen from the following charts, the majority of revenues in the business-type activities are from charges for services with 90% of the revenues coming from this source. The revenues from capital grants and contributions represent the value of grants or infrastructure systems donated to the City via subdivisions or other infrastructure being developed. Expenses for each fund only reflect direct operating costs. The expenses for capital projects, bond principal payments and inter-fund transfers are not included.

## Revenues by Source - Business-type Activities







## FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

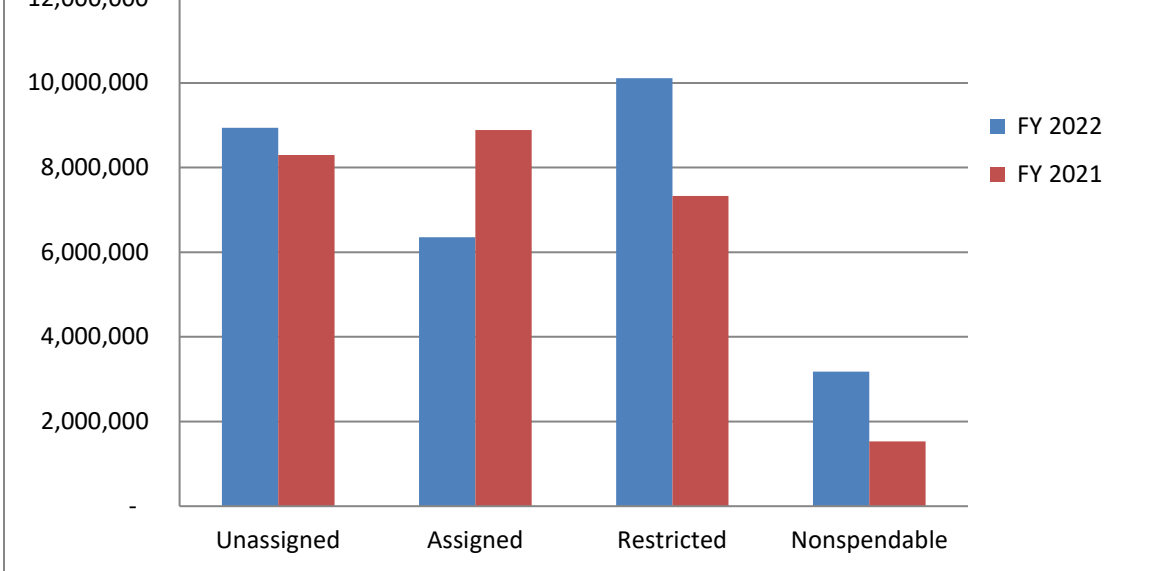
As noted earlier, Springville City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City’s *governmental fund* statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Springville City Council.

As of June 30, 2022, the City’s governmental funds (General, Capital Projects, Debt Service, Special Revenue, and Permanent) reported combined fund balance of \$28,588,775. This represents an increase of \$2,550,452 from last year’s ending balances (\$26,038,323). The *unassigned fund balance*, which is available for spending at the City’s discretion, represents \$8,941,037 or 31.3% of the total fund balance. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$3,177,211), 2) legally restricted for particular purposes (\$10,114,704), 3) committed for particular purposes (\$0), or 4) assigned for particular purposes (\$6,355,823).

## Combined Governmental Funds Components of Fund Balance

(June 30, 2021 and 2022)



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. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The unassigned fund balance increased \$646,261 to \$8,941,037, which is approximately 39% of total general fund expenditures, while total fund balance represents approximately 56% of that same amount. The increase in fund balance is attributable to higher-than-expected revenues, coupled with lower-than-budgeted expenses. An additional consideration is the fact that the State statute regarding General Fund reserve balance limits was recently increased to allow for unassigned fund balance of up to 35% of revenues. The current unassigned fund balance is 32% of revenues, which is higher than the previously allowed 25%, but well within the new fund balance limit.

The capital projects fund, a major fund, had a \$2,874,571 decrease in fund balance during the current fiscal year which put the overall fund balance at \$3,859,550. The decrease was primarily the result of property purchases that were made during the year.

Nonmajor governmental fund balances increased \$3,545,749 to \$11,896,611. These funds include the Springville Redevelopment Agency, Special Services Fund, Debt Service Fund, Municipal Building Authority, and Permanent Fund. The RDA has seen increased development activity in recent years resulting in tax increment revenues that can now be programmed for project expenses in the RDA boundaries. The RDA’s fund balance increased \$170,757 to \$1,087,198. The Special Services Fund accounts for activities related to governmental services funded through impact fees. Considerable new development activity within the City has resulted in increased impact fee revenue, which can be programmed for growth-related projects contemplated in various impact fee facility plans. The Special Services fund balance increased by \$1,402,824 to \$6,438,229 as a result of impact fee revenues. The Permanent Fund includes the Cemetery Trust Fund, which retains a portion of plot sales revenue intended to support long-term maintenance of the City’s cemeteries. The Permanent fund balance increased \$1,748,939 to \$3,980,633. The reason for the increase is

that the Permanent fund received a one-time matching program transfer from another fund for future incentives on grant funding and private donations that may require matching City funds. The Permanent Fund also holds a \$1,500,000 note receivable from the golf course that will be repaid over time with market-rate interest.

**Proprietary Funds.** As stated earlier, the City maintains several proprietary funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements; however, the difference is that the fund statements provide much more detail.

The City’s major proprietary funds had unrestricted net position amounts as follows: Water Fund - \$3,694,886, a decrease \$2,666,452 from the previous year; Sewer Fund - \$8,214,471, an increase of \$1,334,580 over the previous year; Electric Fund - \$24,178,545, an increase of \$4,334,909; and Golf Fund - \$691,967, a decrease of \$30,440 from the previous year. The changes in net position are results of a number of factors. It is typically the policy of the City to implement small, inflationary adjustments to rates when warranted. Modest rate increases were implemented in FY 2022 partially because no rate increases were made during the pandemic. These new revenues benefitted most funds, but the timing of large capital projects also contributed to the utilization of fund balances that had been accumulating with the specific intent of funding these capital projects. This was particularly true in the Golf Fund and Water Fund. Significant new development resulted in greater-than-expected impact fee revenues, especially for the Electric Fund. Finally, an ongoing drought and a state-wide campaign encouraging water conservation resulted in lower-than-budgeted revenues in the Water Fund.

The nonmajor proprietary funds (Storm Water and Solid Waste) had a combined unrestricted net position of \$6,403,527, which is an increase of \$1,056,809 over the previous year. Factors contributing to the increase include the same economic conditions affecting the major proprietary funds explained above.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Original budget compared to final budget.** During the fiscal year, the General Fund budget was amended from an original budget expenditure total (including transfers) of \$30,690,823 to a final budget of \$34,948,571. The budget increase represented adjustments of unanticipated expenditures related to grants received from various sources, mid-year wage adjustments to respond to market conditions and an increase in the budget to transfer general fund dollars to the capital improvement fund for previously unfunded projects.

**Final budget compared to actual results.** The most significant differences between estimated revenues and actual revenues were as follows:

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Taxes	\$15,878,212	\$17,457,807	\$1,579,595
Licenses and permits	\$1,856,500	\$1,196,505	(\$659,995)

Tax revenues increases were mostly from sales tax, which increased significantly over the previous year. While significant commercial development occurred, anticipated residential development did not materialize, which resulted in lower-than-expected plan review and building permit fees. Charges for services were up modestly compared to the previous year.

As noted, expenditure budgets were amended during the year in order to provide for a number of unanticipated developments in economic conditions. The onset of significant inflation along with a continued tight labor market forced the city into making mid-year wage adjustments in response

to the market in order to keep skilled labor. Additionally, excess fund balances in the general fund were transferred to capital funds to pay for previously deferred capital improvements.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

Springville City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$236,151,756 (net of accumulated depreciation). This investment in capital assets includes land, water shares, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, bridges, etc.), and machinery and equipment. The City's investment in capital assets for the current year increased by \$13,458,223. Governmental activities' capital assets increased by \$4,369,233 while the business-type activities' capital assets increased by \$9,088,990.

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

- Property purchases and developer land contributions- \$4,270,345
- Road improvements and reconstruction, including items from developers - \$1,839,388
- Fire station living quarter improvements – \$503,007
- Vehicle and equipment acquisition and replacement - \$1,032,385
- New water tank construction - \$2,686,508
- Waste water treatment plant improvements - \$1,521,750
- New development infrastructure (Power Dept.) - \$701,269
- Power substation improvements - \$636,059
- Golf course irrigation system improvements - \$2,547,811

## SPRINGVILLE CITY'S CAPITAL ASSETS

	Governmental		Business-type	
	Activities		Activities	
	<u>2021-2022</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2020-2021</u>
Land	\$ 35,305,363	\$ 31,036,618	\$ 1,719,507	\$ 1,717,907
Water Shares	-	-	1,374,919	1,374,919
Buildings	58,335,150	58,266,393	5,848,044	5,848,044
System Improvements	90,705,890	88,712,313	180,865,203	175,189,724
Machinery & Equipment	15,285,583	14,267,069	1,547,160	1,656,420
Construction in Progress	2,988,140	2,245,935	10,867,150	3,311,640
Right-to-use asset	-	-	168,082	-
Less Accumulated Depreciation	<u>(78,069,255)</u>	<u>(74,346,690)</u>	<u>(90,789,180)</u>	<u>(86,586,759)</u>
Total	<u>\$ 124,550,871</u>	<u>\$ 120,181,638</u>	<u>\$ 111,600,885</u>	<u>\$ 102,511,895</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 long-term bonded debt balances of \$26,530,000. Of the total, \$9,945,000 is debt secured by specific revenue sources (i.e. revenue bonds within the Water and Sewer Utilities). The remainder is in a Municipal Building Authority Lease Revenue Bond of \$3,390,000, and general obligation bonds of \$13,195,000. The City also has unamortized premiums on bonds of \$2,222,956; accrued compensated absences of \$1,491,579; and leases payable of \$170,689.

## SPRINGVILLE CITY'S OUTSTANDING DEBT

	Governmental		Business-type	
	Activities		Activities	
	<u>2020-2021</u>	<u>2020-2021</u>	<u>2020-2021</u>	<u>2020-2021</u>
General Obligation Bonds	\$ 13,195,000	\$ 14,110,000	\$ -	\$ -
Revenue Bonds	-	-	9,945,000	6,820,000
MBA Bonds	3,390,000	3,695,000	-	-
Unamortized Bond Premium	759,977	825,203	1,462,979	-
Net Pension Liability	-	676,823	-	341,584
Compensated Absences	885,827	898,228	605,752	575,849
Total	<u>\$ 18,230,804</u>	<u>\$ 20,205,254</u>	<u>\$ 12,184,120</u>	<u>\$ 7,737,433</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$105,706,503. The City currently has \$13,195,000 outstanding in general obligation debt. State statute allows for an additional 8% to be used for water, sewer, storm water, or electrical projects. The current limitation for these water, sewer, storm water, and electrical projects is thus \$211,413,006. The City has issued significantly fewer bonds than this debt limit.

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**

- Utah and Utah County, specifically, have largely been spared from severe economic impacts from the COVID-19 pandemic. The June 2022 unemployment rate for the Provo/Orem Metropolitan Area (of which Springville City is a part) was 2.3 percent compared to a state unemployment rate of 2.0 percent and a national rate of 3.6 percent. (Source: U.S. Bureau of Labor Statistics)
- Sales tax revenues increase approximately 17% over last year; however, a Consumer Price Index (for All Urban Consumers) increase of 9.1% negated much of the impact of the increased revenues. Inflationary pressures are anticipated to continue into the next budget year.
- Expenditures in the General Fund were approximately 14% higher than the previous year; operating expenses in the Enterprise Funds were approximately 7% higher than the previous year. These increases reflect continued growth, inflationary factors, and minor service level increases. Actual expenditures for FY 2021-2022 were approximately 17% less than budgeted General Fund expenditures because of voluntary budget reductions, personnel savings from unfilled positions and other line-item savings that contributed to actual expenditures being less than budget.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Springville 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, Springville City, 110 S Main St, Springville, UT 84663.

**SPRINGVILLE CITY CORPORATION**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 16,209,422	\$ 48,710,779	\$ 64,920,201
Investments	9,744,431	-	9,744,431
Receivables:			
Accounts, net	615,773	4,738,513	5,354,286
Property taxes	4,371,093	-	4,371,093
Other taxes	2,759,727	-	2,759,727
Prepays	25,930	-	25,930
Inventory	9,224	1,779,474	1,788,698
Internal balances	(5,015,043)	5,015,043	-
Interfund notes receivable (payable)	1,500,000	(1,500,000)	-
Lease receivables	286,813	-	286,813
Restricted cash and cash equivalents	11,884,031	6,762,206	18,646,237
Equity investment in joint venture	-	3,439,250	3,439,250
Net pension asset	3,346,630	1,668,497	5,015,127
Capital assets			
Non depreciable	38,293,503	13,961,576	52,255,079
Depreciable assets, net of depreciation	86,257,368	97,639,309	183,896,677
<b>Total assets</b>	<b>170,288,902</b>	<b>182,214,647</b>	<b>352,503,549</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred outflows related to pensions	1,675,698	748,725	2,424,423
<b>Total deferred outflows of resources</b>	<b>1,675,698</b>	<b>748,725</b>	<b>2,424,423</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	1,141,413	5,173,487	6,314,900
Accrued liabilities	663,364	198,363	861,727
Accrued interest payable	87,134	229,700	316,834
Developer and customer deposits	3,605,470	724,487	4,329,957
Unearned revenue	147,985	-	147,985
Noncurrent liabilities:			
Due within one year	1,712,914	1,257,628	2,970,542
Due in more than one year	16,517,890	10,926,792	27,444,682
<b>Total liabilities</b>	<b>23,876,170</b>	<b>18,510,457</b>	<b>42,386,627</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred property taxes	4,331,079	-	4,331,079
Deferred lease revenue	271,044	-	271,044
Deferred inflows related to pensions	5,237,487	2,327,084	7,564,571
<b>Total deferred inflows of resources</b>	<b>9,839,610</b>	<b>2,327,084</b>	<b>12,166,694</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	107,205,894	105,462,638	212,668,532
Restricted for:			
Debt service	366,918	597,298	964,216
Impact fees	5,705,927	7,867,456	13,573,383
Perpetual care	3,142,057	-	3,142,057
Capital projects	2,571,983	-	2,571,983
Grants and other projects	1,469,876	-	1,469,876
Unrestricted	17,786,165	48,198,439	65,984,604
<b>Total net position</b>	<b>\$ 138,248,820</b>	<b>\$ 162,125,831</b>	<b>\$ 300,374,651</b>

The accompanying notes are an integral part of this financial statement.

**SPRINGVILLE CITY CORPORATION**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs:</b>							
<b>Primary government:</b>							
<b>Governmental activities</b>							
General government	\$ 4,843,887	\$ 1,031,384	\$ 89,684	\$ -	\$ (3,722,819)		\$ (3,722,819)
Public safety	6,891,534	1,348,476	2,139,064	369,323	(3,034,671)		(3,034,671)
Community development	1,092,331	1,016,253	-	-	(76,078)		(76,078)
Highways and public improvements	2,492,929	100,036	834,598	4,148,039	2,589,744		2,589,744
Parks and recreation	7,996,799	2,730,871	594,952	838,598	(3,832,378)		(3,832,378)
Interest on long-term debt	450,020	-	-	-	(450,020)		(450,020)
<b>Total governmental activities</b>	<b>23,767,500</b>	<b>6,227,020</b>	<b>3,658,298</b>	<b>5,355,960</b>	<b>(8,526,222)</b>		<b>(8,526,222)</b>
<b>Business-type activities</b>							
Water	4,353,095	5,430,979	-	1,138,886		\$ 2,216,770	2,216,770
Sewer	3,386,730	6,009,046	-	688,700		3,311,016	3,311,016
Electric	27,070,682	33,702,965	-	1,969,812		8,602,095	8,602,095
Storm Water	1,108,744	1,535,007	-	953,337		1,379,600	1,379,600
Solid Waste	1,741,353	2,173,896	-	427,803		860,346	860,346
Golf	939,275	1,346,109	-	100,000		506,834	506,834
<b>Total business-type activities</b>	<b>38,599,879</b>	<b>50,198,002</b>	<b>-</b>	<b>5,278,538</b>		<b>16,876,661</b>	<b>16,876,661</b>
<b>Total primary government</b>	<b>\$ 62,367,379</b>	<b>\$ 56,425,022</b>	<b>\$ 3,658,298</b>	<b>\$ 10,634,498</b>	<b>(8,526,222)</b>	<b>16,876,661</b>	<b>8,350,439</b>
<b>General revenues and transfers:</b>							
General Revenues:							
Taxes							
Property					4,876,097	-	4,876,097
Sales					8,851,734	-	8,851,734
Other taxes					4,228,658	-	4,228,658
Investment earnings					(131,376)	263,446	132,070
Miscellaneous					719,043	-	719,043
Transfers - net					930,517	(930,517)	-
<b>Total general revenue and transfers</b>					<b>19,474,673</b>	<b>(667,071)</b>	<b>18,807,602</b>
<b>Change in net position</b>					<b>10,948,451</b>	<b>16,209,590</b>	<b>27,158,041</b>
<b>Net position - beginning</b>					<b>127,300,369</b>	<b>145,916,241</b>	<b>273,216,610</b>
<b>Net position - ending</b>					<b>\$ 138,248,820</b>	<b>\$ 162,125,831</b>	<b>\$ 300,374,651</b>

The accompanying notes are an integral part of this financial statement.



**SPRINGVILLE CITY CORPORATION**  
**Balance Sheet – Governmental Funds**  
**June 30, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ -	\$ 2,850,459	\$ 4,626,331	\$ 7,476,790
Investments	9,744,431	-	-	9,744,431
Receivables:				
Property taxes	4,021,093	-	350,000	4,371,093
Other taxes and grants	2,759,727	-	-	2,759,727
Special assessment	-	-	7,717	7,717
Other, net	605,340	-	2,716	608,056
Due from other funds	-	1,211,040	-	1,211,040
Interfund note receivable	-	-	1,500,000	1,500,000
Lease receivables	286,813	-	-	286,813
Inventory	9,224	-	-	9,224
Prepays	25,930	-	-	25,930
Restricted cash and cash equivalents	5,992,017	-	5,892,014	11,884,031
<b>Total assets</b>	<b>\$ 23,444,575</b>	<b>\$ 4,061,499</b>	<b>\$ 12,378,778</b>	<b>\$ 39,884,852</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 894,032	\$ 53,964	\$ 132,167	\$ 1,080,163
Accrued liabilities	649,296	-	-	649,296
Due to other funds	1,211,040	-	-	1,211,040
Developer and customer deposits	3,605,470	-	-	3,605,470
Unearned revenue	-	147,985	-	147,985
<b>Total liabilities</b>	<b>6,359,838</b>	<b>201,949</b>	<b>132,167</b>	<b>6,693,954</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred property taxes	3,981,079	-	350,000	4,331,079
Deferred lease revenue	271,044	-	-	271,044
<b>Total deferred inflows of resources</b>	<b>4,252,123</b>	<b>-</b>	<b>350,000</b>	<b>4,602,123</b>
<b><u>FUND BALANCES</u></b>				
Nonspendable	35,154	-	3,142,057	3,177,211
Restricted:				
Debt service	-	-	366,918	366,918
B & C roads	2,386,547	-	-	2,386,547
Transportation	1,469,876	-	-	1,469,876
Impact fees	-	-	5,705,927	5,705,927
Parks, art, and recreation projects	-	-	185,436	185,436
Assigned:				
Capital projects	-	3,859,550	-	3,859,550
Community improvements	-	-	2,496,273	2,496,273
Unassigned	8,941,037	-	-	8,941,037
<b>Total fund balances</b>	<b>12,832,614</b>	<b>3,859,550</b>	<b>11,896,611</b>	<b>28,588,775</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 23,444,575</b>	<b>\$ 4,061,499</b>	<b>\$ 12,378,778</b>	<b>\$ 39,884,852</b>

The accompanying notes are an integral part of this financial statement.

**SPRINGVILLE CITY CORPORATION**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To The Statement of Net Position**  
**June 30, 2022**

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Total fund balances for governmental funds	\$ 28,588,775
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	124,550,871
Other long-term assets and deferred outflows of resources are not available for current period expenditures and, therefore, are not reported in the funds balance sheet.	5,022,328
The proprietary funds cumulative allocation of the internal service funds net income based on use of service are included in the entitywide statements.	(5,015,043)
Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not recorded in the funds.	(87,134)
Long-term liabilities, including bonds, compensated absences, and notes are not due and payable in the current period and, therefore, are not reported in the funds.	(18,230,804)
Other long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds balance sheet.	(5,237,487)
The internal service fund is used by management to charge the cost of vehicles and related maintenance to other funds. The assets and liabilities of the internal services fund are included in the governmental activities in the Statement of Net Position.	<u>8,657,314</u>
Net position of governmental activities	<u><u>\$ 138,248,820</u></u>

The accompanying notes are an integral part of this financial statement.

**SPRINGVILLE CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**For the Year Ended June 30, 2022**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES</u></b>				
Taxes	\$ 17,457,807	\$ -	\$ 498,682	\$ 17,956,489
Licenses and permits	1,196,505	-	-	1,196,505
Intergovernmental	4,295,372	1,002,047	-	5,297,419
Charges for services	4,504,208	-	122,657	4,626,865
Impact fees	-	-	1,615,693	1,615,693
Fines and forfeitures	403,650	-	-	403,650
Interest	(216,035)	14,879	22,937	(178,219)
Donations and reimbursements	106,223	-	135,650	241,873
Miscellaneous	209,362	-	509,681	719,043
<b>Total revenues</b>	<b>27,957,092</b>	<b>1,016,926</b>	<b>2,905,300</b>	<b>31,879,318</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	5,770,971	-	-	5,770,971
Public safety	7,367,736	-	-	7,367,736
Community development	1,046,930	-	168,830	1,215,760
Highways and public improvements	1,534,694	-	-	1,534,694
Park, recreation, and public property	7,189,292	-	-	7,189,292
Capital outlay	-	5,335,901	205,333	5,541,234
Debt service:				
Principal	-	-	1,220,000	1,220,000
Interest and fiscal expenses	-	-	524,021	524,021
<b>Total expenditures</b>	<b>22,909,623</b>	<b>5,335,901</b>	<b>2,118,184</b>	<b>30,363,708</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>5,047,469</b>	<b>(4,318,975)</b>	<b>787,116</b>	<b>1,515,610</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Sale of capital assets	-	583,325	-	583,325
Transfers in	2,946,967	2,861,799	3,089,233	8,897,999
Transfers out	(6,115,162)	(2,000,720)	(330,600)	(8,446,482)
<b>Total other financing sources (uses)</b>	<b>(3,168,195)</b>	<b>1,444,404</b>	<b>2,758,633</b>	<b>1,034,842</b>
<b>Net change in fund balances</b>	<b>1,879,274</b>	<b>(2,874,571)</b>	<b>3,545,749</b>	<b>2,550,452</b>
<b>Fund balances, beginning</b>	<b>10,953,340</b>	<b>6,734,121</b>	<b>8,350,862</b>	<b>26,038,323</b>
<b>Fund balances, ending</b>	<b>\$ 12,832,614</b>	<b>\$ 3,859,550</b>	<b>\$ 11,896,611</b>	<b>\$ 28,588,775</b>

The accompanying notes are an integral part of this financial statement.

**SPRINGVILLE CITY CORPORATION**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of**  
**Governmental Funds To the Statement of Activities**  
**For the Year Ended June 30, 2022**

**Amounts reported for governmental activities in the Statement of Activities are different because:**

Net change in fund balances for governmental funds	\$ 2,550,452
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of \$5,000 or more are capitalized and the cost is allocated over the assets estimated useful lives and reported as depreciation expense.	
Capital outlay	5,548,105
Depreciation expense	(3,333,215)
Contributed assets are not recorded in governmental funds because current resources are not expended for acquisition. The Statement of Activities records these contributed assets at their estimated fair value on the date of contribution.	
	1,859,273
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither type of transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. These amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.	
Reduction of long-term liability	1,220,000
Amortization of bond premiums and deferred loss on refunding	65,226
Accrued pension costs are not reported as an expenditure in the current period for governmental funds but are recorded as an expense in the statement of activities.	
	1,543,247
Expenses are recognized in the governmental funds when paid or due; however, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenses are paid or due.	
Accrued interest	8,775
Compensated absences	20,263
The proprietary funds allocation of the internal service fund net gain is based on use of service included in the entity-wide statements.	
	(334,329)
Internal service fund is used by management to charge the cost of centralized services to individual funds. The net income of the internal service fund is reported with governmental activities.	
	<u>1,800,654</u>
Change in net position of governmental activities	<u><u>\$ 10,948,451</u></u>

The accompanying notes are an integral part of this financial statement.

**SPRINGVILLE CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – General Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes	\$ 15,878,212	\$ 15,878,212	\$ 17,457,807	\$ 1,579,595
Licenses and permits	1,856,500	1,856,500	1,196,505	(659,995)
Intergovernmental	1,937,112	3,992,819	4,295,372	302,553
Charges for services	4,166,685	4,175,685	4,504,208	328,523
Fines and forfeitures	453,000	453,000	403,650	(49,350)
Interest	170,000	175,000	(216,035)	(391,035)
Donations	119,000	146,500	106,223	(40,277)
Miscellaneous	100,000	100,000	209,362	109,362
<b>Total revenues</b>	<u>24,680,509</u>	<u>26,777,716</u>	<u>27,957,092</u>	<u>1,179,376</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government:				
City administrator	1,308,622	1,329,737	669,999	659,738
Information systems	524,402	533,820	420,338	113,482
Engineering	1,507,863	1,531,270	268,486	1,262,784
Cemetery	276,342	281,556	234,050	47,506
Mayor and city council	208,310	211,089	87,090	123,999
Finance and treasury	1,091,575	1,104,660	416,423	688,237
Nondepartmental	3,141,740	3,141,740	3,141,740	-
Legal services	785,247	811,751	532,845	278,906
Total general government	<u>8,844,101</u>	<u>8,945,623</u>	<u>5,770,971</u>	<u>3,174,652</u>
Public safety:				
Police	5,507,723	5,667,432	5,278,058	389,374
Fire	1,673,008	1,893,196	1,779,394	113,802
Court	333,773	340,915	310,284	30,631
Total public safety	<u>7,514,504</u>	<u>7,901,543</u>	<u>7,367,736</u>	<u>533,807</u>
Highways and public improvements:				
Public works	537,110	545,020	113,411	431,609
Streets	1,591,729	1,613,337	1,421,283	192,054
Total highways and public improvements	<u>2,128,839</u>	<u>2,158,357</u>	<u>1,534,694</u>	<u>623,663</u>

(Continued)

The accompanying notes are an integral part of this financial statement.

**SPRINGVILLE CITY CORPORATION**  
**Statement of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – General Fund (Continued)**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Parks and recreation:				
Parks	1,728,904	1,751,642	1,647,339	104,303
Recreation	1,003,569	1,048,193	1,110,638	(62,445)
Art museum	1,147,105	1,230,610	1,138,022	92,588
Swimming pool	1,801,040	1,822,788	1,859,323	(36,535)
Library	1,181,532	1,233,082	1,254,125	(21,043)
Senior citizens	112,700	115,106	106,638	8,468
Arts commission	87,849	88,667	73,207	15,460
Total parks and recreation	<u>7,062,699</u>	<u>7,290,088</u>	<u>7,189,292</u>	<u>100,796</u>
Community development:				
Building inspection	594,327	606,912	568,567	38,345
Planning and zoning	702,666	730,886	478,363	252,523
Total community development	<u>1,296,993</u>	<u>1,337,798</u>	<u>1,046,930</u>	<u>290,868</u>
<b>Total expenditures</b>	<u>26,847,136</u>	<u>27,633,409</u>	<u>22,909,623</u>	<u>4,723,786</u>
<b>Excess (deficiency) of revenues         over (under) expenditures</b>	<u>(2,166,627)</u>	<u>(855,693)</u>	<u>5,047,469</u>	<u>5,903,162</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	5,943,606	5,957,206	2,946,967	(3,010,239)
Transfers out	(3,843,687)	(7,315,162)	(6,115,162)	1,200,000
<b>Net other financing sources (uses)</b>	<u>2,099,919</u>	<u>(1,357,956)</u>	<u>(3,168,195)</u>	<u>(1,810,239)</u>
<b>Net change in fund balance</b>	<u>\$ (66,708)</u>	<u>\$ (2,213,649)</u>	<u>1,879,274</u>	<u>\$ 4,092,923</u>
<b>Fund balance, beginning of year</b>			<u>10,953,340</u>	
<b>Fund balance, end of year</b>			<u>\$ 12,832,614</u>	

The accompanying notes are an integral part of this financial statement.

**SPRINGVILLE CITY CORPORATION**  
**Statement of Net Position – Proprietary Funds**  
**June 30, 2022**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Total</b>	<b>Governmental Activities Internal Service Fund</b>
	<b>Water</b>	<b>Sewer</b>	<b>Electric</b>	<b>Golf Course</b>	<b>Nonmajor Enterprise Funds</b>		
<b><u>ASSETS</u></b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 5,518,449	\$ 8,238,530	\$ 27,290,439	\$ 2,740,806	\$ 4,922,555	\$ 48,710,779	\$ 8,732,632
Accounts receivable, net	857,331	473,318	3,064,704	113	343,047	4,738,513	-
Inventory	386,386	-	1,393,088	-	-	1,779,474	-
<b>Total current assets</b>	<b>6,762,166</b>	<b>8,711,848</b>	<b>31,748,231</b>	<b>2,740,919</b>	<b>5,265,602</b>	<b>55,228,766</b>	<b>8,732,632</b>
<b>Noncurrent assets:</b>							
Restricted cash and cash equivalents	5,691,660	432,909	637,637	-	-	6,762,206	-
Capital assets:							
Land	201,267	40,860	273,498	341,520	862,362	1,719,507	-
Water shares	1,374,919	-	-	-	-	1,374,919	-
Construction in progress	4,512,464	179,693	3,106,122	2,547,812	521,059	10,867,150	-
Buildings	399,906	-	2,632,422	1,965,450	850,266	5,848,044	-
Improvements other than buildings	54,419,858	43,433,461	75,529,553	-	7,482,331	180,865,203	-
Machinery and equipment	234,085	362,570	372,094	146,908	431,503	1,547,160	10,328,418
Right to use leased asset	-	-	-	168,082	-	168,082	-
Accumulated depreciation	(18,364,925)	(19,210,723)	(49,560,653)	(1,743,502)	(1,909,377)	(90,789,180)	(6,343,923)
Net capital assets	42,777,574	24,805,861	32,353,036	3,426,270	8,238,144	111,600,885	3,984,495
Other assets:							
Equity investment in joint venture	-	-	-	-	3,439,250	3,439,250	-
Net pension asset	281,362	197,905	952,337	97,201	139,692	1,668,497	147,536
Total other assets	281,362	197,905	952,337	97,201	3,578,942	5,107,747	147,536
<b>Total noncurrent assets</b>	<b>48,750,596</b>	<b>25,436,675</b>	<b>33,943,010</b>	<b>3,523,471</b>	<b>11,817,086</b>	<b>123,470,838</b>	<b>4,132,031</b>
<b>Total assets</b>	<b>55,512,762</b>	<b>34,148,523</b>	<b>65,691,241</b>	<b>6,264,390</b>	<b>17,082,688</b>	<b>178,699,604</b>	<b>12,864,663</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>							
Deferred outflows related to pensions	126,259	88,808	427,354	43,618	62,686	748,725	66,206
<b>Total deferred outflows of resources</b>	<b>126,259</b>	<b>88,808</b>	<b>427,354</b>	<b>43,618</b>	<b>62,686</b>	<b>748,725</b>	<b>66,206</b>

The accompanying notes are an integral part of this financial statement.

**SPRINGVILLE CITY CORPORATION**  
**Statement of Net Position – Proprietary Funds (Continued)**  
**June 30, 2022**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Total</b>	<b>Governmental Activities Internal Service Fund</b>
	<b>Water</b>	<b>Sewer</b>	<b>Electric</b>	<b>Golf Course</b>	<b>Nonmajor Enterprise Funds</b>		
<b><u>LIABILITIES</u></b>							
<b>Current liabilities:</b>							
Accounts payable	\$ 2,033,817	\$ 373,268	\$ 2,179,393	\$ 482,964	\$ 104,045	\$ 5,173,487	\$ 61,250
Accrued liabilities	30,918	23,789	102,849	23,046	17,761	198,363	14,068
Deposits	86,850	-	637,637	-	-	724,487	-
Accrued interest payable	157,641	72,059	-	-	-	229,700	-
Compensated absences	47,992	19,477	196,648	24,096	14,663	302,876	24,109
Bonds payable	294,490	605,510	-	-	-	900,000	-
Leases payable	-	-	-	54,752	-	54,752	-
<b>Total current liabilities</b>	<b>2,651,708</b>	<b>1,094,103</b>	<b>3,116,527</b>	<b>584,858</b>	<b>136,469</b>	<b>7,583,665</b>	<b>99,427</b>
<b>Noncurrent liabilities:</b>							
Compensated absences	47,992	19,476	196,648	24,097	14,663	302,876	24,109
Bonds payable	6,239,175	4,268,804	-	-	-	10,507,979	-
Leases payable	-	-	-	115,937	-	115,937	-
Interfund note payable	-	-	-	1,500,000	-	1,500,000	-
<b>Total noncurrent liabilities</b>	<b>6,287,167</b>	<b>4,288,280</b>	<b>196,648</b>	<b>1,640,034</b>	<b>14,663</b>	<b>12,426,792</b>	<b>24,109</b>
<b>Total liabilities</b>	<b>8,938,875</b>	<b>5,382,383</b>	<b>3,313,175</b>	<b>2,224,892</b>	<b>151,132</b>	<b>20,010,457</b>	<b>123,536</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>							
Deferred inflows related to pensions	392,421	276,021	1,328,243	135,568	194,831	2,327,084	205,771
<b>Total deferred inflows of resources</b>	<b>392,421</b>	<b>276,021</b>	<b>1,328,243</b>	<b>135,568</b>	<b>194,831</b>	<b>2,327,084</b>	<b>205,771</b>
<b><u>NET POSITION</u></b>							
Net investment in capital assets	41,684,330	19,931,547	32,353,036	3,255,581	8,238,144	105,462,638	4,050,701
Restricted for impact fees	764,120	-	4,945,596	-	2,157,740	7,867,456	-
Restricted for debt service	164,389	432,909	-	-	-	597,298	-
Unrestricted	3,694,886	8,214,471	24,178,545	691,967	6,403,527	43,183,396	8,550,861
<b>Total net position</b>	<b>\$ 46,307,725</b>	<b>\$ 28,578,927</b>	<b>\$ 61,477,177</b>	<b>\$ 3,947,548</b>	<b>\$ 16,799,411</b>	<b>157,110,788</b>	<b>\$ 12,601,562</b>

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

Internal service funds are used by management to charge the costs of vehicles and fleet services to other funds. The net adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time.

5,015,043

Net position (proprietary funds/entity-wide)

\$ 162,125,831

The accompanying notes are an integral part of this financial statement.



**SPRINGVILLE CITY CORPORATION**  
**Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds**  
**For the Year Ended June 30, 2022**

	<u>Business-type Activities - Enterprise Funds</u>					<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Golf Course</u>	<u>Nonmajor Enterprise Funds</u>		
<b><u>OPERATING REVENUES</u></b>							
Sales and charges for services	5,224,175	\$ 4,963,629	\$ 33,406,451	\$ 1,340,051	\$ 3,558,443	\$ 48,492,749	\$ 3,307,381
Connection fees	86,696	-	191,465	-	-	278,161	-
Miscellaneous income	120,108	1,163,015	105,049	6,058	150,460	1,544,690	4,238
<b>Total operating revenues</b>	<b>5,430,979</b>	<b>6,126,644</b>	<b>33,702,965</b>	<b>1,346,109</b>	<b>3,708,903</b>	<b>50,315,600</b>	<b>3,311,619</b>
<b><u>OPERATING EXPENSES</u></b>							
Salaries and benefits	922,526	682,551	3,014,151	467,706	473,119	5,560,053	508,935
Administrative	1,954,516	1,625,851	22,133,447	438,850	2,288,709	28,441,373	869,565
Depreciation	1,313,907	1,002,361	2,032,814	36,834	203,573	4,589,489	737,315
<b>Total operating expenses</b>	<b>4,190,949</b>	<b>3,310,763</b>	<b>27,180,412</b>	<b>943,390</b>	<b>2,965,401</b>	<b>38,590,915</b>	<b>2,115,815</b>
<b>Operating income</b>	<b>1,240,030</b>	<b>2,815,881</b>	<b>6,522,553</b>	<b>402,719</b>	<b>743,502</b>	<b>11,724,685</b>	<b>1,195,804</b>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>							
Equity income of joint venture	-	-	-	-	427,803	427,803	-
Impact fees	571,506	379,528	1,969,812	-	579,951	3,500,797	-
Grants	-	-	-	100,000	-	100,000	-
Interest income	36,871	47,128	147,158	10,952	21,337	263,446	46,843
Interest and fiscal expenses	(196,681)	(139,742)	-	(6,870)	-	(343,293)	-
Gain (loss) on disposal of assets	-	(117,598)	-	-	-	(117,598)	79,007
<b>Total nonoperating revenues (expenses)</b>	<b>411,696</b>	<b>169,316</b>	<b>2,116,970</b>	<b>104,082</b>	<b>1,029,091</b>	<b>3,831,155</b>	<b>125,850</b>

The accompanying notes are an integral part of this financial statement.

**SPRINGVILLE CITY CORPORATION**  
**Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds (Continued)**  
**For the Year Ended June 30, 2022**

<b>Income before contributions and transfers</b>	1,651,726	2,985,197	8,639,523	506,801	1,772,593	15,555,840	1,321,654
Capital contributions	567,380	309,172	-	-	373,386	1,249,938	-
Transfers in	-	60,000	-	1,971,130	-	2,031,130	479,000
Transfers out	(399,218)	(356,205)	(1,950,592)	-	(255,632)	(2,961,647)	-
<b>Change in net position</b>	1,819,888	2,998,164	6,688,931	2,477,931	1,890,347	15,875,261	1,800,654
<b>Total net position, beginning</b>	44,487,837	25,580,763	54,788,246	1,469,617	14,909,064	141,235,527	10,800,908
<b>Total net position, ending</b>	<u>\$ 46,307,725</u>	<u>\$ 28,578,927</u>	<u>\$ 61,477,177</u>	<u>\$ 3,947,548</u>	<u>\$ 16,799,411</u>	<u>\$ 157,110,788</u>	<u>\$ 12,601,562</u>

Change in net position (proprietary funds) \$ 15,875,261

Amounts reported for business activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of vehicles and fleet services to other funds. The net current year activity associated with the internal service fund was allocated based on use of service to the individual funds in the statement of activities.

334,329

Change in net position (proprietary funds/entity-wide)

\$ 16,209,590

The accompanying notes are an integral part of this financial statement.

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

	<b>Business-type Activities - Enterprise Funds</b>					<b>Total Enterprise Funds</b>	<b>Governmental Activities Internal Service Fund</b>
	<b>Water</b>	<b>Sewer</b>	<b>Electric</b>	<b>Golf Course</b>	<b>Nonmajor Enterprise Funds</b>		
<b>Cash flows from operating activities</b>							
Receipts from customers and users	\$ 5,165,481	\$ 6,125,116	\$ 32,979,873	\$ 1,369,952	\$ 3,682,384	\$ 49,322,806	\$ 3,329,644
Payments to suppliers	(219,706)	(1,790,867)	(22,324,382)	(448,253)	(2,255,921)	(27,039,129)	(887,312)
Payments to employees	(1,055,701)	(826,500)	(3,586,808)	(521,332)	(565,149)	(6,555,490)	(599,929)
<b>Net cash provided by operating activities</b>	<b>3,890,074</b>	<b>3,507,749</b>	<b>7,068,683</b>	<b>400,367</b>	<b>861,314</b>	<b>15,728,187</b>	<b>1,842,403</b>
<b>Cash flows from noncapital financing activities</b>							
Transfers from other funds	-	60,000	-	1,971,130	-	2,031,130	479,000
Transfers to other funds	(399,218)	(356,205)	(1,950,592)	-	(255,632)	(2,961,647)	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(399,218)</b>	<b>(296,205)</b>	<b>(1,950,592)</b>	<b>1,971,130</b>	<b>(255,632)</b>	<b>(930,517)</b>	<b>479,000</b>
<b>Cash flows from capital and related financing activities</b>							
Aquisition of capital assets	(4,643,836)	(1,808,569)	(3,001,573)	(2,251,365)	(376,267)	(12,081,610)	(1,032,385)
Capital grants	-	-	-	100,000	-	100,000	-
Proceeds from sale of assets	-	-	-	-	-	-	79,007
Impact fees received	571,506	379,528	1,969,812	-	579,951	3,500,797	-
Advances from other funds	-	-	-	1,500,000	-	1,500,000	-
Proceeds from issuance of debt	6,564,531	4,926,290	-	224,110	-	11,714,931	-
Principal paid on capital debt	(1,350,360)	(5,469,640)	-	(53,421)	-	(6,873,421)	-
Interest paid on capital debt	(85,660)	(183,471)	-	(6,870)	-	(276,001)	-
<b>Net cash used by capital and related financing activities</b>	<b>1,056,181</b>	<b>(2,155,862)</b>	<b>(1,031,761)</b>	<b>(487,546)</b>	<b>203,684</b>	<b>(2,415,304)</b>	<b>(953,378)</b>
<b>Cash flows from investing activities</b>							
Interest received	36,871	47,128	147,158	10,952	21,337	263,446	46,843
<b>Net cash provided by investing activities</b>	<b>36,871</b>	<b>47,128</b>	<b>147,158</b>	<b>10,952</b>	<b>21,337</b>	<b>263,446</b>	<b>46,843</b>

(Continued)

**SPRINGVILLE CITY CORPORATION**  
**Statement of Cash Flows – Proprietary Fund (Continued)**  
**For the Year Ended June 30, 2022**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities</b>	
	<b>Water</b>	<b>Sewer</b>	<b>Electric</b>	<b>Golf Course</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	4,583,908	1,102,810	4,233,488	1,894,903	830,703	12,645,812	1,414,868
<b>Cash and cash equivalents, beginning of year</b>	6,626,201	7,568,629	23,694,588	845,903	4,091,852	42,827,173	7,317,764
<b>Cash and cash equivalents, end of year</b>	<u>\$ 11,210,109</u>	<u>\$ 8,671,439</u>	<u>\$ 27,928,076</u>	<u>\$ 2,740,806</u>	<u>\$ 4,922,555</u>	<u>\$ 55,472,985</u>	<u>\$ 8,732,632</u>
<b>Unrestricted cash</b>	\$ 5,518,449	\$ 8,238,530	\$ 27,290,439	\$ 2,740,806	\$ 4,922,555	\$ 48,710,779	\$ 8,732,632
<b>Restricted cash</b>	5,691,660	432,909	637,637	-	-	6,762,206	-
<b>Total cash and cash equivalents</b>	<u>\$ 11,210,109</u>	<u>\$ 8,671,439</u>	<u>\$ 27,928,076</u>	<u>\$ 2,740,806</u>	<u>\$ 4,922,555</u>	<u>\$ 55,472,985</u>	<u>\$ 8,732,632</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>							
Operating income	\$ 1,240,030	\$ 2,815,881	\$ 6,522,553	\$ 402,719	\$ 743,502	\$ 11,724,685	\$ 1,195,804
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation and amortization	1,313,907	1,002,361	2,032,814	36,834	203,573	4,589,489	737,315
Changes in assets and liabilities:							
Accounts receivable	(274,698)	(1,528)	(743,812)	23,843	(26,519)	(1,022,714)	18,025
Prepays	(18,700)	-	(299,295)	-	-	(317,995)	-
Accounts payable	1,753,510	(165,016)	108,360	(9,403)	32,788	1,720,239	(17,747)
Accrued liabilities	9,314	4,680	21,017	4,913	4,953	44,877	1,352
Deposits	9,200	-	20,720	-	-	29,920	-
Unearned revenue	-	-	-	-	-	-	-
Compensated absences	20,396	(12,871)	18,307	5,152	(1,081)	29,903	7,862
Net pension liability	(162,885)	(135,758)	(611,981)	(63,691)	(95,902)	(1,070,217)	(100,208)
<b>Net cash provided by operating activities</b>	<u>\$ 3,890,074</u>	<u>\$ 3,507,749</u>	<u>\$ 7,068,683</u>	<u>\$ 400,367</u>	<u>\$ 861,314</u>	<u>\$ 15,728,187</u>	<u>\$ 1,842,403</u>
<b>Noncash investing, capital and financing activities</b>							
Capital contributions - developers	\$ 567,380	\$ 309,172	\$ -	\$ -	\$ 373,386	\$ 1,249,938	\$ -
Equity investment adjustment for net income and ownership changes	\$ -	\$ -	\$ -	\$ -	\$ 427,803	\$ -	\$ -

The accompanying notes are an integral part of this financial statement.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Springville (the City) was incorporated in 1903 under the laws of the State of Utah. The City operates under a Mayor-Council form of government. The City is a municipal corporation governed by an elected five-member Council and Mayor. The City provides the following services as authorized by its charter: general administrative services, public safety (police and fire), highway and streets, electric, water, solid waste, water reclamation, storm water, recreation and parks, public improvements, and planning and zoning.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

The accompanying financial statements present the 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 primary government's operations. Thus, blended component units are appropriately presented as funds of the primary government.

The Redevelopment Agency of the City of Springville (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Municipal Building Authority of the City of Springville (MBA) was established to finance and construct municipal buildings that are then leased to the City. The governing board of the MBA is comprised of the Mayor and members of City Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. The MBA is included in these financial statements as the Municipal Building Authority Debt Service Fund. Separate financial statements are not issued for the MBA.

The joint venture with South Utah Valley Solid Waste District is included in the City's reporting entity because of the significance of its operational and financial relationships with the City. Complete financial statements of the joint venture, which issued separate financial statements, can be obtained from their administrative offices.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general administrative services, police and fire protection (public safety), parks and recreation, and highways and public improvements are classified as governmental activities. The City's water, sewer, electric, storm water, solid waste services, and golf course are classified as business-type activities.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services, and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly 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 properly excluded from program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, use taxes, franchise taxes, licenses, interest, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of the major capital facilities of the City (other than those financed by proprietary funds).

The City reports the following major proprietary funds:

- The Water Fund accounts for the activities of the City's water production, treatment and distribution operations.
- The Sewer Fund accounts for the activities of the City's sewer treatment operations.
- The Electric Fund accounts for the activities of the City's electric generation and distribution operations.
- The Golf Course Fund for the activities of the City's golf course operations at Hobble Creek.

Internal Service Fund – The internal service fund accounts for the costs of procurement and maintenance of vehicles and equipment owned by the City.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes imposed by the City.

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 principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position

Cash, Cash Equivalents, and Investments The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents and includes deposits with financial institutions, money market accounts, bond reserve accounts, and accounts at the Utah Public Treasurer's Investment Trust (the State Treasurer's Pool). For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts. Investments consist of debt securities and term deposits with financial institutions. Investments of the City are recorded at fair value 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.

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available financial resources.



**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position (Continued)

Receivables and Payables (Continued)

Management has estimated the allowance for uncollectibles to be \$339,129 for governmental funds and \$83,500 for proprietary funds, which is estimated based on historical trends related to collections.

Other receivables at June 30, 2022, consist of property taxes, franchise taxes, sales tax, grants and accounts (billings for user charged services, including unbilled utility services) and are shown net of an allowance for uncollectibles. The utility billings for charged services are billed to customers monthly.

Lease Receivables The City is a lessor for noncancellable leases of land for cell phone towers. The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized over the term of the lease. These receivables and deferred inflows are recognized on the government-wide and governmental fund financial statements.

Key estimates and judgments include how the city determines 1) the discount rate it used to discount expected lease receipts to present value, 2) lease term, and 3) lease receipts. The City uses its estimated incremental borrowing rate, if the rate is not stated in the agreement, as the discount rate for leases. The lease term is based on initial noncancellable period and anticipated renewal options that are expected to be exercised. Lease receipts included in the measurement of lease receivable are generally composed of fixed payments from the lessee. The City monitors changes in circumstances that would require a remeasurement of its lease and will adjust the lease receivable and related deferred inflow of resource for significant changes.

Restricted Assets Assets whose use is restricted for construction, debt service or by other independent third parties, enabling legislation, or other laws and statutes. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position (Continued)

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

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 is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings and structures	20 - 40
Improvements and infrastructure	7 - 40
Machinery, equipment, and vehicles	5 - 15

Unearned Revenue Unearned revenue arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the revenue is recognized.

Compensated Absences The City has two benefit programs for compensated absences. Under the first program, accumulated unpaid vacation is accrued as incurred based on years of service for each employee. Vacation is accumulated monthly and is fully vested when earned. At retirement, death, or termination, all unpaid accrued vacation is paid to the beneficiary at designated maximum amounts per City policy. Accumulated sick leave is earned at a rate of one day per month and employees have an option to sell back to the City 25% of current year accrual each November. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate unlimited sick leave. Employees who retire are paid 25% of accumulated sick leave at retirement. Under the second program, employees accrue paid time off based on years of service. At retirement, death, or termination, all unpaid paid time off is paid to the beneficiary at designated maximum amounts per City policy. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid or at termination. The current portion is determined by the City to be the portion of vacation pay due employees who terminated prior to year-end.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position (Continued)

Compensated Absences (Continued)

The total compensated absences liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absences liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when it is due for payment in the current fiscal year. Historically, compensated absences are paid by the individual funds as they become due, for governmental funds, most of the costs are paid by the General Fund.

Deferred Inflows and Outflows of Resources In addition to liabilities, the statement of financial position 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property taxes (property taxes which will be levied and collected more than 60 days after year end) in this category. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available. The City also has deferred inflows relating to pensions and leases.

Deferred outflows of resources represent a consumption of net assets that applies to a future period and is therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The City also has deferred outflows relating to pensions.

Pensions For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Historically, pension costs are paid by the individual funds as they become due, for governmental funds, most of the costs are paid by the General Fund.

Long-Term Obligations and Leases In the government-wide financial statements and proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds' Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period as other financing sources or uses. The face amount of debt issued is also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the current period.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position (Continued)

Long-Term Obligations and Leases (Continued)

The City recognizes a lease payable and an intangible right-to-use leased asset in the government-wide and proprietary fund financial statements for individual values over \$5,000. At the commencement of a lease, the City measures the lease payable at the present value of payments expected to be made during the lease term. Subsequently, the lease payable is reduced by the principal amount of the lease payments. The leased asset is measured at the initial amount of the lease payable, adjusted for lease payments made at or before the lease commencement date, plus initial direct costs. The leased asset is amortized over its useful life. The key estimates and assumption used in lease receivables, as described above, are also similarly applied here for the lease payable.

Fund Balance and Net Position Net position is classified in the government-wide financial statements in three components:

- (1) *Net investment 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.
- (2) *Restricted net position* - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

GASB Statement No. 54 provided new reporting categories for fund balance in governmental funds. The categories and descriptions are as follows:

- (1) *Nonspendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- (2) *Restricted fund balance* classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditor, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- (3) *Committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position (Continued)

Fund Balance and Net Position (Continued)

- (4) *Assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- (5) *Unassigned fund balance* classification is the residual classification for the General Fund or funds with deficit fund balances. 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.

Proprietary funds report net position in the same manner as the government-wide statements.

When restricted, committed, assigned, or unassigned resources are available for use, it is the City's policy to use restricted resources first, followed by committed resources, then assigned, and then unassigned as they are needed.

Estimates The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from those estimates.

Reclassifications

Certain amounts have been reclassified in the 2021 financial statements to conform with the 2022 presentation.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Special Revenue Funds and Enterprise Funds. The Cemetery Fund (Permanent Fund) does not adopt an annual budget. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the City Administrator and City Council for operating within the budget for their departments. All annual budgets lapse at fiscal year-end.

Utah State law prohibits the appropriation of the sum of unassigned, assigned, and committed General Fund balance until it exceeds 5% of the General Fund revenues. Until the sum of the stated fund balance categories is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Utah State law also prohibits the accumulation of the stated fund balance categories in the General Fund in any amounts greater than 35% of the current year's total actual revenues.

The Mayor, in conjunction with the appropriate department head, has the authority to transfer budget appropriations within and between any divisions of any budgetary fund. The City Council has the authority to transfer budget appropriations between individual budgetary funds by resolution. A public hearing must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets or proprietary fund types may be increased by resolution without an additional hearing.

Annual budgets for the general fund, special revenue funds, debt service fund, and capital projects funds were legally adopted by the City and are prepared on the modified-accrual method of accounting. Annual budgets for the proprietary funds are legally adopted by the City and prepared on the accrual method of accounting.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of comparisons of actual results to budgets for the general fund and any major special revenue funds.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Tax Revenues

Property taxes are collected by the County Treasurer and remitted to the City in two to three installments in November, December and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes beyond that which was received within 60 days after the fiscal year end has not been made, as the amounts are not deemed to be material.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has made for fees due and payable to the City at June 30th.

3. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as term deposits. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "restricted cash and cash equivalents," which includes cash accounts that are separately held by several of the City's funds. 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 (UMMA) that relate to the deposit and investment of public funds.

The City's follows the requirements of UMMA (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository, which is defined as a 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. UMMA defines types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Statutes authorize the 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 UMMA; 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 UMMA. 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

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.
- Level 2: Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instruments. The prices are determined using significant unobservable inputs or valuation techniques. Quoted prices for identical investments in active markets.



**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2022, the City had the following recurring fair value measurements.

Investment Type	06/30/22	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
PTIF	\$ 75,093,210	\$ -	\$ 75,093,210	\$ -
U.S. Govt Treasuries	3,373,052	3,373,052	-	-
U.S. Agencies	4,319,020	4,319,020	-	-
Commercial paper	1,985,730	1,985,730	-	-
Money market	66,629	66,629	-	-
Total investments	<u>\$ 84,837,641</u>	<u>\$ 9,744,431</u>	<u>\$ 75,093,210</u>	<u>\$ -</u>

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

*Custodial credit risk – deposits* is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2022, \$9,116,089 of the City's \$9,366,089 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. UMMA does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. UMMA requires that the City keep deposits in a qualified depository, which the City has done.

*Custodial credit risk – investments* is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's policy for limiting credit risk of investments is to comply with the requirements of UMMA as described above. Of the City's investment in the Utah Public Treasurer's Investment Fund (PTIF) of \$75,093,210, the City has no custodial credit risk exposure as the PTIF is an external investment pool managed by the Utah State Treasurer and is not categorized as to custodial credit risk.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risks of investments is to comply with UMMA.

At June 30, 2022, the City had the following investments and quality ratings:

	Quality Ratings			
	06/30/22	AAA	A	Unrated
PTIF	\$ 75,093,210	\$ -	\$ -	\$ 75,093,210
U.S. Govt Treasuries	3,373,052	1,399,362	1,973,690	-
U.S. Agencies	4,319,020	4,319,020	-	-
Commercial paper	1,985,730	-	1,985,730	-
Money market	66,629	66,629	-	-
Total investments	<u>\$ 84,837,641</u>	<u>\$ 5,785,011</u>	<u>\$ 3,959,420</u>	<u>\$ 75,093,210</u>

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

*Interest rate risk* is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City has no formal policy relating to specific investment-related interest rate risk. The City manages its exposure by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity 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, the City's investments had the following maturities and ratings:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
PTIF	\$ 75,093,210	\$ 75,093,210	\$ -
U.S. Govt Treasuries	3,373,052	1,973,690	1,399,362
U.S. Agencies	4,319,020	-	4,319,020
Commercial paper	1,985,730	1,985,730	-
Money market	66,629	66,629	-
Total investments	<u>\$ 84,837,641</u>	<u>\$ 79,119,259</u>	<u>\$ 5,718,382</u>

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The 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. The City's investment in the PTIF has no concentration of credit risk as the PTIF is an external investment pool managed by the Utah State Treasurer.

The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasures' Office.

For the year ended June 30, 2022, the City had investments of \$75,093,210 with the PTIF. The fair value of these investments was \$74,782,968 using a fair value factor of 0.99586858.

The City also invests with an outside financial advisor, who invests in mainly fixed income securities. These investments meet the requirements of UMMA.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Following are the City's cash and cash equivalents at June 30, 2022:

	<b>Carrying Value</b>
<b>Cash on hand and on deposit:</b>	
Cash on hand	\$ 4,250
Cash on deposit	8,468,978
PTIF accounts	75,093,210
Total cash on hand and deposit	\$ 83,566,438

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The purpose of the transfers was to provide cash flows, pay operating expenses, and to fund capital projects. Transfers among the funds during the current year were:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 2,946,967	\$ 6,115,162
Capital Projects Fund	2,861,799	2,000,720
Nonmajor Governmental Funds	3,089,233	330,600
Water Fund	-	399,218
Sewer Fund	60,000	356,205
Electric Fund	-	1,950,592
Golf Fund	1,971,130	-
Nonmajor Proprietary Funds	-	255,632
Internal Service Fund	479,000	-
	\$ 11,408,129	\$ 11,408,129

The City also has an interfund receivable/payable between the Cemetery Fund and Golf Course Fund of an estimated \$1,500,000 as of June 30, 2022, which will be updated with terms and final amount once the final capital improvement costs have been determined. The note between the funds was used to provide capital expenditures support for the Golf Course and repayment will begin in FY2023. Interest will be payable at a rate equal to what the City earns on its investments held with the Utah Public Treasurer's Investment Fund.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

5. CAPITAL ASSETS

Capital asset activity of the governmental activities, including the internal service fund, for the year ended June 30, 2022 was as follows:

	6/30/2021	Increases	Decreases	06/30/22
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 31,036,618	\$ 4,268,745	\$ -	\$ 35,305,363
Construction in progress	2,245,935	764,733	(22,528)	2,988,140
Total capital assets, not being depreciated	33,282,553	5,033,478	(22,528)	38,293,503
Capital assets, being depreciated:				
Buildings and structures	58,266,393	68,757	-	58,335,150
Improvements	88,712,313	1,993,577	-	90,705,890
Machinery, equipment, and vehicles	14,267,069	1,343,951	(325,437)	15,285,583
Total capital assets, being depreciated	161,245,775	3,406,285	(325,437)	164,326,623
Less accumulated depreciation	(74,346,690)	(4,070,530)	347,965	(78,069,255)
Total capital assets being depreciated, net	86,899,085	(664,245)	22,528	86,257,368
Governmental capital assets, net	\$ 120,181,638	\$ 4,369,233	\$ -	\$ 124,550,871

Capital asset activity of the business-type activities for the year ended June 30, 2022 was as follows:

	6/30/2021	Increases	Decreases	06/30/22
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,717,907	\$ 1,600	\$ -	\$ 1,719,507
Construction in progress	3,311,640	9,501,477	(1,945,967)	10,867,150
Water shares	1,374,919	-	-	1,374,919
Total capital assets, not being depreciated	6,404,466	9,503,077	(1,945,967)	13,961,576
Capital assets, being depreciated:				
Buildings and structures	5,848,044	-	-	5,848,044
System improvements	175,189,724	5,675,479	-	180,865,203
Machinery, equipment, and vehicles	1,656,420	111,791	(221,051)	1,547,160
Right to use leased asset	-	168,082	-	168,082
Total capital assets, depreciated	182,694,188	5,955,352	(221,051)	188,428,489
Less accumulated depreciation	(86,586,759)	(4,589,489)	387,068	(90,789,180)
Total capital assets being depreciated, net	96,107,429	1,365,863	166,017	97,639,309
Business-type capital assets, net	\$ 102,511,895	\$ 10,868,940	\$ (1,779,950)	\$ 111,600,885

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

5. CAPITAL ASSETS (CONTINUED)

In the government-wide financial statements, depreciation was charged as follows by program or activity:

Governmental activities:	
General government	\$ 374,807
Public safety	217,927
Community development	9,235
Highways and public improvements	1,365,722
Parks and recreation	1,365,524
Internal service funds	737,315
Total depreciation expense - governmental activities	<u>\$ 4,070,530</u>
Business-type activities:	
Water Fund	\$ 1,313,907
Sewer Fund	1,002,361
Electric Fund	2,032,814
Storm Water Fund	174,621
Solid Waste Fund	28,952
Golf Course Fund	36,834
Total depreciation expense - business-type activities	<u>\$ 4,589,489</u>

6. INVESTMENT IN JOINT VENTURES

South Utah Valley Solid Waste District

The City is party to a joint venture with five other municipalities in 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 solid waste revenue comes from these governmental entities. The District is owned by Springville City (15.00%), Provo City (69.75%), Spanish Fork City (11.75%), Mapleton City (2.00%) and Salem City (1.50%).

The District is governed by a board of directors, which is comprised of six members. The mayor and city council of each member city appoints one director. All decisions by 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 City to prevail in a tie vote, they would need one additional city to vote with them. The District's board of directors governs the operations of the District through management employed by the board. The District is subject to the same laws as the creating entities, therefore, it must follow Utah State laws for cities in the areas of fiscal management, budgeting, and financing.

Annually, the City recognizes its pro-rata share of the District's operating income or loss. For fiscal year , the District reported an increase in net position of \$2,852,016. The City recognized its 15% of the District's income as equity income of a joint venture of \$427,803 in the Solid Waste Fund. The complete financial statements for Utah Valley Solid Waste District are available at the District's offices, 2450 West 400 South, Springville, Utah.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

7. LONG-TERM DEBT

The following is a summary of changes in long-term debt for governmental activities of the City at June 30, 2022:

	6/30/2021	Increases	Decreases	06/30/22	Due in One Year
<u>Governmental activities</u>					
Bonds payable:					
General obligation bonds	\$ 14,110,000	\$ -	\$ (915,000)	\$ 13,195,000	\$ 950,000
Municipal Building Authority lease revenue bonds	3,695,000	-	(305,000)	3,390,000	320,000
Plus: unamortized premiums	825,203	-	(65,226)	759,977	-
Total bonds payable	18,630,203	-	(1,285,226)	17,344,977	1,270,000
Compensated absences	898,228	358,128	(370,529)	885,827	442,914
Governmental activities, long-term liabilities	<u>\$ 19,528,431</u>	<u>\$ 358,128</u>	<u>\$ (1,655,755)</u>	<u>\$ 18,230,804</u>	<u>\$ 1,712,914</u>

Long-term debt and obligations for governmental activities payable at June 30, 2022 were as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-Term Balance</u>
Municipal Building Authority Lease Revenue Bonds, Series 2008 (original amount - \$6,435,000)	2.55%	2031	\$ 320,000	\$ 3,070,000
General Obligation Bonds, Series 2016 (original amount - \$10,785,000)	2.00% to 5.00%	2036	475,000	7,940,000
General Obligation Bonds, Series 2020 (original amount - \$5,695,000)	2.00% to 3.00%	2031	475,000	4,305,000
Unamortized Premium on Bond			-	759,977
Total Governmental Activities Long-term Debt			<u>\$ 1,270,000</u>	<u>\$ 16,074,977</u>

The 2008 Municipal Building Authority lease revenue bonds were issued for the construction of the new civic center. A property note was used to purchase land at 1300 east to be used for the east fire substation. The City pledges general revenues of the City to repay this note through the maturity date listed above. On December 11, 2014, the City transacted a current refund on their 2008 lease revenue bonds with interest rates ranging between 4.10% and 5.25%. The new interest rate resulting from the current refunding is 2.55%.

The 2016 general obligation bonds were used for the construction of an aquatics center. Debt service requirements will be met principally by the general fund through amounts levied in property taxes as their dedicated revenue stream.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

7. LONG-TERM DEBT (CONTINUED)

The City issued \$5,695,000 in General Obligation Refunding Bonds, Series 2020. These refunding bonds also had a premium with their issuance of \$337,019. The proceeds were used to immediately refund \$5,910,000 of the fully callable outstanding Series 2010 General Obligation Building America Bonds and pay the associated costs of issuance.

The following is a summary of changes in long-term debt for business-type activities of the City at June 30, 2022:

	6/30/2021	Increases	Decreases	06/30/22	Due in One Year
<u>Business-type activities</u>					
Water and sewer					
revenue bonds	\$ 6,820,000	\$ 9,945,000	\$ (6,820,000)	\$ 9,945,000	\$ 900,000
Plus: unamortized premiums	-	1,545,821	(82,842)	1,462,979	-
Leases payable	-	224,110	(53,421)	170,689	54,752
Compensated absences	575,849	362,461	(332,558)	605,752	302,876
Business-type activities, long-term liabilities	<u>\$ 7,395,849</u>	<u>\$ 12,077,392</u>	<u>\$ (7,288,821)</u>	<u>\$ 12,184,420</u>	<u>\$ 1,257,628</u>

Long-term debt and obligations for business-type activities payable at June 30, 2022 were as follows:

<u>Business-type Activities</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-Term Balance</u>
Water and Sewer Revenue and Refunding Bonds, Dated December 21, 2021 (original amount - \$9,945,000)	3.00% to 5.00%	2041	\$ 900,000	9,045,000
Unamortized Premium on Bond			-	1,462,979
Golf cart equipment lease	3.80%	2025	54,752	115,937
Total Business-type Activities Long-term Debt			<u>\$ 954,752</u>	<u>\$ 10,623,916</u>

Bond Refunding

In December 2021, the City defeased the Series 2008 Water and Sewer Revenue Refunding Bonds for \$6,820,000 by depositing \$6,894,262 in cash with an escrow agent for the immediate call and payoff of these bonds (current refunding). As a result, these bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The City was able to reduce its total debt service payments by \$1,201,330 and obtain an economic gain of \$394,448. The escrow deposit did not exceed the net carrying amount of the old debt, so no deferred loss was recognized.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

7. LONG-TERM DEBT (CONTINUED)

The proceeds of the 2008 water and sewer revenue bonds were used to upgrade the sewer treatment plant, install the water main along 400 South and sewer lines along 1500 West. The City pledges the revenues of the water and sewer funds to repay these bonds (Series 2021 refunding) through 2028.

In December 2021, the City issued \$4,645,000 of Series 2021 Water Revenue Bonds for the construction of a new water tank. These bonds had a premium with their issuance of \$703,315.

Principal and interest requirements to retire the City's long-term obligations are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities		Government-Wide	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,270,000	\$ 475,503	\$ 954,752	\$ 489,150	\$ 2,224,752	\$ 964,653
2024	1,315,000	429,215	1,046,869	393,672	2,361,869	822,887
2025	1,370,000	381,059	1,104,068	341,973	2,474,068	723,032
2026	1,425,000	330,820	1,095,000	288,500	2,520,000	619,320
2027	1,470,000	294,999	1,155,000	233,750	2,625,000	528,749
2028-2032	6,970,000	895,765	2,150,000	574,800	9,120,000	1,470,565
2033-2037	2,765,000	312,750	1,365,000	312,150	4,130,000	624,900
2038-2041	-	-	1,245,000	94,650	1,245,000	94,650
	<u>\$ 16,585,000</u>	<u>\$ 3,120,110</u>	<u>\$ 10,115,689</u>	<u>\$ 2,728,645</u>	<u>\$ 26,700,689</u>	<u>\$ 5,848,755</u>

Principal and interest requirements to retire the City's business-type activities obligations are as follows:

Year Ending June 30,	Business-type Activities				
	Water & Sewer Revenue Bonds		Lease Payable		Totals
	Principal	Interest	Principal	Interest	
2023	\$ 900,000	\$ 483,611	\$ 54,752	\$ 5,539	\$ 1,443,902
2024	990,000	390,250	56,869	3,422	1,440,541
2025	1,045,000	340,750	59,068	1,223	1,446,041
2026	1,095,000	288,500	-	-	1,383,500
2027	1,155,000	233,750	-	-	1,388,750
2028-2032	2,150,000	574,800	-	-	2,724,800
2033-2037	1,365,000	312,150	-	-	1,677,150
2038-2041	1,245,000	94,650	-	-	1,339,650
	<u>\$ 9,945,000</u>	<u>\$ 2,718,461</u>	<u>\$ 170,689</u>	<u>\$ 10,184</u>	<u>\$ 12,844,334</u>

All outstanding revenue bonds are secured by a first lien on net revenues earned by the City. Net revenues are defined in the revenue bond agreements. The City is required to establish rates (including connection fees) sufficient to pay the operation and maintenance expenses and to provide net revenues in an amount not less than 130% of the aggregated annual debt service requirement for the forthcoming fiscal year.



**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

7. LONG-TERM DEBT (CONTINUED)

The following summarizes the debt service coverage calculations for the various revenue bonds:

	<u>Water Revenue Bonds</u>	<u>Sewer Revenue Bonds</u>
Net revenues		
Operating revenues	\$ 5,430,979	\$ 6,126,644
Operating expenses (excluding depreciation and amortization)	(2,877,042)	(2,308,402)
Impact fees	571,506	379,528
Interest income	36,871	47,128
Net revenues	<u>\$ 3,162,314</u>	<u>\$ 4,244,898</u>
Maximum Aggregate Debt Service	<u>\$ 523,000</u>	<u>\$ 802,000</u>
Ratio of Net Revenues to Aggregate Debt Service	<u>605%</u>	<u>529%</u>
Minimum Ratio	<u>130%</u>	<u>130%</u>

8. LEASES

A. Lease Receivables

The City has entered into three new lease agreements, as lessor, for the use of portions of its land by cell phone providers for cell tower placements. The lease receivables are measured as the present value of the future minimum rent payments to be received during the lease term at a discount rate of 1.12%, which is the City's estimated incremental borrowing rate. These leases are for five to six years and the City will receive monthly payments ranging from \$3,433 to \$3,744 or annual payments ranging of \$8,267 to \$16,207. For the year ended June 30, 2022, the City recognized \$42,034 of lease revenue and \$1,191 of interest income under the leases. As of June 30, 2022, the City's receivable for lease payments was \$286,813 and the deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term was \$271,044. These leases are recognized as a lease receivables and a deferred inflow of resources in the government-wide and governmental fund financial statements.

B. Lease Payable

The City has entered into a lease agreement, as a lessee, for the use of golf carts over a four-year period. The lease payable is measured as the present value of the future minimum rent payments to be made during the lease term at a discount rate of 3.80% as stated in the agreement. An initial lease payable was recorded in the amount of \$224,110 during the current year. As of June 30, 2022, the value of the lease payable was \$170,689. The City is required to make monthly principal and interest payments of \$5,024, the equipment has a 48 month useful life. The value of the right-to-use leased asset as of June 30, 2022 was \$224,110, at cost, with accumulated amortization of \$56,028. The future minimum lease obligations as of June 30, 2022 are shown in the table above in note 7.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT 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)
- Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent, cost sharing, multiple employer public employee 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 work on or after July 1, 2011, who has 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 Systems' 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 financial report that can be obtained by writing Utah Retirement System, 560 E 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT PLANS (CONTINUED)

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

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%
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.50%
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; 2.0% per year July 1, 2020 to present	Up to 2.50%

\*with actuarial reductions

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

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 Utah State Retirement 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 as of June 30, 2022 are as follows:

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

Utah Retirement Systems

	<b>Employee Paid</b>	<b>Employer Contribution Rates</b>	<b>Employer Rate for 401(k) Plan</b>
Contributory System			
11 - Local Government Division Tier 1	6.00%	14.46%	N/A
111 - Local Governmental Division Tier 2	N/A	16.07%	0.62%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.47%	N/A
Public Safety Retirement System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety Contributory	2.27%	25.83%	N/A
Noncontributory			
43 - Other Division A Noncontributory with 2.5% COLA	N/A	34.04%	N/A
Firefighters Retirement System			
31 Other Division A	15.05%	4.61%	N/A
132 Tier 2 DB Hybrid Firefighters	2.27%	14.08%	N/A
Tier 2 DC Only			
211- Local Government	N/A	6.69%	10.00%
222-Public Safety	N/A	11.83%	14.00%
232-Firefighters	N/A	0.08%	14.00%

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

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

<u>System</u>	<u>Contributions</u>	<u>Contributions</u>
Noncontributory System	\$ 1,131,988	N/A
Public Safety System	247,218	-
Firefighters System	10,562	17,569
Tier 2 Public Employees System	601,625	-
Tier 2 Public Safety and Firefighter System	276,967	-
Tier 2 DC Only System	33,147	N/A
Tier 2 DC Public Safety and Firefighter System	21,901	N/A
Total Contributions	<u>\$ 2,323,408</u>	<u>\$ 17,569</u>

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.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT PLANS (CONTINUED)

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

At June 30, 2022, the City reported a net pension asset of \$5,015,127 and a net pension liability of \$0.

	<b>Measurement Date: December 31, 2021</b>				
	<b>Net Pension Asset</b>	<b>Net Pension Liability</b>	<b>Proportionate Share</b>	<b>Proportionate Share December 31, 2020</b>	<b>Change (Decrease)</b>
Noncontributory System	\$ 4,075,888	\$ -	0.7116836%	0.7141967%	-0.0025131%
Public Safety System	538,406	-	0.6294510%	0.7077670%	-0.0783160%
Firefighters System	302,460	-	0.5186064%	0.5180401%	0.0005663%
Tier 2 Public Employees System	78,480	-	0.1854284%	0.1815803%	0.0038481%
Tier 2 Public Safety and Firefighter	19,893	-	0.3935830%	0.4273484%	-0.0337654%
Total Net Pension Asset / Liability	<u>\$ 5,015,127</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, the City recognized pension expense of (\$394,298).

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 549,150	\$ 16,086
Changes in assumptions	602,164	36,187
Net difference between projected and actual earnings on pension plan investments	-	7,384,367
Changes in proportion and differences between contributions and proportionate share of contributions	83,422	127,931
Contributions subsequent to the measurement date	<u>1,189,687</u>	<u>-</u>
Total	<u>\$ 2,424,423</u>	<u>\$ 7,564,571</u>

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT PLANS (CONTINUED)

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$1,189,687 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the 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:

<b>Year Ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2022	\$ (1,296,351)
2023	(2,172,308)
2024	(1,771,753)
2025	(1,205,551)
2026	19,207
Thereafter	96,921

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2022, the City recognized pension expense of (\$695,543).

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 426,905	\$ -
Changes in assumptions	382,537	26,309
Net difference between projected and actual earnings on pension plan investments	-	5,487,636
Changes in proportion and differences between contributions and proportionate share of contributions	-	75,463
Contributions subsequent to the measurement date	580,077	-
Total	\$ 1,389,519	\$ 5,589,408

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT PLANS (CONTINUED)

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

\$580,077 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the 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 or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2022	\$ (962,723)
2023	(1,576,980)
2024	(1,328,473)
2025	(911,790)

Public Safety System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2022, the City recognized pension expense of (\$13,609).

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 45,824	\$ -
Changes in assumptions	94,394	5,600
Net difference between projected and actual earnings on pension plan investments	-	1,455,291
Changes in proportion and differences between contributions and proportionate share of contributions	28,365	45,242
Contributions subsequent to the measurement date	121,641	-
Total	\$ 290,224	\$ 1,506,133

\$121,641 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2021.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT PLANS (CONTINUED)

Public Safety System Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

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

<b>Year Ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>	
2022	\$	(254,841)
2023		(482,267)
2024		(359,168)
2025		(241,274)

Firefighters System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2022, the City recognized pension expense of (\$63,025).

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 21,248	\$ 2,706
Changes in assumptions	29,733	-
Net difference between projected and actual earnings on pension plan investments	-	186,723
Changes in proportion and differences between contributions and proportionate share of contributions	599	4,520
Contributions subsequent to the measurement date	6,497	-
Total	\$ 58,077	\$ 193,949

\$6,497 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the 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 or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT PLANS (CONTINUED)

Firefighters System Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2022	\$ (29,463)
2023	(50,731)
2024	(38,191)
2025	(24,908)
2026	924

Tier 2 Public Employees System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2022, the City recognized pension expense of \$272,576.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 38,127	\$ 10,112
Changes in assumptions	73,177	742
Net difference between projected and actual earnings on pension plan investments	-	193,914
Changes in proportion and differences between contributions and proportionate share of contributions	43,255	-
Contributions subsequent to the measurement date	320,163	-
Total	<u>\$ 474,722</u>	<u>\$ 204,768</u>

\$320,163 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the 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 or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT PLANS (CONTINUED)

Tier 2 Public Employees System Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

<b>Year Ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>	
2022	\$	(36,374)
2023		(46,649)
2024		(33,823)
2025		(19,448)
2026		15,296
Thereafter		70,789

Tier 2 Public Safety and Firefighter Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2022, the City recognized pension expense of \$105,303.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 17,046	\$ 3,268
Changes in assumptions	22,323	3,536
Net difference between projected and actual earnings on pension plan investments	-	60,803
Changes in proportion and differences between contributions and proportionate share of contributions	11,203	2,706
Contributions subsequent to the measurement date	161,309	-
Total	<u>\$ 211,881</u>	<u>\$ 70,313</u>

\$161,309 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the 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 or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT PLANS (CONTINUED)

Tier 2 Public Safety and Firefighter Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

<b>Year Ended December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2022	\$ (12,950)
2023	(15,681)
2024	(12,098)
2025	(8,131)
2026	2,987
Thereafter	26,132

Actuarial assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods 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 adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 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 of 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 and is applied consistently to each defined benefit pension plan. 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 or each major asset class are summarized in the following table:

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

<b>Asset Class</b>	<b>Expected Return Arithmetic Basis</b>		
	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Equity securities	37%	6.58%	2.43%
Debt securities	20%	-0.28%	-0.06%
Real assets	15%	5.77%	0.87%
Private equity	12%	9.85%	1.18%
Absolute return	16%	2.91%	0.47%
Cash and cash equivalents	0%	-1.01%	0.00%
Totals	100%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return	7.39%

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 from 6.95% to 6.85% from the prior measurement date.

Sensitivity to 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:

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

9. RETIREMENT PLANS (CONTINUED)

Sensitivity to the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate (Continued)

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 2,191,728	\$ (4,075,888)	\$ (9,304,992)
Public Safety System	1,327,886	(538,406)	(2,053,964)
Firefighters System	(74,066)	(302,460)	(487,581)
Tier 2 Public Employees System	467,602	(78,480)	(497,758)
Tier 2 Public Safety and Firefighter System	159,589	(19,893)	(162,376)
Total	<u>\$ 4,072,739</u>	<u>\$ (5,015,127)</u>	<u>\$ (12,506,671)</u>

Pension Plan Fiduciary Net Position

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

10. DEFINED CONTRIBUTION SAVINGS PLAN

The City sponsors a defined contribution deferred compensation plan administered by The Benefit Source under the Internal Revenue Code Section 401(k) for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to all permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City participates at rates between 0% and 2%, depending on the employees' contributions. The rate of City participation can be changed by the City Council.

Employee and employer contributions to the Benefit Source Defined Contribution Savings Plan for the fiscal year June 30, were as follows:

401(k) Plan	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer contributions	\$ 210,920	\$ 210,164	\$ 193,433
Employee contributions	268,462	262,185	272,725

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

10. DEFINED CONTRIBUTION SAVINGS PLAN (CONTINUED)

The City sponsors a defined contribution deferred compensation plan administered by The Benefit Source under the Internal Revenue Code Section 457 for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to certain permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 457 deferred compensation monies are not available to the City or its general creditors.

457 Plan	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employee contributions	\$ 14,349	\$ 16,996	\$ 29,370

The City participates in a Defined Contribution Saving Plan, which is administered by the Utah Retirement Systems Board and is a supplemental plan 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 section 401(k) of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

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

401(k) Plan	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer contributions	\$ 98,676	\$ 96,058	\$ 64,872
Employee contributions	19,132	11,502	4,733
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	1,300	850	-
Traditional IRA			
Employer contributions	N/A	N/A	N/A
Employee contributions	-	-	375

\* The employer paid 401(k) contributions include the totals paid for employees in the Tier 2 Defined Contribution 401(k) Plan.

11. REDEVELOPMENT AGENCY OF SPRINGVILLE CITY

In accordance with Utah State law, the City makes the following disclosures relative to the Redevelopment Agency of Springville City (RDA): The RDA collected \$313,469 of tax increment monies for its project areas of which \$168,830 was paid for development incentives. During 2022, the RDA expended \$0 for administrative costs.

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

12. TAX ABATEMENTS

As of June 30, 2022, the City provides tax abatements under one program: the Redevelopment Agency of Springville City (the Agency). Pursuant to the provisions of the Utah Community Development and Renewal Agencies Act, Utah State Code Title 17C, the City established the Redevelopment Agency. The City authorizes the rebate of sales and property tax increment through the budget process. The annual budget is adopted by City ordinance. The amount of the tax rebate (abatement) is based on the provisions as stated in the written agreement between the Agency and the outside entity. The abatement recipient remits their full property or sales tax obligation to the taxing authority. Once the taxes have been paid and it has been verified that the provisions of the agreement have been met, then the agreed amount is rebated to the recipient entity. The qualifying provisions of the agreements generally focus on affordable housing and transit-oriented housing or business relocation, business development, job creation, and sales and property tax generation.

The Agency has entered into tax abatement agreements with two entities. These entities are in the category of sales and property tax generation. The following table provides details:

<b>Tax Abatement Program</b>	<b>Taxes Abated in 2021</b>	<b>Taxes Abated in Prior Years</b>	<b>Total Maximum Tax Abatement</b>	<b>Primary Purpose of Abatement</b>	<b>Abatement Expires</b>
Redevelopment Agency of Springville City					
Frontage Road Neighborhood HWP Properties, LLC	\$ -	\$ 36,560	Property tax: 100% through 2020, then reducing 10% per year.	Sales and Property Tax generations	2025
HWP Properties, LLC	\$ -	\$ 74,967	Sales tax: \$200,000	Sales and Property Tax generations	2022
Olds Family Trust	\$ 159,196	\$ 467,465	Property tax: 70% per year; \$657,230 maximum	Sales and Property Tax generations	2025

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

13. COMMITMENTS AND CONTINGENCIES

Utah Associates Municipal Power System (UAMPS)

The City is a member of Utah Associated Municipal Power System (UAMPS), a political subdivision of the State of Utah created to secure electric power for the members of UAMPS. As a member, the City has entered into power supply agreements and contracts with respect to various projects in which UAMPS participates. The total cost of the power the City will be required to purchase in future years is not determinable. During the year ended June 30, 2022, the City purchased power totaling approximately \$19.16 million.

The City is obligated through power sales contracts with UAMPS for the consequences of “take or pay” contracts with UAMPS projects. The City is also obligated through power sales contracts to pay its proportionate share of bonded indebtedness. UAMPS monthly service charges to the City include the City’s proportionate obligation for the following items:

UAMPS Payson Nebo Generation Plant

In June 2002, the City entered into a power service contract with UAMPS which expires on the later of (1) the date the principal, premium, if any, and interest on all of the UAMPS Payson Nebo Generation Plant revenue bonds have been paid or (2) the final shutdown date of the Payson Nebo Generation Plant. The contract entitles the City to approximately 19.12 percent of the output of the Payson Nebo Generation Plant. The City is obligated for 19.12 percent of the total project debt service of approximately \$19,605,000 (City portion - \$3,747,476) in revenue bonds outstanding at June 30, 2022, issued to finance construction of the plant.

UAMPS - Horse Butte Wind Project

In August of 2010 the City entered into Power Sales Contract with UAMPS to take delivery of energy from a 57.6 MW nameplate capacity wind farm located 16 miles east of the City of Idaho Falls in Bonneville County, Idaho. The PSC entitles the City to approximately 5.21% of the daily output associated with the 32 Vestas V-100 1.8 MW wind turbines installed on the project site. Construction of the Facility was completed in August of 2012 and commenced commercial operation. The City is obligated for 5.18% and 5.21% of the total project debt service of approximately \$75,730,000 (City portion - \$3,944,216) outstanding at June 30, 2022, issued to finance a prepayment for a specified supply of electricity to be delivered over a 20-year term.



**SPRINGVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2022**

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Future Commitments and Contingencies

San Juan – An equity purchase of 4 megawatts of energy from the San Juan coal-fired plant started in July 2005. The four megawatts represents approximately 11.43% of the UAMPS entitlement to the plant's capacity and Springville City is obligated for 14.87% of the 2011 (1998 refunding) bonded debt and 16.39% of the 2008 bonded debt. These bonds were fully retired with final payments during fiscal year June 30, 2022, respectively. This power is a base load project, meaning that power is delivered 24 hours per day whenever the plant is operating. Springville City expects to receive approximately 25-30.0 million kilowatt hours of energy over the course of an average year.

14. RELATED PARTY TRANSACTIONS

In all cases where a conflict-of-interest could result from a related party transaction the person involved recuses themselves from votes awarding bids. Businesses owned by members of the City Council are disclosed formally in writing.

15. RISK MANAGEMENT

The City has joined the Utah Local Governments Trust (Trust). Founded in 1974, the Utah Local Governments Trust is licensed in Utah as a public agency insurance mutual. Trust policies are designed specifically for government agencies, including cities, towns, counties, special service districts, and school districts. The Trust provides low-cost liability and property coverage for local governments, claims adjustment services, loss prevention and safety training to its members. Utah Local Governments Trust is reinsured through Munich America RE & Clarendon, two national insurance companies with members from municipal leagues across the US.

16. SUBSEQUENT EVENTS

The City received its second of two \$1,971,130 installments from the ARPA State and Local Fiscal Recovery Fund (SLFRF) in July 2022. The City must encumber all SLFRF funds by December 31, 2024 and spend the funds by December 31, 2026 on qualifying costs and projects. The City plans to elect the optional government services revenue loss standard, which allows the City to recognize and report the entire amount as revenue in support of its governmental programs and services as the qualifying costs.

**SPRINGVILLE CITY CORPORATION**

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**Required Supplementary Information**

**SPRINGVILLE CITY CORPORATION**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Last Ten Fiscal Years**

	As of December 31,	Proportion of Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
Noncontributory System	2014	0.8173763%	\$ 3,549,240	\$ 7,022,000	50.50%	90.20%
	2015	0.8157080%	4,615,673	6,986,652	66.06%	87.80%
	2016	0.7984120%	5,126,782	6,917,208	74.12%	87.30%
	2017	0.7552263%	3,308,873	6,311,269	52.43%	91.90%
	2018	0.7615219%	5,607,637	6,391,261	87.74%	87.00%
	2019	0.7414277%	2,794,344	6,286,171	44.45%	93.70%
	2020	0.7141967%	366,342	5,962,447	6.14%	99.20%
	2021	0.7116836%	(4,075,888)	5,880,373	-69.31%	108.70%
Contributory System	2014	0.2162152%	\$ 62,366	\$ 115,606	53.90%	94.00%
	2015	0.1624709%	114,193	69,227	164.96%	85.70%
	2016	0.2191155%	71,894	52,575	136.75%	92.90%
Public Safety System	2014	0.8436610%	\$ 1,060,974	\$ 1,277,517	83.00%	90.50%
	2015	0.7830661%	1,402,668	1,190,697	117.80%	87.10%
	2016	0.7358229%	1,493,188	1,122,930	132.97%	86.50%
	2017	0.6793483%	1,065,665	1,009,058	105.61%	90.20%
	2018	0.6680134%	1,718,521	960,909	178.84%	84.70%
	2019	0.6461895%	1,037,533	850,836	121.94%	90.90%
	2020	0.7077670%	587,617	893,393	65.77%	95.50%
	2021	0.6294510%	(538,408)	780,925	-68.94%	104.20%
Firefighters System	2014	0.0048448%	\$ (27,646)	\$ 127,036	-21.80%	103.50%
	2015	0.5238695%	(9,488)	140,853	-6.74%	101.00%
	2016	0.4948301%	(3,901)	139,102	-2.80%	100.40%
	2017	0.5260681%	(32,856)	153,906	-21.35%	103.00%
	2018	0.4924004%	63,937	152,669	41.88%	94.30%
	2019	0.4527187%	(56,146)	144,949	-38.74%	105.00%
	2020	0.5180401%	(144,854)	169,004	-85.71%	110.50%
	2021	0.5186064%	(302,460)	172,903	-174.93%	120.10%
Tier 2 Public Employees System	2014	0.1155009%	\$ (3,500)	\$ 566,929	-0.60%	103.50%
	2015	0.1220505%	(266)	788,707	-0.03%	100.20%
	2016	0.1565131%	17,459	1,283,531	1.36%	95.10%
	2017	0.2009037%	17,713	1,966,429	0.90%	97.40%
	2018	0.1933419%	82,804	2,259,183	3.67%	90.80%
	2019	0.1813525%	40,788	2,520,371	1.62%	96.50%
	2020	0.1858030%	26,116	2,903,091	0.90%	98.30%
	2021	0.1854284%	(78,480)	3,440,406	-2.28%	103.80%
Tier 2 Public Safety and Firefighter System	2014	0.7602135%	\$ (11,246)	\$ 314,072	-3.60%	120.50%
	2015	0.6507001%	(9,507)	387,183	-2.46%	110.70%
	2016	0.5275480%	(4,579)	435,875	-1.05%	103.60%
	2017	0.5000307%	(5,786)	527,821	-1.10%	103.00%
	2018	0.4670312%	11,702	625,103	1.87%	95.60%
	2019	0.4662243%	43,855	768,520	5.71%	89.60%
	2020	0.4273484%	38,331	852,902	4.49%	93.10%
	2021	0.3935830%	(19,893)	941,206	-2.11%	102.80%

**Note:**

\* This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

**SPRINGVILLE CITY CORPORATION**  
**Schedule of Pension Contributions**  
**Last Ten Fiscal Years**

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Noncontributory System	2014	\$ 1,239,038	\$ 1,239,038	\$ -	\$ 7,232,984	17.13%
	2015	1,275,631	1,275,631	-	6,925,081	18.42%
	2016	1,290,326	1,290,326	-	700,657	18.43%
	2017	1,215,101	1,215,101	-	6,606,911	18.39%
	2018	1,169,372	1,169,372	-	6,368,944	18.36%
	2019	1,169,703	1,169,703	-	6,365,799	18.37%
	2020	1,127,301	1,127,301	-	6,123,310	18.41%
	2021	1,083,686	1,083,686	-	5,872,054	18.45%
	2022	1,131,988	1,131,988	-	6,144,866	18.42%
Contributory System	2014	\$ 15,157	\$ 15,157	\$ -	\$ 114,135	13.28%
	2015	14,530	14,530	-	100,484	14.46%
	2016	7,822	7,822	-	54,094	14.46%
	2017	3,728	3,728	-	25,785	14.46%
Public Safety System	2014	\$ 375,860	\$ 375,860	\$ -	\$ 1,279,356	29.38%
	2015	390,158	390,158	-	1,260,158	30.96%
	2016	345,081	345,081	-	1,122,174	30.75%
	2017	327,949	327,949	-	1,079,312	30.38%
	2018	294,671	294,671	-	985,351	29.91%
	2019	264,272	264,272	-	896,951	29.46%
	2020	295,502	295,502	-	841,707	35.11%
	2021	293,824	293,824	-	848,042	34.65%
	2022	247,218	247,218	-	726,027	34.05%
Firefighters System	2014	\$ 3,675	\$ 3,675	\$ -	\$ 124,142	2.96%
	2015	5,119	5,119	-	133,992	3.82%
	2016	5,439	5,439	-	132,324	4.11%
	2017	5,864	5,864	-	150,738	3.89%
	2018	6,018	6,018	-	153,129	3.93%
	2019	7,138	7,138	-	154,832	4.61%
	2020	9,801	9,801	-	150,167	6.53%
	2021	9,114	9,114	-	169,477	5.38%
	2022	10,562	10,562	-	245,764	4.30%
Tier 2 Public Employees System*	2014	\$ 59,033	\$ 59,033	\$ -	\$ 421,962	13.99%
	2015	94,905	94,905	-	635,651	14.93%
	2016	157,435	157,435	-	1,055,839	14.91%
	2017	243,094	243,094	-	1,626,048	14.95%
	2018	324,744	324,744	-	2,151,431	15.09%
	2019	366,027	366,027	-	2,357,624	15.53%
	2020	428,169	428,169	-	2,734,868	15.66%
	2021	487,002	487,002	-	3,087,748	15.77%
	2022	601,625	601,625	-	3,743,779	16.07%
Tier 2 Public Safety and Firefighter System*	2014	\$ 57,093	\$ 57,093	\$ -	\$ 291,898	19.56%
	2015	70,386	70,386	-	345,953	20.35%
	2016	79,980	79,980	-	396,966	20.15%
	2017	100,909	100,909	-	495,223	20.38%
	2018	125,570	125,570	-	579,013	21.69%
	2019	154,074	154,074	-	710,560	21.68%
	2020	172,121	172,121	-	811,379	21.21%
	2021	200,071	200,071	-	830,171	24.10%
	2022	276,967	276,967	-	1,157,194	23.93%
Tier 2 Public Employees DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	2,041	2,041	-	30,377	6.72%
	2016	2,142	2,142	-	32,016	6.69%
	2017	4,289	4,289	-	64,118	6.69%
	2018	2,708	2,708	-	40,476	6.69%
	2019	8,320	8,320	-	124,369	6.69%
	2020	16,173	16,173	-	241,746	6.69%
	2021	22,054	22,054	-	329,658	6.69%
	2022	33,147	33,147	-	495,470	6.69%
Tier 2 DC Public Safety and Firefighter DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	741	741	-	6,262	11.83%
	2018	5,020	5,020	-	75,634	6.64%
	2019	5,161	5,161	-	43,628	11.83%
	2020	6,669	6,669	-	56,391	11.83%
	2021	16,256	16,256	-	138,287	11.76%
	2022	21,901	21,901	-	186,736	11.73%

**Note:**

This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

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

**SPRINGVILLE CITY CORPORATION**  
**Notes to the Required Supplementary Information**  
**June 30, 2022**

1. CHANGES IN ASSUMPTIONS

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

**SPRINGVILLE CITY CORPORATION**

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## **Supplementary Information**



**SPRINGVILLE CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue		Capital Projects		Debt Service			Total
	Special Improvement District	Redevelopment Agency	Community Theater	Special Services	Debt Service	Municipal Building Authority	Permanent Fund	Nonmajor Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ 1,087,198	\$ 15,916	\$ 679,033	\$ 360,958	\$ 3,559	\$ 2,479,667	\$ 4,626,331
Receivables:								
Accounts	-	-	-	-	1,750	-	966	2,716
Special assessment	7,717	-	-	-	-	-	-	7,717
Property taxes	-	350,000	-	-	-	-	-	350,000
Interfund note receivable	-	-	-	-	-	-	1,500,000	1,500,000
Restricted cash and cash equivalents	-	-	-	5,891,363	625	26	-	5,892,014
<b>Total assets</b>	<b>\$ 7,717</b>	<b>\$ 1,437,198</b>	<b>\$ 15,916</b>	<b>\$ 6,570,396</b>	<b>\$ 363,333</b>	<b>\$ 3,585</b>	<b>\$ 3,980,633</b>	<b>\$ 12,378,778</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ 132,167	\$ -	\$ -	\$ -	\$ 132,167
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,167</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,167</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue-property taxes	-	350,000	-	-	-	-	-	350,000
Total deferred inflows of resources	-	350,000	-	-	-	-	-	350,000
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	3,142,057	3,142,057
Restricted:								
Impact fees	-	-	-	5,705,927	-	-	-	5,705,927
Parks, art, and recreation projects	-	-	-	185,436	-	-	-	185,436
Debt Service	-	-	-	-	363,333	3,585	-	366,918
Assigned	7,717	1,087,198	15,916	546,866	-	-	838,576	2,496,273
<b>Total fund balances</b>	<b>7,717</b>	<b>1,087,198</b>	<b>15,916</b>	<b>6,438,229</b>	<b>363,333</b>	<b>3,585</b>	<b>3,980,633</b>	<b>11,896,611</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,717</b>	<b>\$ 1,437,198</b>	<b>\$ 15,916</b>	<b>\$ 6,570,396</b>	<b>\$ 363,333</b>	<b>\$ 3,585</b>	<b>\$ 3,980,633</b>	<b>\$ 12,378,778</b>

**SPRINGVILLE CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue		Capital Projects		Debt Service		Total	
	Special Improvement District	Redevelopment Agency	Community Theater	Special Services	Debt Service	Municipal Building Authority	Permanent Fund	Nonmajor Governmental Funds
<b>REVENUES</b>								
Taxes	\$ -	\$ 313,469	\$ -	\$ 185,213	\$ -	\$ -	\$ -	\$ 498,682
Charges for services	-	-	-	-	-	-	122,657	122,657
Impact fees	-	-	-	1,615,693	-	-	-	1,615,693
Interest	-	6,118	-	1,801	682	104	14,232	22,937
Donations	-	-	-	-	-	-	135,650	135,650
Miscellaneous	-	-	97	112,450	-	397,134	-	509,681
<b>Total revenues</b>	<b>-</b>	<b>319,587</b>	<b>97</b>	<b>1,915,157</b>	<b>682</b>	<b>397,238</b>	<b>272,539</b>	<b>2,905,300</b>
<b>EXPENDITURES</b>								
Current:								
Community development	-	168,830	-	-	-	-	-	168,830
Debt service:								
Principal	-	-	-	-	915,000	305,000	-	1,220,000
Interest and fiscal expenses	-	-	-	-	431,887	92,134	-	524,021
Capital outlay	-	-	-	205,333	-	-	-	205,333
<b>Total expenditures</b>	<b>-</b>	<b>168,830</b>	<b>-</b>	<b>205,333</b>	<b>1,346,887</b>	<b>397,134</b>	<b>-</b>	<b>2,118,184</b>
<b>Excess of revenues over (under) expenditures</b>	<b>-</b>	<b>150,757</b>	<b>97</b>	<b>1,709,824</b>	<b>(1,346,205)</b>	<b>104</b>	<b>272,539</b>	<b>787,116</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	345	20,000	-	-	1,568,888	-	1,500,000	3,089,233
Transfers out	-	-	-	(307,000)	-	-	(23,600)	(330,600)
<b>Total other financing sources (uses)</b>	<b>345</b>	<b>20,000</b>	<b>-</b>	<b>(307,000)</b>	<b>1,568,888</b>	<b>-</b>	<b>1,476,400</b>	<b>2,758,633</b>
<b>Net change in fund balance</b>	<b>345</b>	<b>170,757</b>	<b>97</b>	<b>1,402,824</b>	<b>222,683</b>	<b>104</b>	<b>1,748,939</b>	<b>3,545,749</b>
<b>Fund balance, beginning of year</b>	<b>7,372</b>	<b>916,441</b>	<b>15,819</b>	<b>5,035,405</b>	<b>140,650</b>	<b>3,481</b>	<b>2,231,694</b>	<b>8,350,862</b>
<b>Fund balance, end of year</b>	<b>\$ 7,717</b>	<b>\$ 1,087,198</b>	<b>\$ 15,916</b>	<b>\$ 6,438,229</b>	<b>\$ 363,333</b>	<b>\$ 3,585</b>	<b>\$ 3,980,633</b>	<b>\$ 11,896,611</b>

**SPRINGVILLE CITY CORPORATION**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2022**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Storm Water</b>	<b>Solid Waste</b>	<b>Total Nonmajor Enterprise Funds</b>
<b><u>ASSETS</u></b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 3,806,573	\$ 1,115,982	\$ 4,922,555
Accounts receivable, net	140,997	202,050	343,047
<b>Total current assets</b>	<b>3,947,570</b>	<b>1,318,032</b>	<b>5,265,602</b>
<b>Noncurrent assets:</b>			
Capital assets:			
Land	374,929	487,433	862,362
Construction in progress	521,059	-	521,059
Buildings	-	850,266	850,266
Improvements other than buildings	7,482,331	-	7,482,331
Machinery and equipment	205,596	225,907	431,503
Accumulated depreciation	(1,424,698)	(484,679)	(1,909,377)
Net capital assets	7,159,217	1,078,927	8,238,144
Other assets:			
Equity investment in joint venture	-	3,439,250	3,439,250
Net pension asset	40,280	99,412	139,692
Total other assets	40,280	3,538,662	3,578,942
<b>Total noncurrent assets</b>	<b>7,199,497</b>	<b>4,617,589</b>	<b>11,817,086</b>
<b>Total assets</b>	<b>11,147,067</b>	<b>5,935,621</b>	<b>17,082,688</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred outflows related to pensions	18,075	44,611	62,686
<b>Total deferred outflows of resources</b>	<b>18,075</b>	<b>44,611</b>	<b>62,686</b>

**SPRINGVILLE CITY CORPORATION**  
**Combining Statement of Net Position (Continued)**  
**Nonmajor Enterprise Funds**  
**June 30, 2022**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Storm Water</b>	<b>Solid Waste</b>	<b>Total Nonmajor Enterprise Funds</b>
<b><u>LIABILITIES</u></b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 35,893	\$ 68,152	\$ 104,045
Accrued liabilities	4,860	12,901	17,761
Compensated absences	2,614	12,049	14,663
<b>Total current liabilities</b>	<b>43,367</b>	<b>93,102</b>	<b>136,469</b>
<b>Noncurrent liabilities:</b>			
Compensated absences	2,614	12,049	14,663
<b>Total noncurrent liabilities</b>	<b>2,614</b>	<b>12,049</b>	<b>14,663</b>
<b>Total liabilities</b>	<b>45,981</b>	<b>105,151</b>	<b>151,132</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred inflows related to pensions	56,179	138,652	194,831
<b>Total deferred inflows of resources</b>	<b>56,179</b>	<b>138,652</b>	<b>194,831</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	7,159,217	1,078,927	8,238,144
Restricted for impact fees	2,157,740	-	2,157,740
Unrestricted	1,746,025	4,657,502	6,403,527
<b>Total net position</b>	<b>\$ 11,062,982</b>	<b>\$ 5,736,429</b>	<b>\$ 16,799,411</b>

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

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Storm Water</b>	<b>Solid Waste</b>	<b>Total Nonmajor Enterprise Funds</b>
<b><u>OPERATING REVENUES</u></b>			
Sales and charges for services	\$ 1,457,390	\$ 2,101,053	\$ 3,558,443
Miscellaneous income	77,617	72,843	150,460
<b>Total operating revenues</b>	<b>1,535,007</b>	<b>2,173,896</b>	<b>3,708,903</b>
<b><u>OPERATING EXPENSES</u></b>			
Salaries and benefits	139,506	333,613	473,119
Administrative	834,233	1,454,476	2,288,709
Depreciation	174,621	28,952	203,573
<b>Total operating expenses</b>	<b>1,148,360</b>	<b>1,817,041</b>	<b>2,965,401</b>
<b>Operating income</b>	<b>386,647</b>	<b>356,855</b>	<b>743,502</b>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Equity income of joint venture	-	427,803	427,803
Impact fees	579,951	-	579,951
Interest income	16,162	5,175	21,337
<b>Total nonoperating revenues (expenses)</b>	<b>596,113</b>	<b>432,978</b>	<b>1,029,091</b>
<b>Income before contributions and transfers</b>	<b>982,760</b>	<b>789,833</b>	<b>1,772,593</b>
Capital contributions	373,386	-	373,386
Transfers out	(107,051)	(148,581)	(255,632)
<b>Change in net position</b>	<b>1,249,095</b>	<b>641,252</b>	<b>1,890,347</b>
<b>Total net position, beginning</b>	<b>9,813,887</b>	<b>5,095,177</b>	<b>14,909,064</b>
<b>Total net position, ending</b>	<b>\$ 11,062,982</b>	<b>\$ 5,736,429</b>	<b>\$ 16,799,411</b>

**SPRINGVILLE CITY CORPORATION**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2022**

	<b>Storm Water</b>	<b>Solid Waste</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 1,518,668	\$ 2,163,716	\$ 3,682,384
Payments to suppliers	(807,760)	(1,448,161)	(2,255,921)
Payments to employees	(176,821)	(388,328)	(565,149)
<b>Net cash provided by operating activities</b>	<u>534,087</u>	<u>327,227</u>	<u>861,314</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers to other funds	(107,051)	(148,581)	(255,632)
<b>Net cash used by noncapital financing activities</b>	<u>(107,051)</u>	<u>(148,581)</u>	<u>(255,632)</u>
<b>Cash flows from capital and related financing activities</b>			
Aquisition of capital assets	(304,987)	(71,280)	(376,267)
Impact fees received	579,951	-	579,951
<b>Net cash used by capital and related financing activities</b>	<u>274,964</u>	<u>(71,280)</u>	<u>203,684</u>
<b>Cash flows from investing activities</b>			
Interest received	16,162	5,175	21,337
<b>Net cash provided by investing activities</b>	<u>16,162</u>	<u>5,175</u>	<u>21,337</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	718,162	112,541	830,703
<b>Cash and cash equivalents, beginning of year</b>	<u>3,088,411</u>	<u>1,003,441</u>	<u>4,091,852</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,806,573</u>	<u>\$ 1,115,982</u>	<u>\$ 4,922,555</u>
<b>Total cash and cash equivalents</b>	<u>\$ 3,806,573</u>	<u>\$ 1,115,982</u>	<u>\$ 4,922,555</u>

**SPRINGVILLE CITY CORPORATION**  
**Combining Statement of Cash Flows (Continued)**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2022**

	<b>Storm Water</b>	<b>Solid Waste</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ 386,647	\$ 356,855	\$ 743,502
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	174,621	28,952	203,573
Changes in assets and liabilities:			
Accounts receivable	(16,339)	(10,180)	(26,519)
Accounts payable	26,473	6,315	32,788
Accrued liabilities	(83)	5,036	4,953
Compensated absences	(1,423)	342	(1,081)
Net pension liability	(35,809)	(60,093)	(95,902)
<b>Net cash provided by operating activities</b>	<b>\$ 534,087</b>	<b>\$ 327,227</b>	<b>\$ 861,314</b>
<b>Noncash investing, capital and financing activities</b>			
Capital contributions - developers	\$ 373,386	\$ -	\$ 373,386
Equity investment adjustment for net income and ownership changes	\$ -	\$ 427,803	\$ 427,803

**SPRINGVILLE CITY CORPORATION**  
**Schedule of the Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual – Capital Projects Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 2,453,326	\$ 2,503,326	\$ 1,002,047	\$ (1,501,279)
Interest	-	-	14,879	14,879
<b>Total revenues</b>	<u>2,453,326</u>	<u>2,503,326</u>	<u>1,016,926</u>	<u>(1,486,400)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Capital outlay	7,005,404	18,370,818	5,335,901	13,034,917
<b>Total expenditures</b>	<u>7,005,404</u>	<u>18,370,818</u>	<u>5,335,901</u>	<u>13,034,917</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(4,552,078)</u>	<u>(15,867,492)</u>	<u>(4,318,975)</u>	<u>11,548,517</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Sale of capital assets	-	6,583,325	583,325	(6,000,000)
Transfers in	2,561,799	4,061,799	2,861,799	(1,200,000)
Transfers out	(1,521,721)	(2,000,721)	(2,000,720)	1
<b>Net other financing sources (uses)</b>	<u>1,040,078</u>	<u>8,644,403</u>	<u>1,444,404</u>	<u>(7,199,999)</u>
<b>Net change in fund balance</b>	<u>\$ (3,512,000)</u>	<u>\$ (7,223,089)</u>	<u>(2,874,571)</u>	<u>\$ 4,348,518</u>
<b>Fund balance, beginning of year</b>			<u>6,734,121</u>	
<b>Fund balance, end of year</b>			<u>\$ 3,859,550</u>	



**SPRINGVILLE CITY CORPORATION**  
**Schedule of the Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual – Special Improvement District Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>REVENUES</u></b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b><u>EXPENDITURES</u></b>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	345	345	-
Net other financing sources (uses)	-	345	345	-
Net change in fund balance	\$ -	\$ 345	345	\$ -
Fund balance, beginning of year			7,372	
Fund balance, end of year			\$ 7,717	

**SPRINGVILLE CITY CORPORATION**  
**Schedule of the Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual – Redevelopment Agency Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Property tax	\$ 500,000	\$ 500,000	\$ 313,469	\$ (186,531)
Interest	-	-	6,118	6,118
<b>Total revenues</b>	<u>500,000</u>	<u>500,000</u>	<u>319,587</u>	<u>(180,413)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
RDA expenditures	520,000	520,000	168,830	351,170
<b>Total expenditures</b>	<u>520,000</u>	<u>520,000</u>	<u>168,830</u>	<u>351,170</u>
<b>Excess of revenues under expenditures</b>	<u>(20,000)</u>	<u>(20,000)</u>	<u>150,757</u>	<u>170,757</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	20,000	20,000	20,000	-
<b>Net other financing sources (uses)</b>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>170,757</u>	<u>\$ 170,757</u>
<b>Fund balance, beginning of year</b>			<u>916,441</u>	
<b>Fund balance, end of year</b>			<u>\$ 1,087,198</u>	

**SPRINGVILLE CITY CORPORATION**  
**Schedule of the Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual – Community Theater Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>REVENUES</u></b>				
Miscellaneous	\$ -	\$ -	\$ 97	\$ 97
Total revenues	-	-	97	97
Net change in fund balance	\$ -	\$ -	97	\$ 97
Fund balance, beginning of year			15,819	
Fund balance, end of year			\$ 15,916	

**SPRINGVILLE CITY CORPORATION**  
**Schedule of the Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual – Special Services Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ 185,213	\$ 185,213
Impact fees	2,083,375	2,083,375	1,615,693	(467,682)
Intergovernmental	800,000	800,000	-	(800,000)
Interest	84,000	84,000	1,801	(82,199)
Miscellaneous	-	-	112,450	112,450
<b>Total revenues</b>	<u>2,967,375</u>	<u>2,967,375</u>	<u>1,915,157</u>	<u>(1,052,218)</u>
<b><u>EXPENDITURES</u></b>				
Capital outlay	3,250,000	3,310,000	205,333	3,104,667
<b>Total expenditures</b>	<u>3,250,000</u>	<u>3,310,000</u>	<u>205,333</u>	<u>3,104,667</u>
<b>Excess of revenues over expenditures</b>	<u>(282,625)</u>	<u>(342,625)</u>	<u>1,709,824</u>	<u>2,052,449</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	(307,000)	(307,000)	(307,000)	-
<b>Net other financing sources (uses)</b>	<u>(307,000)</u>	<u>(307,000)</u>	<u>(307,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (589,625)</u>	<u>\$ (649,625)</u>	<u>1,402,824</u>	<u>\$ 2,052,449</u>
<b>Fund balance, beginning of year</b>			<u>5,035,405</u>	
<b>Fund balance, end of year</b>			<u>\$ 6,438,229</u>	

**SPRINGVILLE CITY CORPORATION**  
**Schedule of the Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual – Debt Service Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Interest	\$ -	\$ -	\$ 682	\$ 682
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>682</u>	<u>682</u>
<b><u>EXPENDITURES</u></b>				
Debt service:				
Principal	1,115,000	1,115,000	915,000	200,000
Interest and fiscal expenses	503,888	404,993	431,887	(26,894)
Bond issuance costs	-	98,895	-	98,895
Total debt service	<u>1,618,888</u>	<u>1,618,888</u>	<u>1,346,887</u>	<u>272,001</u>
<b>Total expenditures</b>	<u>1,618,888</u>	<u>1,618,888</u>	<u>1,346,887</u>	<u>272,001</u>
<b>Excess (deficiency) of revenues</b> <b>over (under) expenditures</b>	<u>(1,618,888)</u>	<u>(1,618,888)</u>	<u>(1,346,205)</u>	<u>272,683</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	1,618,888	1,618,888	1,568,888	(50,000)
<b>Net other financing sources (uses)</b>	<u>1,618,888</u>	<u>1,618,888</u>	<u>1,568,888</u>	<u>(50,000)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>222,683</u>	<u>\$ 222,683</u>
<b>Fund balance, beginning of year</b>			<u>140,650</u>	
<b>Fund balance, end of year</b>			<u>\$ 363,333</u>	

**SPRINGVILLE CITY CORPORATION**  
**Schedule of the Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual – Municipal Building Authority Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Miscellaneous	\$ 397,134	\$ 397,134	\$ 397,134	\$ -
Interest	-	-	104	104
<b>Total revenues</b>	<b>\$ 397,134</b>	<b>\$ 397,134</b>	<b>\$ 397,238</b>	<b>\$ 104</b>
<b><u>EXPENDITURES</u></b>				
Debt service:				
Principal	305,000	305,000	305,000	-
Interest and fiscal expenses	92,134	92,134	92,134	-
<b>Total expenditures</b>	<b>397,134</b>	<b>397,134</b>	<b>397,134</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>104</b>	<b>\$ 104</b>
<b>Fund balance, beginning of year</b>			<b>3,481</b>	
<b>Fund balance, end of year</b>			<b>\$ 3,585</b>	

**SPRINGVILLE CITY CORPORATION**  
**Schedule of the Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual – Permanent Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Charges for services	\$ 106,000	\$ 106,000	\$ 122,657	\$ 16,657
Interest	500	500	14,232	13,732
Donations	-	6,800	135,650	128,850
<b>Total revenues</b>	<u>106,500</u>	<u>113,300</u>	<u>272,539</u>	<u>159,239</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	1,500,000	1,500,000	1,500,000	-
Transfers out	(25,000)	(38,600)	(23,600)	15,000
<b>Net other financing sources (uses)</b>	<u>1,475,000</u>	<u>1,461,400</u>	<u>1,476,400</u>	<u>15,000</u>
<b>Net change in fund balance</b>	<u>\$ 1,581,500</u>	<u>\$ 1,574,700</u>	1,748,939	<u>\$ 174,239</u>
<b>Fund balance, beginning of year</b>			<u>2,231,694</u>	
<b>Fund balance, end of year</b>			<u>\$ 3,980,633</u>	

**SPRINGVILLE CITY CORPORATION**

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## **Compliance Section**



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC ACCOUNTANTS**

- E. LYNN HANSEN, CPA
- CLARKE R. BRADSHAW, CPA
- GARY E. MALMROSE, CPA
- EDWIN L. ERICKSON, CPA
- MICHAEL L. SMITH, CPA
- JASON L. TANNER, CPA
- ROBERT D. WOOD, CPA
- AARON R. HIXSON, CPA
- TED C. GARDINER, CPA
- JEFFREY B. MILES, CPA
- SHAWN F. MARTIN, CPA

**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 Members of the City Council  
Springville City, Utah

We have audited, in accordance with 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 Springville City Corporation, Utah (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 12, 2022.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

*HBMC, LLC*

December 12, 2022



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC ACCOUNTANTS**

- E. LYNN HANSEN, CPA
- CLARKE R. BRADSHAW, CPA
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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE**

Honorable Major and Members of the City Council  
Springville City, Utah

***Report On Compliance***

We have audited Springville City Corporation, Utah's (the City) compliance with 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.

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

- |                         |                                       |
|-------------------------|---------------------------------------|
| Budgetary Compliance    | Restricted Taxes and Related Revenues |
| Fund Balance            | Governmental Fees                     |
| Justice Courts          | Cash Management                       |
| Fraud Risk Assessment   | Impact Fees                           |
| Utah Retirement Systems | Public Treasurer’s Bond               |

***Management’s Responsibility***

Management is responsible for compliance with the 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 state 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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 for each state compliance requirements referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

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

In our opinion, Springville City Corporation complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

### ***Other Matters***

The results of our auditing procedures disclosed no instance of noncompliance or other matters, 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 state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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, as defined above. However, material weaknesses may exist that have not been identified.

***Purpose of Report***

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

***HBMC, LLC***

December 12, 2022