

MILLCREEK

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

**As of and for the Year Ended
June 30, 2024**

DRAFT

MILLCREEK

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
Millcreek, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Millcreek, Utah (the City), as of and for the year ended June 30, 2024, 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 the City, as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity 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 4 through 10 and the pension schedules on pages 49 through 51 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 accompanying budgetary comparison information is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is 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 16, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

December 16, 2024
Bountiful, Utah

Management's Discussion and Analysis

As management of Millcreek (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

To help the reader with navigation of this report, the City's activities are classified in the following manner: governmental activities refer to general administration, streets, parks, public safety, planning, recreation and community events, etc., while business-type activities refer to the Stormwater Utility Fund. The Stormwater fund was established in fiscal year 2021 to account for storm sewer utility charges for services and expenses related to the City's stormwater system. Fees are collected by PacifiCorp through their current billing system and then remitted to the City.

FINANCIAL HIGHLIGHTS

As of the end of the current fiscal year,

- The total assets of the City plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources by \$222,514,853 (net position). This amount included an unrestricted net position of \$40,723,436; which may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net position of governmental activities of \$197,845,475 is made up of \$162,194,893 in capital assets such as land, infrastructure and equipment, net of any related debt outstanding; \$439,896 restricted for capital projects and the remaining \$35,210,686 of unrestricted net position.
- The total net position of business-type activities of \$24,669,378 was made up of \$19,156,628 in capital assets, such as equipment and infrastructure, less any long-term debt outstanding, and \$5,512,750 which is considered unrestricted.
- Total liabilities of the City plus deferred inflows of resources was \$82,980,306. Of that amount, \$82,770,935 was related to governmental activities and \$209,371 to business-type activities.
- All long-term debt of the City is held by its governmental activities, with the exception of any compensated absences and pension-related liabilities that are held by its business-type activities.

REPORTING THE CITY AS A WHOLE

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

- The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, you will also need to consider other nonfinancial 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 the current year's revenues and expenses are considered regardless of when cash is received or paid.

Both government-wide financial statements distinguish functions of Millcreek 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 include not only the City itself, but the following blended component units: The Millcreek Community Reinvestment Agency (Reinvestment Agency) and the Millcreek Community Foundation (Community Foundation or Foundation). Both the Reinvestment Agency and the Community

Foundation are legally separate entities governed by boards consisting of the City Council members. For financial reporting purposes, they are reported as if they were part of the City's operations because their governing boards are the City Council; therefore, the City Council is financially accountable and has significant influence over the programs, projects, activities, and level of services performed or provided by these organizations.

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. The City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. The fund statements focus on how money flows into and out of these funds and the balances of spendable resources available at the end of the year. year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.
- The City maintains five individual governmental funds, three of which are major funds. The funds include the General Fund, the Community Reinvestment Agency, the Capital Projects Fund, the Park Impact Fee Fund (non-major) and the Community Foundation special revenue fund (non-major). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds. The basic governmental fund financial statements can be found on pages 13-18 of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

- **Proprietary funds** - The City also maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Millcreek's Stormwater Utility Fund is accounted for as an enterprise fund; information about this fund can be found on pages 19-21.
- **Fiduciary funds** - The City maintains one fiduciary fund. Fiduciary funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. Millcreek serves in this capacity for the Community Renewable Energy Agency (CRE). The CRE is a coalition of counties and other municipalities that are working to launch a renewable electricity option for customers of Rocky Mountain Power, a major utility provider, in their respective communities. Information about the CRE fiduciary fund can be found on pages 22-23 of this report.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

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 the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$222,514,853 at the close of the most recent fiscal year.

The City's overall financial position improved in fiscal year 2024. Total net position increased by \$3,102,080; net position from current year activities for governmental activities increased by \$1,793,275 while net position of business-type activities increased by \$1,308,805.

By far, the largest portion of the City's net position (82%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City's investment in capital assets is reported net of related debt, it should be noted that the resources used 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 Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 56,099,584	\$ 68,637,575	\$ 5,601,005	\$ 4,024,319	\$ 61,700,589	\$ 72,661,894
Capital assets	223,461,571	207,679,423	19,156,628	19,662,887	242,618,199	227,342,310
Total assets	279,561,155	276,316,998	24,757,633	23,687,206	304,318,788	300,004,204
Deferred outflows of resources:						
Deferred outflows related to pensions	1,055,255	745,571	121,116	82,841	1,176,371	828,412
Current and other liabilities	7,264,446	4,585,280	94,210	325,700	7,358,656	4,910,980
Long-term liabilities outstanding	62,237,450	63,245,323	114,309	83,136	62,351,759	63,328,459
Total liabilities	69,501,896	67,830,603	208,519	408,836	69,710,415	68,239,439
Deferred inflows of resources:						
Deferred property tax revenue	13,261,573	13,174,031	-	-	13,261,573	13,174,031
Deferred inflows related to pensions	7,466	5,735	852	638	8,318	6,373
Total deferred inflows of resources	13,269,039	13,179,766	852	638	13,269,891	13,180,404
Net Position:						
Invested in capital assets, net of related debt	162,194,893	149,632,237	19,156,628	19,662,887	181,351,521	169,295,124
Restricted for:						
Capital projects	439,896	4,949,244	-	-	439,896	4,949,244
Unrestricted	35,210,686	41,470,719	5,512,750	3,697,686	40,723,436	45,168,405
Total net position	\$ 197,845,475	\$ 196,052,200	\$ 24,669,378	\$ 23,360,573	\$ 222,514,853	\$ 219,412,773

Governmental activities' net position benefitted from an increase of \$15.8 million in capital assets and increases in sales tax and municipal energy tax contributed to a \$4.5 million increase in governmental activities' unrestricted net position. The governmental activities experienced a decrease in restricted net position of \$4.5 million owing to the completion of the new City Hall building. Unrestricted business-type activities' net position increased by \$1.8 million, which resulted due to timing of several large storm drain maintenance projects that began in fiscal year 2024 but were not completed at June 30.

Business-type activities increased the City's net position by \$1,308,805. During FY2024 the Stormwater fund collected \$3,242,279 from charges for services and expended \$2,138,306 in operating expenses.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 5,265,705	\$ 4,008,537	\$ 3,242,279	\$ 3,200,912	\$ 8,507,984	\$ 7,209,449
Operating grants & contributions	2,856,271	4,620,932	-	114,824	2,856,271	4,735,756
Capital grants & contributions	3,446,643	6,137,765	-	-	3,446,643	6,137,765
General revenues:						
Property taxes	12,902,345	12,666,442	-	-	12,902,345	12,666,442
Cable franchise taxes	548,288	688,940	-	-	548,288	688,940
General sales taxes	16,587,264	15,216,279	-	-	16,587,264	15,216,279
Energy sales and use taxes	3,714,872	1,725,540	-	-	3,714,872	1,725,540
Interest income	2,413,974	2,354,471	204,832	96,034	2,618,806	2,450,505
Other	851,049	420,203	-	-	851,049	420,203
Total Revenues	48,586,411	47,839,109	3,447,111	3,411,770	52,033,522	51,250,879
Expenses:						
General government	9,066,654	11,470,993	-	-	9,066,654	11,470,993
Public safety	16,823,177	14,922,319	-	-	16,823,177	14,922,319
Streets / public works	15,971,914	7,674,709	-	-	15,971,914	7,674,709
Parks and recreation	2,678,864	1,794,175	-	-	2,678,864	1,794,175
Community revitalization	626,373	233,438	-	-	626,373	233,438
Interest on long-term debt	1,626,154	1,630,656	-	-	1,626,154	1,630,656
Stormwater	-	-	2,138,306	1,615,181	2,138,306	1,615,181
Total Expenses	46,793,136	37,726,290	2,138,306	1,615,181	48,931,442	39,341,471
Increase in Net Position	1,793,275	10,112,819	1,308,805	1,796,589	3,102,080	11,909,408
Net position beginning	196,052,200	185,939,381	23,360,573	21,563,984	219,412,773	207,503,365
Net position ending	\$ 197,845,475	\$ 196,052,200	\$ 24,669,378	\$ 23,360,573	\$ 222,514,853	\$ 219,412,773

ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. As of June 30, 2024, the City's governmental fund balances totaled \$35,771,106, which is a decrease of \$15,314,666 from the prior year. The major contributor to the decrease in the aggregate governmental fund balances was the increase in capital expenditures related to construction of the new city hall. This project was accounted for in the Capital Projects Fund. 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 expenditures, are accounted for in this fund.

At the end of the current fiscal year, unassigned fund balance of the general fund was \$15,211,799, while total fund balance was \$15,248,366. 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 fund expenditures. At June 30, 2024, unassigned fund balance in the General Fund represents 44% of total general fund expenditures.

The City maintains only one type of proprietary fund, an enterprise fund, which is used to report the same type of information found in the government-wide financial statements' business-type activities, but in greater detail. Net position of the stormwater fund at the end of the year was \$24,669,378. Net position increased by \$1,308,805 from the preceding year. Unrestricted net position of the Stormwater Utility Fund at the end of the year was \$5,512,750 an increase of \$1,815,064 over the prior year. Many of the stormwater maintenance projects that have been identified are extremely costly, it will take the enterprise fund several years to accumulate reserves sufficient to address some of its stormwater maintenance concerns.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund's original budget was amended when needed, resulting in an increase in revenues from the original budget of \$33,771,595 to \$42,699,313 which is an increase of \$8,927,718. The majority of this increase, \$3.4 million, was due to mid-year budget amendments for various types of ad valorem taxes and fees in lieu of taxes that are distributed by Salt Lake County along with the regular distributions of property taxes collected. These additional tax categories were not considered in the original budget. Another contributing factor to the increase in the General Fund revenue budget was the inclusion of the City's share of the gasoline taxes. The original budget did not include this distribution from the State of Utah; however, the final budget included \$2.3 million in intergovernmental revenue for the gasoline tax distribution.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The City's investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$223,461,571 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure (streets, curb, gutter, and sidewalks, bridges, etc.), facilities, and equipment. The City's investment in capital assets for its business-type activities as of June 30, 2024, equals \$19,156,628 (net of accumulated depreciation). This investment in capital assets includes storm drain infrastructure and equipment.

The City's additions to capital asset (includes both governmental and business-type activities) during fiscal year 2024 total \$59,699,489, which includes the following:

- Land, buildings (City Hall and other buildings within Millcreek Common) and buildings in progress (parking structure) in the amount of \$57,687,358.
- Infrastructure, streets, vehicles and equipment of \$2,012,128.

CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Capital Assets						
Land	\$ 90,545,178	\$ 92,342,604	\$ -	\$ -	\$ 90,545,178	\$ 92,342,604
Construction in progress	8,182,364	36,783,491	-	-	8,182,364	36,783,491
Buildings	51,194,827	3,449,259	-	-	51,194,827	3,449,259
Improvements	10,256,244	11,605,046	-	-	10,256,244	11,605,046
Machinery and equipment	1,457,978	798,819	298,521	298,521	1,756,499	1,097,340
Infrastructure	73,974,317	72,621,348	22,327,698	22,327,698	96,302,015	94,949,046
Accumulated depreciation	(12,149,337)	(9,921,144)	(3,469,591)	(2,963,332)	(15,618,928)	(12,884,476)
Total Capital Assets	\$ 223,461,571	\$ 207,679,423	\$ 19,156,628	\$ 19,662,887	\$ 242,618,199	\$ 227,342,310

Additional information on the City's capital assets can be found in Note 5 to this financial report and the supplemental section.

Long-term debt – At June 30, 2024, the City had \$51,375,000 in bonds payable. To fund the acquisition of real property and construction of public space within the City Center Community Reinvestment Area (CRA), the City issued sales tax revenue bonds for \$17,345,000 in June of 2019. On August 5, 2021, the City issued Series 2021 Sales Tax Revenue Bonds in the amount of \$36,265,000. Proceeds from the sale of the Series 2021 bonds were used to finance expenses associated with building a new city hall. In fiscal year 2024, the City paid interest on all bonds in the amount of \$1,787,050. Both Series 2019 and Series 2021 were issued at a premium.

LONG-TERM DEBT

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Sales tax revenue bonds	\$ 51,375,000	\$ 52,090,000	\$ -	\$ -	\$ 51,375,000	\$ 52,090,000
Bond premium	4,991,842	5,237,990	-	-	4,991,842	5,237,990
Note payable	4,899,836	5,200,000	-	-	4,899,836	5,200,000
Compensated absences	402,923	382,505	48,900	42,501	451,823	425,006
Net pension liability	567,849	334,828	65,409	40,635	633,258	375,463
Total long-term debt	62,237,450	63,245,323	114,309	83,136	62,351,759	63,328,459

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At June 30, 2024, the Unemployment rate for Salt Lake County (of which the City is part) was 3.1% compared with the State unemployment rate of 3.0% and a national rate of 4.1%. This compares with the prior year's rates of 2.5%, 2.6% and 3.6% respectively (Source: Utah Department of Workforce Service). These factors were considered when preparing for the City's FY2025 budget.

The City's FY2025 budget will include the cost of continued outsourced services:

- Police protection (Unified Police Department)
- Animal services (Salt Lake County Animal Services)
- Park Maintenance (Salt Lake County Parks Department)
- Public works services (Salt Lake County Public Works)

The FY2025 budget will also include project budgets for additional pavement preservation, the completion of roadway reconstruction projects (including 900 E, 1300 E, and 2000 E), a multi-use path along 3900 S, the completion of a parking structure attached to City Hall, and the completion of a 10-court pickleball complex.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the 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:

Millcreek Finance Director
1330 E Chambers Avenue
Millcreek, UT 84106

MILLCREEK
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 35,629,934	\$ 4,896,985	\$ 40,526,919
Receivables:			
Property and other taxes	15,449,603	-	15,449,603
Accounts	97,385	704,020	801,405
Due from other governments	2,387,800	-	2,387,800
Prepaid expenses	50,470	-	50,470
Restricted cash and cash equivalents	2,484,392	-	2,484,392
Capital assets:			
Land	90,545,178	-	90,545,178
Construction in progress	8,182,364	-	8,182,364
Buildings and improvements	51,194,827	-	51,194,827
Improvements	10,256,244	-	10,256,244
Machinery and equipment	1,457,978	298,521	1,756,499
Infrastructure	73,974,317	22,327,698	96,302,015
Accumulated depreciation	(12,149,337)	(3,469,591)	(15,618,928)
Total assets	279,561,155	24,757,633	304,318,788
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Related to pensions	1,055,255	121,116	1,176,371
Total deferred outflows of resources	1,055,255	121,116	1,176,371
<u>LIABILITIES</u>			
Accounts payable	5,152,621	82,500	5,235,121
Accrued interest payable	197,541	-	197,541
Accrued liabilities	151,112	11,710	162,822
Deposits	6,105	-	6,105
Development bonds	1,757,067	-	1,757,067
Non-current liabilities:			
Due within one year	1,504,875	36,675	1,541,550
Due in more than one year	60,164,726	12,225	60,176,951
Net pension liability	567,849	65,409	633,258
Total liabilities	69,501,896	208,519	69,710,415
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable property tax revenue	13,261,573	-	13,261,573
Related to pensions	7,466	852	8,318
Total deferred inflows of resources	13,269,039	852	13,269,891
<u>NET POSITION</u>			
Net investment in capital assets	162,194,893	19,156,628	181,351,521
Restricted for:			
Capital projects	439,896	-	439,896
Unrestricted	35,210,686	5,512,750	40,723,436
Total net position	\$ 197,845,475	\$ 24,669,378	\$ 222,514,853

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

MILLCREEK
Statement of Activities
For the Year Ended June 30, 2024

	Program Revenues				Net (Expense) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<u>GOVERNMENTAL ACTIVITIES</u>							
General government	\$ 9,066,654	\$ 5,265,705	\$ -	\$ -	\$ (3,800,949)		\$ (3,800,949)
Public safety	16,823,177	-	-	-	(16,823,177)		(16,823,177)
Streets and public works	15,971,914	-	2,856,271	821,321	(12,294,322)		(12,294,322)
Parks and recreation	2,678,864	-	-	333,638	(2,345,226)		(2,345,226)
Community revitalization	626,373	-	-	2,291,684	1,665,311		1,665,311
Interest expense	1,626,154	-	-	-	(1,626,154)		(1,626,154)
Total governmental activities	46,793,136	5,265,705	2,856,271	3,446,643	(35,224,517)		(35,224,517)
<u>BUSINESS TYPE ACTIVITIES</u>							
Storm Water	2,138,306	3,242,279	-	-		1,103,973	1,103,973
Total business-type activities	2,138,306	3,242,279	-	-		1,103,973	1,103,973
Total primary government	\$ 48,931,442	\$ 8,507,984	\$ 2,856,271	\$ 3,446,643	(35,224,517)	1,103,973	(34,120,544)
<u>GENERAL REVENUES</u>							
Taxes:							
Property taxes					12,902,345	-	12,902,345
Cable franchise taxes					548,288	-	548,288
General sales taxes					16,587,264	-	16,587,264
Energy sales taxes					3,714,872	-	3,714,872
Interest income					2,413,974	204,832	2,618,806
Miscellaneous					851,049	-	851,049
Total general revenues					37,017,792	204,832	37,222,624
Change in net position					1,793,275	1,308,805	3,102,080
Net position - beginning					196,052,200	23,360,573	219,412,773
Net position - ending					\$ 197,845,475	\$ 24,669,378	\$ 222,514,853

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

MILLCREEK
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Special Revenue Community Reinvestment Agency	Capital Projects Fund	Total Nonmajor Funds	Totals Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 13,926,164	\$ 3,232,913	\$ 18,470,857	\$ -	\$ 35,629,934
Restricted cash and investments	1,760,046	490	37	723,819	2,484,392
Receivables:					
Sales, property and franchise taxes	15,125,176	324,427	-	-	15,449,603
Accounts	95,385	-	-	2,000	97,385
Intergovernmental	577,800	1,350,000	460,000	-	2,387,800
Prepaid expenditures	36,567	-	13,903	-	50,470
Total assets	<u>\$ 31,521,138</u>	<u>\$ 4,907,830</u>	<u>\$ 18,944,797</u>	<u>\$ 725,819</u>	<u>\$ 56,099,584</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 2,446,915	\$ 1,092	\$ 2,679,997	\$ 24,617	\$ 5,152,621
Accrued liabilities	151,112	-	-	-	151,112
Deposits	6,105	-	-	-	6,105
Development bonds	1,757,067	-	-	-	1,757,067
Total liabilities	<u>4,361,199</u>	<u>1,092</u>	<u>2,679,997</u>	<u>24,617</u>	<u>7,066,905</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred property tax revenue	11,911,573	1,350,000	-	-	13,261,573
Total deferred inflows of resources	<u>11,911,573</u>	<u>1,350,000</u>	<u>-</u>	<u>-</u>	<u>13,261,573</u>
<u>FUND BALANCE</u>					
Nonspendable	36,567	-	13,903	-	50,470
Restricted					
Community foundation	-	-	-	54,325	54,325
Capital projects	-	490	37	646,877	647,404
Total restricted	<u>-</u>	<u>490</u>	<u>37</u>	<u>701,202</u>	<u>701,729</u>
Assigned to:					
Special revenue fund	-	3,556,248	-	-	3,556,248
Capital projects fund	-	-	16,250,860	-	16,250,860
Total assigned	<u>-</u>	<u>3,556,248</u>	<u>16,250,860</u>	<u>-</u>	<u>19,807,108</u>
Unassigned	15,211,799	-	-	-	15,211,799
Total fund balances	<u>15,248,366</u>	<u>3,556,738</u>	<u>16,264,800</u>	<u>701,202</u>	<u>35,771,106</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,521,138</u>	<u>\$ 4,907,830</u>	<u>\$ 18,944,797</u>	<u>\$ 725,819</u>	<u>\$ 56,099,584</u>

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

MILLCREEK
Reconciliation to the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2024

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

Total Fund Balances - Total Governmental Funds	\$ 35,771,106
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	223,461,571
Net pension assets and liabilities and deferred pension outflows and inflows are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.	479,940
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(61,867,142)</u>
Net Position - Governmental Activities	<u>\$ 197,845,475</u>

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

MILLCREEK
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Special Revenue Community Reinvestment Agency	Capital Projects Fund	Total Nonmajor Funds	Totals Governmental Funds
<u>REVENUES</u>					
Taxes	\$ 33,427,382	325,387	\$ -	\$ -	\$ 33,752,769
Impact fees	-	-	-	333,638	333,638
Licenses and permits	2,840,394	-	-	-	2,840,394
Charges for services	2,390,717	-	-	-	2,390,717
Intergovernmental	2,856,271	2,291,684	818,821	2,500	5,969,276
Fines and forfeitures	34,594	-	-	-	34,594
Interest	1,386,186	155,665	837,388	34,735	2,413,974
Miscellaneous	313,888	36	460,000	77,125	851,049
Total revenues	43,249,432	2,772,772	2,116,209	447,998	48,586,411
<u>EXPENDITURES</u>					
Current					
General government	6,663,442	-	-	-	6,663,442
Public safety	16,823,177	-	-	-	16,823,177
Streets and public works	6,782,886	-	7,733,549	-	14,516,435
Parks and recreation	2,610,097	-	-	683	2,610,780
Community revitalization	-	626,373	-	-	626,373
Debt service:					
Principal	715,000	-	300,164	-	1,015,164
Interest	1,065,262	721,804	95,203	-	1,882,269
Capital outlay	-	-	21,059,719	-	21,059,719
Total expenditures	34,659,864	1,348,177	29,188,635	683	65,197,359
Excess of revenues over (under) expenditures	8,589,568	1,424,595	(27,072,426)	447,315	(16,610,948)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	24,617	-	7,500,000	-	7,524,617
Transfers out	(7,500,000)	-	-	(24,617)	(7,524,617)
Sale of land	-	-	1,671,509	-	1,671,509
Contributions to other governments	(375,227)	-	-	-	(375,227)
Total other financing sources (uses)	(7,850,610)	-	9,171,509	(24,617)	1,296,282
Net change in fund balances	738,958	1,424,595	(17,900,917)	422,698	(15,314,666)
Fund balances, beginning of year	14,509,408	2,132,143	34,165,717	278,504	51,085,772
Fund balances, end of year	\$ 15,248,366	\$ 3,556,738	\$ 16,264,800	\$ 701,202	\$ 35,771,106

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

MILLCREEK
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balances of
Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds	\$ (15,314,666)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and asset transfers exceed capital outlays and contributions in the current period.	15,782,148
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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 transaction, however, has any effect on net position. Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,271,279
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>54,514</u>
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Change in net position - governmental activities	<u>\$ 1,793,275</u>
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The accompanying notes are an integral part of this financial statement.

MILLCREEK
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 29,728,095	\$ 33,130,595	\$ 33,427,382	\$ 296,787
Licenses and permits	2,000,500	2,825,500	2,840,394	14,894
Charges for service	1,060,000	2,237,918	2,390,717	152,799
Intergovernmental	213,000	2,600,300	2,856,271	255,971
Fines and forfeitures	20,000	35,000	34,594	(406)
Interest	750,000	1,500,000	1,386,186	(113,814)
Miscellaneous	-	370,000	313,888	(56,112)
Total revenues	33,771,595	42,699,313	43,249,432	550,119
<u>EXPENDITURES</u>				
Current:				
General government:				
Mayor and city council	536,000	543,500	482,728	60,772
City management	311,000	311,250	300,159	11,091
Recorder	247,100	167,100	146,925	20,175
Communications and programs	555,250	625,250	532,551	92,699
Emergency management	150,700	150,700	128,462	22,238
Justice court	215,000	215,000	113,047	101,953
Legal	512,250	407,250	315,453	91,797
Information center	223,900	185,800	135,291	50,509
IT management	547,000	640,000	570,681	69,319
Economic development	148,600	169,350	136,069	33,281
Business licenses	203,750	219,000	208,863	10,137
Finance	603,500	665,950	642,818	23,132
Human resources	69,500	63,000	42,221	20,779
Nondepartmental	280,000	334,500	200,814	133,686
Facilities	936,250	997,250	846,250	151,000
Fleet	75,000	228,500	205,818	22,682
Planning and zoning	1,407,500	1,332,500	1,303,449	29,051
Promise program	356,000	430,350	351,843	78,507
Public safety	17,015,485	17,024,985	16,823,177	201,808
Streets and public works	4,772,752	7,125,452	6,782,886	342,566
Parks and recreation	1,985,450	2,849,650	2,610,097	239,553
Debt service:				
Principal	715,000	715,000	715,000	-
Interest	1,065,250	1,065,250	1,065,262	(12)
Total expenditures	32,932,237	36,466,587	34,659,864	1,806,723
Excess of revenues over expenditures	839,358	6,232,726	8,589,568	(1,256,604)
Transfers in	-	-	24,617	24,617
Transfers out	(1,198,804)	(6,035,528)	(7,500,000)	1,464,472
Contributions to other governments	(61,000)	(125,500)	(375,227)	249,727
Total other financing sources (uses)	(1,259,804)	(6,161,028)	(7,850,610)	1,738,816
Net change in fund balance	(420,446)	71,698	738,958	482,212
Fund balance, beginning of year	14,509,408	14,509,408	14,509,408	-
Fund balance, end of year	\$ 14,088,962	\$ 14,581,106	\$ 15,248,366	\$ 667,260

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

MILLCREEK
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Community Reinvestment Agency – Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<u>REVENUES</u>				
Taxes	\$ 390,000	\$ 325,980	\$ 325,387	\$ (593)
Intergovernmental	1,560,000	2,291,749	2,291,684	(65)
Interest	250	250	155,665	155,415
Miscellaneous	-	-	36	36
Total revenue	1,950,250	2,617,979	2,772,772	154,793
<u>EXPENDITURES</u>				
Community revitalization	687,500	565,394	626,373	(60,979)
Debt service	721,800	721,800	721,804	(4)
Total expenditures	1,409,300	1,287,194	1,348,177	(60,983)
Excess of revenues over expenditures	540,950	1,330,785	1,424,595	93,810
<u>OTHER FINANCING SOURCES (USES)</u>				
Loan proceeds	445,300	1,864,640	-	(1,864,640)
Transfer out	(445,300)	(3,214,980)	-	3,214,980
Total other financing sources (uses)	-	(1,350,340)	-	1,350,340
Net change in fund balance	540,950	(19,555)	1,424,595	1,444,150
Fund balance, beginning of year	2,132,143	2,132,143	2,132,143	-
Fund balance, end of year	\$ 2,673,093	\$ 2,112,588	\$ 3,556,738	\$ 1,444,150

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

MILLCREEK
Statement of Net Position – Proprietary Fund
June 30, 2024

	Storm Water
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 4,896,985
Accounts receivable, net	704,020
Total current assets	5,601,005
Property, plant and equipment:	
Infrastructure	22,327,698
Machinery and equipment	298,521
Accumulated depreciation	(3,469,591)
Net property, plant and equipment	19,156,628
Total assets	24,757,633
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to pensions	121,116
Total deferred outflows of resources	121,116
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	82,500
Accrued liabilities	11,710
Compensated absences, current	36,675
Total current liabilities	130,885
Noncurrent liabilities:	
Compensated absences	12,225
Net pension liability	65,409
Total noncurrent liabilities	77,634
Total liabilities	208,519
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to pensions	852
Total deferred inflows of resources	852
<u>NET POSITION</u>	
Net investment in capital assets	19,156,628
Unrestricted	5,512,750
Total net position	\$ 24,669,378

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

MILLCREEK
Statement of Revenues, Expenses, and Changes
in Fund Net Position – Proprietary Fund
For the Year Ended June 30, 2024

	Storm Water
<u>OPERATING REVENUES</u>	
Charges for services	\$ 3,227,157
Miscellaneous	15,122
Total operating revenues	<u>3,242,279</u>
<u>OPERATING EXPENSES</u>	
Wages and fringe benefits	558,516
Repairs, maintenance, and administrative	865,333
Professional services	204,220
Depreciation	506,259
Other	3,978
Total operating expenses	<u>2,138,306</u>
Operating income	<u>1,103,973</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	204,832
Total non-operating revenues	<u>204,832</u>
Income before transfers and contributions	1,308,805
Total net position, beginning of year	<u>23,360,573</u>
Total net position, end of year	<u><u>\$ 24,669,378</u></u>

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

MILLCREEK
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2024

	Storm Water
<u>Cash flows from operating activities:</u>	
Cash received from customers (including cash deposits)	\$ 3,185,651
Cash paid to suppliers	(1,305,863)
Cash paid to employees	(564,562)
Net cash from operating activities	<u>1,315,226</u>
<u>Cash flow from capital and related financing activities:</u>	
Interest income received	<u>204,832</u>
Net cash from capital and related financing activities	<u>204,832</u>
Net increase in cash and cash equivalents	1,520,058
Cash and cash equivalents at beginning of year	<u>3,376,927</u>
Cash and cash equivalents at end of year	<u>\$ 4,896,985</u>
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating income	<u>\$ 1,103,973</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	506,259
Changes in assets and liabilities:	
Increase in accounts receivable	(56,628)
Increase in deferred outflows	(38,275)
Decrease in accounts payable	(232,332)
Increase in accrued liabilities	9,107
Increase in deferred inflows	214
Increase in net pension liability	<u>22,908</u>
Total adjustments	<u>211,253</u>
Net cash provided by operating activities	<u>\$ 1,315,226</u>

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

MILLCREEK
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2024

	Custodial Funds
<u>ASSETS</u>	
Cash and cash equivalents	\$ 325,356
Total assets	<u>325,356</u>
<u>LIABILITIES</u>	
Accounts payable	<u>14,165</u>
Total liabilities	<u>14,165</u>
<u>NET ASSETS</u>	
Restricted for Community Renewable Energy Program	<u>311,191</u>
Total net assets	<u><u>\$ 311,191</u></u>

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

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

	Custodial Funds
<u>ADDITIONS</u>	
Contributions from other governments	\$ -
Total additions	-
<u>DEDUCTIONS</u>	
Payments for Community Renewable Energy Program initiatives	154,025
Total deductions	154,025
Net increase in fiduciary net position	(154,025)
Total net position, beginning of year	465,216
Total net position, end of year	<u>\$ 311,191</u>

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

MILLCREEK
Notes to the Financial Statements
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Millcreek, Utah (the City) was incorporated in 2017 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, which includes the Mayor. The City provides the following services: general administrative services, public safety, highways and streets, planning and engineering, parks and recreation, community events, and stormwater collection.

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 accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Component units that do not meet the criteria for being blended into the City's primary government are reported discretely.

Government-Wide Financial Statements and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements. The City's general administrative services, public safety, highways and streets, planning and engineering, and parks are all classified as governmental activities. Storm water collection services 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 activities of the City and its component units. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements and Fund Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or a segment are offset by program revenues. Direct expenses are those that 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 not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and proprietary 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. 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.

Financial resources used to acquire capital assets are capitalized as assets, rather than reported as expenditures, in the government-wide financial statements. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than 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.

The 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, expenditures related to claims and judgments are recorded only when payment is due.

Sales taxes, franchise taxes, 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.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate. The various funds are summarized by type in the financial statements. The following fund types are used by the City:

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Capital Projects Fund accounts for the acquisition and construction of the government's major capital facilities.
- The CRA special revenue fund is used to account for financial resources to be used for the revitalization of blighted areas within the City. This fund is a blended component unit.

The City reports the following major proprietary fund:

- The Stormwater Fund accounts for the operation and maintenance of the storm water system and capital projects for the storm water system.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 include the cost of sales, services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Additionally, the City reports the following fund types:

- Millcreek Community Foundation fund: The City accounts for community foundation funds in a special revenue fund.
- Park Impact fund: The City accounts for park impact fees in a special revenue fund.
- Custodial fund: The City accounts for monies held for the Community Renewable Energy Agency, a local government cooperative to achieve net-100% renewable electricity on behalf of participating communities.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the government's practice to use restricted resources first, then unrestricted resources as they are needed.

Budgets

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 30 for the following fiscal year, beginning July 1. 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 the General Fund and Special Revenue Funds. Annual budgets are also adopted for Capital Projects Fund which may include activities that 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 Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal yearend.

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 categories of fund balance 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 prohibits the accumulation of the stated fund balance categories in any amount greater than 35% of the current year's actual revenues.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

Budgets for the General Fund, Special Revenue Funds, and Capital Projects Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable or appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Investments City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

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 or due from other funds." 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.

Taxes, intergovernmental, and other receivables at June 30, 2024, consisted of property tax, sales tax, franchise tax, grants, utility billings, and other miscellaneous items. Taxes, grants, and utility charges are deemed collectible in full, so no allowance for uncollectibles is recorded.

Restricted Assets Certain assets are classified as restricted because their use is restricted by an independent third party, enabling legislation, or other laws and statutes. These restrictions may include future debt service payments, unexpended portions of bonds issued for capital construction, impact fees, and other agreements with third parties.

Prepaid Items 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.

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 individual cost of more than \$10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	50 years
Buildings	50 years
Machinery and equipment	5 years

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Compensated Absences For governmental funds, amounts of vested or accumulated personal time off (PTO) are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. PTO is capped at 320 hours. Once an employee's PTO accumulates to 320 hours, the employee's bi-weekly accrual of PTO hours ceases until PTO is taken and drops below the cap. Compensated absences are paid by the individual funds as they become due. For governmental funds, most of the, most of the costs are paid by the General Fund.

Taxes On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 22. All property taxes levied by the City are assessed and collected by Salt Lake County. Taxes are levied as of January 1 and due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. Franchise taxes are collected by utility companies and remitted to the City periodically.

Energy and Use Taxes are collected by the service providers of electricity and natural gas and they forward the taxes to the City on a monthly basis.

Cable Franchise Fees are also collected by the service providers and remitted periodically to the City.

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.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources 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.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period, and is, therefore, deferred until that time. Governmental funds report unavailable revenue from property taxes as deferred inflows of resources until such time they can be recognized as revenue in the period that they become available.

Long-term Obligations In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Governmental fund balance is reported in five separate categories: nonspendable, restricted, committed, assigned, and unassigned. When both restricted and unrestricted fund balance is available for use, it is the City's policy to use restricted fund balance first. When expenditures qualify for more than one unrestricted fund balance classification, it is the City's policy to use resources in the following order: Committed, assigned, and then unassigned.

Inter-fund Transactions During the course of normal operations, the City has transactions between funds to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 235,610,908
Accumulated depreciation	<u>(12,149,337)</u>
Capital assets, net	<u><u>\$ 223,461,571</u></u>

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net position. Balances at June 30, 2024 were:

Sales Tax Revenue bonds	\$ 51,375,000
Note payable	4,899,836
Premiums on sales tax revenue bonds	4,991,842
Accrued interest payable on long-term debt	197,541
Compensated absences	<u>402,923</u>
	<u><u>\$ 61,867,142</u></u>

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Explanation of Certain Differences Between Governmental Funds Operating Statements and the Statement of Net Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays and contributions are reported in the governmental fund as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follow:

Capital outlays and contributions	\$ 22,915,995
Depreciation expense	(2,425,829)
Cost of capital assets sold	<u>(4,708,018)</u>
Net difference, as reported	<u><u>\$ 15,782,148</u></u>

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 and cash on hand. Investments are stated at cost, which approximates fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents," which also includes cash accounts that are separately held by several of the City's funds.

As of June 30, 2024, the City's demand deposits and cash on hand amounted to \$43,319,247.

Deposits – Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

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

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

3. DEPOSITS AND INVESTMENTS (CONTINUED)

The City 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.

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 City has complied with the UMMA and rules of the Money Management Council with regard to deposits and investments. The City has a separate deposit and investment policy which requires City to follow UMMA.

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.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

3. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

At June 30, 2024, the City had the following recurring fair value measurements.

	06/30/24	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
PTIF	\$ 42,170,906	\$ -	\$ 42,170,906	\$ -
Total debt securities	<u>\$ 42,170,906</u>	<u>\$ -</u>	<u>\$ 42,170,906</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, 2024, \$898,340 of the City's \$1,148,340 balance of deposits 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. Of the City's investment in the PTIF of \$42,170,906, 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.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

3. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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 UMMA. 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 five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

As of June 30, 2024, the City's investments had the following maturities and ratings:

Investment Type	Fair Value	Investment Maturities (in Years)		Quality Ratings
		Less Than 1	1-5	
PTIF	\$ 42,170,906	\$ 42,170,906	\$ -	Unrated
	<u>\$ 42,170,906</u>	<u>\$ 42,170,906</u>	<u>\$ -</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 Treasurers' Office.

The City did not enter into any reverse repurchase agreements during the year. Bond deposits are held by an appointed trustee in accordance with the Bond Resolutions. Repurchase agreements are secured by uninsured, unregistered securities held by the counter party but not in the City's name.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

4. ACCOUNTS RECEIVABLE

Receivables as of June 30, 2024 for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Community Reinvestment Agency	Nonmajor Governmental Fund	Capital Projects Fund	Storm Water Fund	Total
Receivables:						
Taxes	\$15,125,176	\$ 324,427	\$ -	\$ -	-	\$15,449,603
Accounts and others	95,385	-	2,000	-	704,020	801,405
Intergovernmental	577,800	1,350,000	-	460,000	-	2,387,800
Gross receivables	15,798,361	1,674,427	2,000	460,000	704,020	18,638,808
Less: allowance for uncollectibles	-	-	-	-	-	-
Net total receivables	<u>\$15,798,361</u>	<u>\$1,674,427</u>	<u>\$ 2,000</u>	<u>\$460,000</u>	<u>\$ 704,020</u>	<u>\$18,638,808</u>

Governmental funds report deferred revenue as deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2024, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows of Resources	Unearned
Property taxes receivable	\$12,236,000	\$ -
Intergovernmental receivable	<u>1,350,000</u>	<u>-</u>
Total deferred inflows of resources/ unearned revenue, governmental funds	<u>\$13,586,000</u>	<u>\$ -</u>

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

5. **CAPITAL ASSETS**

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

	7/1/2023	Increases	Decreases	6/30/2024
<u>Governmental activities</u>				
Capital assets:				
Land	\$ 92,342,604	\$ 202,904	\$ (2,000,330)	\$ 90,545,178
Construction in progress	36,783,491	8,182,364	(36,783,491)	8,182,364
Buildings and improvements	3,449,259	48,894,827	(1,149,259)	51,194,827
Other improvements	11,605,046	407,263	(1,756,065)	10,256,244
Infrastructure	72,621,348	1,352,969	-	73,974,317
Vehicles, machinery and equipment	798,819	659,159	-	1,457,978
Total capital assets	217,600,567	59,699,486	(41,689,145)	235,610,908
Accumulated depreciation:				
Buildings and improvements	(139,249)	(616,440)	89,416	(666,273)
Other improvements	(422,828)	(205,125)	108,220	(519,733)
Infrastructure	(8,791,323)	(1,455,479)	-	(10,246,802)
Vehicles, machinery and equipment	(567,744)	(148,785)	-	(716,529)
Total accumulated depreciation	(9,921,144)	(2,425,829)	197,636	(12,149,337)
Net governmental capital assets	<u>\$ 207,679,423</u>	<u>\$ 57,273,657</u>	<u>\$ (41,491,509)</u>	<u>\$ 223,461,571</u>
<u>Business-type activities</u>				
Capital assets:				
Storm water infrastructure	\$ 22,327,698	\$ -	\$ -	\$ 22,327,698
Equipment	298,521	-	-	298,521
Total capital assets	22,626,219	-	-	22,626,219
Accumulated depreciation:				
Storm water infrastructure	(2,846,410)	(446,554)	-	(3,292,964)
Equipment	(116,922)	(59,705)	-	(176,627)
Total accumulated depreciation	(2,963,332)	(506,259)	-	(3,469,591)
Net business-type capital assets	<u>\$ 19,662,887</u>	<u>\$ (506,259)</u>	<u>\$ -</u>	<u>\$ 19,156,628</u>

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

<u>Governmental activities:</u>	
General government	\$ 902,266
Highways and public improvements	1,455,479
Parks and recreation	68,084
Total depreciation expense - governmental activities	<u>\$ 2,425,829</u>
<u>Business-type activities:</u>	
Storm water	<u>\$ 506,259</u>

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

6. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024 was as follows:

	7/1/2023	Additions	Reductions	6/30/2024	Due in One Year
<u>Governmental activities</u>					
Bonds payable:					
Sales tax revenue	\$ 52,090,000	\$ -	\$ (715,000)	\$ 51,375,000	\$ 890,000
Premium	5,237,990	-	(246,148)	4,991,842	-
Total bonds payable	57,327,990	-	(961,148)	56,366,842	890,000
Note payable	5,200,000	-	(300,164)	4,899,836	312,683
Compensated absences	334,828	425,165	(357,070)	402,923	302,192
Net pension liability	382,505	185,344	-	567,849	-
Governmental activity long-term liabilities	<u>\$ 63,245,323</u>	<u>\$ 610,509</u>	<u>\$ (1,618,382)</u>	<u>\$ 62,237,450</u>	<u>\$ 1,504,875</u>
	7/1/2023	Additions	Reductions	6/30/2024	Due in One Year
<u>Business-type activities</u>					
Compensated absences	\$ 40,635	\$ 47,262	\$ (38,997)	\$ 48,900	\$ 36,675
Net pension liability	42,501	22,908	-	65,409	-
Business-type activity long-term liabilities	<u>\$ 83,136</u>	<u>\$ 70,170</u>	<u>\$ (38,997)</u>	<u>\$ 114,309</u>	<u>\$ 36,675</u>

Revenue Bonds

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rate</u>	<u>Final Due Date</u>	<u>Outstanding as of 6/30/24</u>
Sales Tax Revenue Bonds, Series 2019	\$17,345,000	\$140,000 to \$1,770,000	4% to 5%	12/1/2039	\$17,345,000
Sales Tax Revenue Bonds, Series 2021	36,265,000	\$680,000 to \$1,740,000	2.125% to 5.00%	6/1/1951	34,030,000
	<u>\$53,610,000</u>				<u>\$51,375,000</u>

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

6. LONG-TERM DEBT (CONTINUED)

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Total
2025	\$ 890,000	\$ 1,747,800	\$ 2,637,800
2026	1,065,000	1,699,800	2,764,800
2027	1,220,000	1,643,675	2,863,675
2028	1,390,000	1,579,550	2,969,550
2029	1,565,000	1,506,675	3,071,675
2030 - 2034	10,935,000	6,238,650	17,173,650
2035 - 2039	13,990,000	3,943,350	17,933,350
2040 - 2044	8,865,000	1,837,950	10,702,950
2045 - 2049	8,010,000	883,788	8,893,788
2050 - 2051	3,445,000	110,181	3,555,181
	<u>\$51,375,000</u>	<u>\$21,191,419</u>	<u>\$72,566,419</u>

Note Payable

On July 12, 2022, the City entered into a note payable agreement with the Utah Department of Transportation for \$5,200,000 to enable the City to construct transportation infrastructure projects. The note bears interest at 1.69% and matures in October 2037. Debt service requirements to maturity are as follows:

	Principal	Interest	Total
2025	\$ 312,683	\$ 82,683	\$ 395,366
2026	317,968	77,399	395,367
2027	323,341	72,025	395,366
2028	328,806	66,561	395,367
2029	334,363	61,004	395,367
2030 - 2034	1,758,509	218,362	1,976,871
2035 - 2038	1,524,166	64,624	1,588,790
	<u>\$ 4,899,836</u>	<u>\$ 642,658</u>	<u>\$ 5,542,494</u>

7. RETIREMENT SYSTEMS AND PENSION PLANS

General Information About the Pension Plan

Plan Description Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

7. RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees 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/general/publications.

Summary of Benefits by System

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%
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%

*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.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

7. RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2024 are as follows:

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111- Local Governmental Division Tier 2	N/A	16.01%	0.18%
Noncontributory System			
15- Local Governmental Division Tier 1	N/A	17.97%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.19%	10.00%

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

For fiscal year ended June 30, 2024, the employer and employee contributions to the System were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 390,642	N/A
Tier 2 Public Employees System	195,689	-
Tier 2 DC Only System	67,265	N/A
Total Contributions	<u>\$ 653,596</u>	<u>\$ -</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.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

7. RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

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

At June 30, 2024, the City reported a net pension asset of \$0 and a net pension liability of \$425,006.

	(Measurement Date): December 31, 2023				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2022	Change
Noncontributory System	\$ -	\$ 548,201	0.2363378%	0.2188781%	0.0174597%
Tier 2 Public Employees System	-	85,057	0.0437005%	0.0460303%	-0.0023298%
Total Net Pension Asset / Liability	<u>\$ -</u>	<u>\$ 633,258</u>			

The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2024, the City recognized pension expense of \$514,564.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 411,100	\$ 1,393
Changes in assumptions	213,190	67
Net difference between projected and actual earnings on pension plan investments	187,875	-
Changes in proportion and differences between contributions and proportionate share of contributions	25,661	6,858
Contributions subsequent to the measurement date	338,545	-
Total	<u>\$ 1,176,371</u>	<u>\$ 8,318</u>

\$338,545 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, 2023.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

7. RETIREMENT SYSTEMS AND PENSION PLANS (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 of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 255,843
2025	236,599
2026	355,246
2027	(67,894)
2028	9,437
Thereafter	40,278

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, the City recognized pension expense of \$403,015.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 383,857	\$ -
Changes in assumptions	164,504	-
Net difference between projected and actual earnings on pension plan investments	178,270	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,100	4,356
Contributions subsequent to the measurement date	202,752	-
Total	<u>\$ 939,483</u>	<u>\$ 4,356</u>

\$202,752 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, 2023.

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

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

7. RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 247,360
2025	224,728
2026	335,160
2027	(74,874)

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

For the year ended June 30, 2024, the City recognized pension expense of \$111,550.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,243	\$ 1,393
Changes in assumptions	48,687	67
Net difference between projected and actual earnings on pension plan investments	9,605	-
Changes in proportion and differences between contributions and proportionate share of contributions	15,561	2,501
Contributions subsequent to the measurement date	135,793	-
Total	<u>\$ 236,889</u>	<u>\$ 3,961</u>

\$135,793 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, 2023.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 8,843
2025	11,871
2026	20,086
2027	6,980
2028	9,437
Thereafter	40,278

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

7. RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2023 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 - 9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

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

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

The long-term expected rate of return 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35%	6.87%	2.40%
Debt securities	20%	1.54%	0.31%
Real assets	18%	5.43%	0.98%
Private equity	12%	9.80%	1.18%
Absolute return	15%	3.86%	0.58%
Cash and cash equivalents	0%	0.24%	0.00%
Totals	100%		5.45%
		Inflation	2.50%
		Expected arithmetic nominal return	7.95%

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

7. RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

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:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 2,845,133	\$ 548,201	\$ (1,375,324)
Tier 2 Public Employees System	292,246	85,058	(75,617)
Total	<u>\$ 3,137,379</u>	<u>\$ 633,259</u>	<u>\$ (1,450,941)</u>

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

Defined Contribution Savings Plans

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

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

7. RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Defined Contribution Savings Plans (Continued)

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

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
401(k) Plan*			
Employer contributions	\$ 417,698	\$ 382,366	\$ 292,028
Employee contributions	309,981	276,667	221,260
457 Plan			
Employer contributions	-	-	-
Employee contributions	97,394	88,892	47,375
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	18,870	18,254	11,030

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

8. COMMITMENTS

The City has entered into several contracts with other governmental agencies to provide various services. These services include Public Safety (police and animal services) and Public Works. The term of each of these contracts is one year or less.

9. CONTINGENT LIABILITIES

The City is involved in various claims and legal actions arising in the ordinary course of events. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the City's financial position or results of operations.

MILLCREEK
Notes to the Financial Statements (Continued)
June 30, 2024

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions and natural disasters. The City participates in the Utah Local Government Insurance Trust, a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. As of June 30, 2024, there were no outstanding unpaid claims for the City. Also, the City had no claim settlements during the three years ending June 30, 2024 which exceeded its insurance coverage. The City also has fidelity bond coverage with a private carrier.

MILLCREEK
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 its Covered Payroll
Noncontributory System	2018	0.1140939%	\$ 840,156	\$ 920,290	91.29%	87.00%
	2019	0.1684213%	634,758	1,297,950	48.90%	93.70%
	2020	0.1752062%	89,871	1,329,498	6.76%	99.20%
	2021	0.1893139%	(1,084,221)	1,446,729	-74.94%	108.70%
	2022	0.2188781%	374,884	1,789,538	20.95%	97.50%
	2023	0.2363378%	548,201	2,045,511	26.80%	96.90%
Tier 2 Public Employees System	2018	0.0350169%	\$ 14,997	\$ 406,399	3.69%	90.80%
	2019	0.0595987%	13,404	828,342	1.62%	96.50%
	2020	0.0517776%	7,447	827,639	0.90%	98.30%
	2021	0.0505277%	(21,385)	938,349	-2.28%	103.80%
	2022	0.0460303%	50,122	1,003,094	5.00%	92.30%
	2023	0.0437005%	85,058	1,129,804	7.53%	89.58%

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.

MILLCREEK
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	2018	\$ 83,431	\$ 83,431	\$ -	\$ 451,711	18.47%
	2019	214,893	214,893	-	1,165,396	18.44%
	2020	246,160	246,160	-	1,332,755	18.47%
	2021	253,244	253,244	-	1,371,109	18.47%
	2022	293,166	293,166	-	1,587,253	18.47%
	2023	342,354	342,354	-	1,925,131	17.78%
	2024	390,642	390,642	-	2,226,684	17.54%
Tier 2 Public Employees System*	2018	28,752	28,752	-	190,281	15.11%
	2019	103,052	103,052	-	663,143	15.54%
	2020	128,272	128,272	-	819,108	15.66%
	2021	142,376	142,376	-	901,108	15.80%
	2022	148,876	148,876	-	926,421	16.07%
	2023	175,483	175,483	-	1,101,363	15.93%
	2024	195,689	195,689	-	1,222,292	16.01%
Tier 2 Public Employees DC Only System*	2018	942	942	-	14,080	6.69%
	2019	5,844	5,844	-	87,351	6.69%
	2020	15,459	15,459	-	228,177	6.78%
	2021	24,831	24,831	-	369,975	6.71%
	2022	32,775	32,775	-	489,912	6.69%
	2023	51,637	51,637	-	834,195	6.19%
	2024	67,265	67,265	-	1,086,669	6.19%

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.

MILLCREEK
Notes to the Required Supplementary Information
June 30, 2024

1. CHANGE IN ASSUMPTIONS

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

DRAFT

MILLCREEK
Combing Balance Sheet – Nonmajor Governmental Funds
June 30, 2024

	Millcreek Community Foundation	Special Revenue Park Impact	Total Non-major Governmental Funds
<u>ASSETS</u>			
Restricted cash and investments	\$ 76,942	\$ 646,877	\$ 723,819
Receivables:			
Accounts	2,000	-	2,000
Total assets	<u>\$ 78,942</u>	<u>\$ 646,877</u>	<u>\$ 725,819</u>
<u>LIABILITIES</u>			
Liabilities:			
Accounts payable	\$ 24,617	\$ -	\$ 24,617
Total liabilities	<u>24,617</u>	<u>-</u>	<u>24,617</u>
<u>FUND BALANCE</u>			
Fund balance:			
Restricted:			
Community Foundation	54,325	-	54,325
Capital projects	-	646,877	646,877
Total fund balance	<u>54,325</u>	<u>646,877</u>	<u>701,202</u>
Total liabilities and fund balance	<u>\$ 78,942</u>	<u>\$ 646,877</u>	<u>\$ 725,819</u>

MILLCREEK
Combing Statement of Revenues, Expenditures and Changes
In Fund Balances – Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Millcreek Community Foundation Fund	Special Revenue Park Impact Fund	Total Nonmajor Governmental Funds
<u>REVENUES</u>			
Impact fees	\$ -	\$ 333,638	\$ 333,638
Intergovernmental	2,500	-	2,500
Grants and donations	77,125	-	77,125
Interest	-	34,735	34,735
	<hr/>	<hr/>	<hr/>
Total revenue	79,625	368,373	447,998
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Current operating:			
Parks and recreation	683	-	683
	<hr/>	<hr/>	<hr/>
Total expenditures	683	-	683
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	78,942	368,373	447,315
	<hr/>	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(24,617)	-	(24,617)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(24,617)	-	(24,617)
	<hr/>	<hr/>	<hr/>
Net change in fund balance	54,325	368,373	422,698
	<hr/>	<hr/>	<hr/>
Fund balance - beginning of year	-	278,504	278,504
	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 54,325	\$ 646,877	\$ 701,202
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MILLCREEK
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 2,500,000	\$ 818,821	\$ (1,681,179)
Interest	400,000	425,883	837,388	411,505
Miscellaneous	-	-	460,000	460,000
Total revenues	400,000	2,925,883	2,116,209	(809,674)
<u>EXPENDITURES</u>				
Capital outlay	1,622,304	40,016,044	28,793,268	11,222,776
Debt service	-	395,367	395,367	-
Total expenditures	1,622,304	40,411,411	29,188,635	11,222,776
Excess (deficiency) of revenues over (under) expenditures	(1,222,304)	(37,485,528)	(27,072,426)	10,413,102
<u>OTHER FINANCING SOURCES</u>				
Transfers in	1,198,804	6,035,528	7,500,000	1,464,472
Sale of land	-	-	1,671,509	1,671,509
Total other financing sources	1,198,804	6,035,528	9,171,509	3,135,981
Net change in fund balance	(23,500)	(31,450,000)	(17,900,917)	13,549,083
Fund balance at beginning of year	34,165,717	34,165,717	34,165,717	-
Fund balance at end of year	<u>\$ 34,142,217</u>	<u>\$ 2,715,717</u>	<u>\$ 16,264,800</u>	<u>\$ 13,549,083</u>

MILLCREEK
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Park Impact Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<u>REVENUES</u>				
Impact fees	\$ -	\$ -	\$ 333,638	\$ 333,638
Interest	-	-	34,735	34,735
Total revenues	-	-	368,373	368,373
Net change in fund balance	-	-	368,373	368,373
Fund balance at beginning of year	278,504	278,504	278,504	-
Fund balance at end of year	<u>\$ 278,504</u>	<u>\$ 278,504</u>	<u>\$ 646,877</u>	<u>\$ 368,373</u>

MILLCREEK
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Millcreek Community Foundation Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 20,000	\$ 2,500	\$ (17,500)
Grants and donations	-	145,000	77,125	(67,875)
Total revenues	-	165,000	79,625	(85,375)
<u>EXPENDITURES</u>				
Parks and recreation	-	-	683	(683)
Total expenditures	-	-	683	(683)
Excess (deficiency) of revenues over (under) expenditures	-	165,000	78,942	(86,058)
<u>OTHER FINANCING SOURCES</u>				
Transfers out	-	(172,989)	(24,617)	148,372
Total other financing sources	-	(172,989)	(24,617)	148,372
Net change in fund balance	-	(7,989)	54,325	62,314
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ (7,989)	\$ 54,325	\$ 62,314

**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***

Mayor and City Council
Millcreek, 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 and each major fund of Millcreek, Utah (the City), as of and for the year ended June 30, 2024, 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 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

December 16, 2024

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

Mayor and City Council
Millcreek, Utah

Report On Compliance

We have audited Millcreek, Utah's (the City) compliance with the state compliance requirements described in the *State Compliance Audit Guide* issued by the Office of the Utah State Auditor, for the year ended June 30, 2024.

State compliance requirements were tested for the year ended June 30, 2024 in the following areas:

Budgetary Compliance
Fraud Risk Assessment
Government Fees

Fund Balance
Restricted Taxes and Related Revenues
Enterprise Fund Transfers,
Reimbursements, Loans, and Services

Opinion on Compliance

In our opinion, Millcreek, Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2024.

Basis for Opinion

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

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

Responsibilities of Management on Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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

December 16, 2024

12/16/2024 City Treasurer's Report
given by: Cheri Jackson, Millcreek Treasurer



Date	Shared or Pooled Cash Accounts	Amount
12/16/2024	Operating Account	\$ 2,499,682
12/16/2024	PTIF	36,408,126
	Total of Shared Cash	\$ 38,907,809

Tax revenues have different lag times from collection of the tax to distribution to the City.
With that understanding, my report on the major tax revenues are as follows:

General Revenue Sources Status / any concerns	Received as of 12/16/24	% of Estimated Revenues	Likely to meet or exceed budget
Current Property Taxes Received	\$ 9,339,148	78.40%	Yes
General Sales Taxes (3 months rev)	3,798,399	24.91%	Yes
Building Permits	680,132	54.41%	Yes
Total Gen Fund Revenue	18,523,521	44.78%	Yes
Report Any Revenue Anomalies			

Disbursements for the month of November 2024

General Fund Disbursements Status / any concerns	Quantity	Amount
Checks	152	\$ 4,260,859
EFT / Bank Drafts	12	220,644
Direct Deposit	2 Payroll Periods	343,576
Report Any Expenditure Anomalies		
Total Disbursements - November 2024		\$ 4,825,080