

SPRINGVILLE CITY CORPORATION

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

For the Year Ended June 30, 2025

DRAFT V4

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SPRINGVILLE CITY CORPORATION

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springville City Corporation, Utah (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springville City Corporation, Utah, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-15 and the pension schedules on pages 67-69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

December 5, 2025
Bountiful, Utah

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BASIC FINANCIAL STATEMENTS

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SPRINGVILLE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

As management of Springville City, we offer readers of Springville City's financial statements this narrative overview and analysis of the financial activities of Springville City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position of Springville City increased \$21,774,815 to \$363,618,099. Governmental Activities net position increased \$11,183,599 and Business-type Activities net position increased \$10,591,216.
- The total Government-wide net position of \$363,618,099 is made up of (1) \$256,699,088 in capital assets net of depreciation and related outstanding debt and (2) \$106,919,011 in restricted and unrestricted net position.
- Total long-term liabilities of the City decreased by \$1,965,734, including net pension liability.
- The General Fund (the primary operating fund) fund balance increased \$1,018,107 to \$12,578,037. This increase was primarily due to higher-than-expected revenues from transportation-related restricted revenues, including B&C Road funds from the State.

REPORTING THE CITY AS A WHOLE

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

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

- *The Statement of Net Position* presents information on all of Springville City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Springville City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- *The Statement of Activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are considered regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Springville City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 17-18 of this report.

SPRINGVILLE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

- *Governmental funds* - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements. The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and Capital Projects Fund. The remaining governmental funds are determined to be nonmajor and are included in the combining statements within this report.
- *Proprietary funds* - Springville City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Springville City uses enterprise funds to account for its Electric Utility, Water Utility, Sewer Utility, Storm Water Utility, Solid Waste Collection, and Golf Course. Internal service funds are an accounting device used to accumulate and allocate costs internally among Springville City's various functions. The City uses an internal service fund for procurement and maintenance of its vehicles and equipment as well as maintenance of the City's buildings and grounds. Because these services primarily benefit both governmental and business-type activities, they have been appropriately allocated between both types in the government-wide financial statements. As determined by generally accepted accounting principles, the Electric, Water, and Sewer enterprise funds meet the criteria for major fund classification. The other enterprise funds are classified as nonmajor and are included in the combining statements within this report.

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

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

SPRINGVILLE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Springville City, government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$363,618,099.

The largest portion of Springville City's net position (\$256,699,088) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment) net of accumulated depreciation and less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 50,109,797	\$ 48,942,335	\$ 68,332,860	\$ 69,174,939	\$ 118,442,657	\$ 118,117,274
Capital assets	144,057,794	137,100,268	137,345,954	128,235,089	281,403,748	265,335,357
Total Assets	<u>194,167,591</u>	<u>186,042,603</u>	<u>205,678,814</u>	<u>197,410,028</u>	<u>399,846,405</u>	<u>383,452,631</u>
Deferred outflows of resources	3,425,283	3,379,072	1,276,013	1,290,946	4,701,296	4,670,018
Current and other liabilities	7,594,047	9,102,798	5,690,922	6,913,979	13,284,969	16,016,777
Long-term liabilities	14,967,938	15,818,484	7,939,651	9,054,839	22,907,589	24,873,323
Total Liabilities	<u>22,561,985</u>	<u>24,921,282</u>	<u>13,630,573</u>	<u>15,968,818</u>	<u>36,192,558</u>	<u>40,890,100</u>
Deferred inflows of resources	4,730,539	5,383,642	6,505	5,623	4,737,044	5,389,265
Net position:						
Net investment in capital assets	127,374,063	120,744,248	129,325,025	118,360,384	256,699,088	239,104,632
Restricted	17,305,711	15,412,103	4,514,953	7,157,694	21,820,664	22,569,797
Unrestricted	25,620,576	22,960,400	59,477,771	57,208,455	85,098,347	80,168,855
Total Net Position	<u>\$ 170,300,350</u>	<u>\$ 159,116,751</u>	<u>\$ 193,317,749</u>	<u>\$ 182,726,533</u>	<u>\$ 363,618,099</u>	<u>\$ 341,843,284</u>

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

SPRINGVILLE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 8,909,502	\$ 7,357,250	\$ 56,975,147	\$ 54,153,703	\$ 65,884,649	\$ 61,510,953
Operating grants and contributions	3,575,533	2,951,283	-	-	3,575,533	2,951,283
Capital grants and contributions	2,760,407	2,908,963	1,344,010	2,274,640	4,104,417	5,183,603
General revenues:						
Property taxes	6,346,310	5,931,936	-	-	6,346,310	5,931,936
Sales taxes	14,619,715	14,227,773	-	-	14,619,715	14,227,773
Franchise taxes	407,840	415,785	-	-	407,840	415,785
Other taxes	280,050	268,488	-	-	280,050	268,488
Other general revenues	2,353,616	3,600,119	2,809,377	2,788,220	5,162,993	6,388,339
Total Revenues	39,252,973	37,661,597	61,128,534	59,216,563	100,381,507	96,878,160
Expenses:						
General government	3,134,502	7,268,889	-	-	3,134,502	7,268,889
Public safety	11,401,304	9,138,171	-	-	11,401,304	9,138,171
Roads and public improvements	2,986,921	2,059,367	-	-	2,986,921	2,059,367
Culture and recreation	12,504,064	9,634,894	-	-	12,504,064	9,634,894
Community development	2,093,625	2,923,061	-	-	2,093,625	2,923,061
Interest	313,030	355,242	-	-	313,030	355,242
Water	-	-	5,287,750	4,459,640	5,287,750	4,459,640
Sewer	-	-	4,015,955	3,621,053	4,015,955	3,621,053
Electric	-	-	30,749,590	28,252,998	30,749,590	28,252,998
Storm water	-	-	1,334,810	2,146,143	1,334,810	2,146,143
Solid waste collections	-	-	3,028,562	1,948,393	3,028,562	1,948,393
Golf course	-	-	1,756,579	1,291,540	1,756,579	1,291,540
Total Expenses	32,433,446	31,379,624	46,173,246	41,719,767	78,606,692	73,099,391
Increase in net position before transfers	6,819,527	6,281,973	14,955,288	17,496,796	21,774,815	23,778,769
Transfers, net	4,364,072	4,424,390	(4,364,072)	(4,424,390)	-	-
Increase in net position	11,183,599	10,706,363	10,591,216	13,072,406	21,774,815	23,778,769
Net Position - Beginning	159,116,751	148,410,388	182,726,533	169,654,127	341,843,284	318,064,515
Net Position - Ending	\$ 170,300,350	\$ 159,116,751	\$ 193,317,749	\$ 182,726,533	\$ 363,618,099	\$ 341,843,284

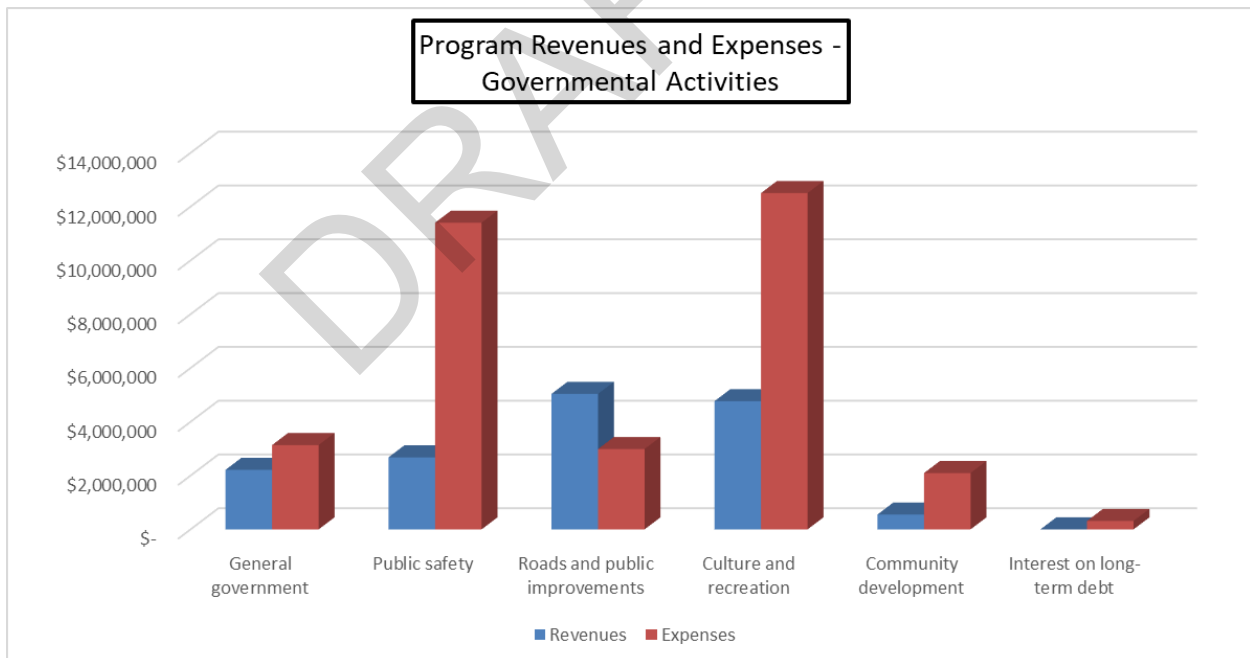
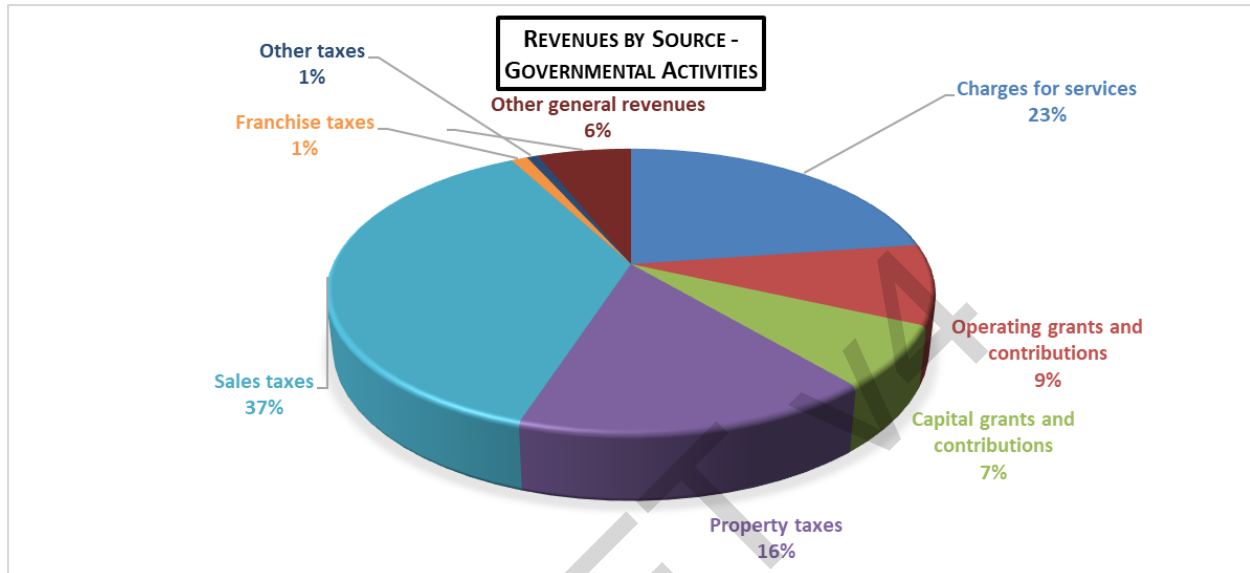
Despite some volatility in sales tax revenues during the fiscal year, revenues did not exceed budget in the general fund; however, it should be noted that most of the revenue was associated with restricted transportation-related revenues. While inflation was still a factor, it moderated somewhat during the year, resulting in budget savings for expenditures. Governmental Activities tax revenues continued to increase, along with charges for services and operating grant revenue. Capital grant revenue decreased slightly.

Overall, revenues increased in the governmental funds compared to FY2024, primarily because of housing growth, fee and tax rate increases, and interest earnings. Sales tax revenues increased approximately 3% or \$391,942 in FY2025 as a reflection of inflation, an expanding economy state-wide, and new retail development in the City. Combined, operating and capital grants and contributions increased approximately 8% or \$475,694 compared to FY2024. The primary reason for the increase was the receipt of a FEMA grant associated with flood damage that occurred in 2023.

Total governmental activities expenses decreased approximately 3% or \$1,053,822 in FY2025 compared to last year. Most of this decrease is related to the timing of capital improvement projects. In the business-type funds, total revenues increased approximately 3% or \$1,911,971 in FY2025. Expenses showed a total increase of approximately 9% or \$4,453,479 in FY2025. This increase was primarily the result of power purchase costs, along with labor costs resulting from more positions filled.

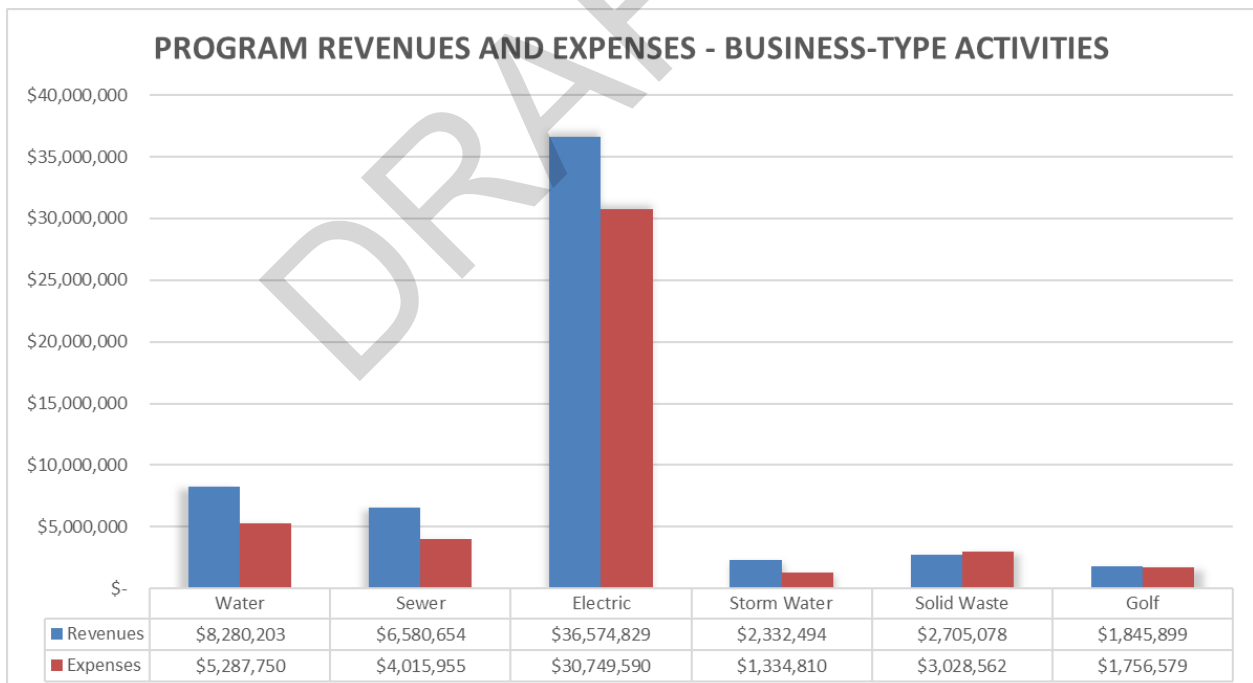
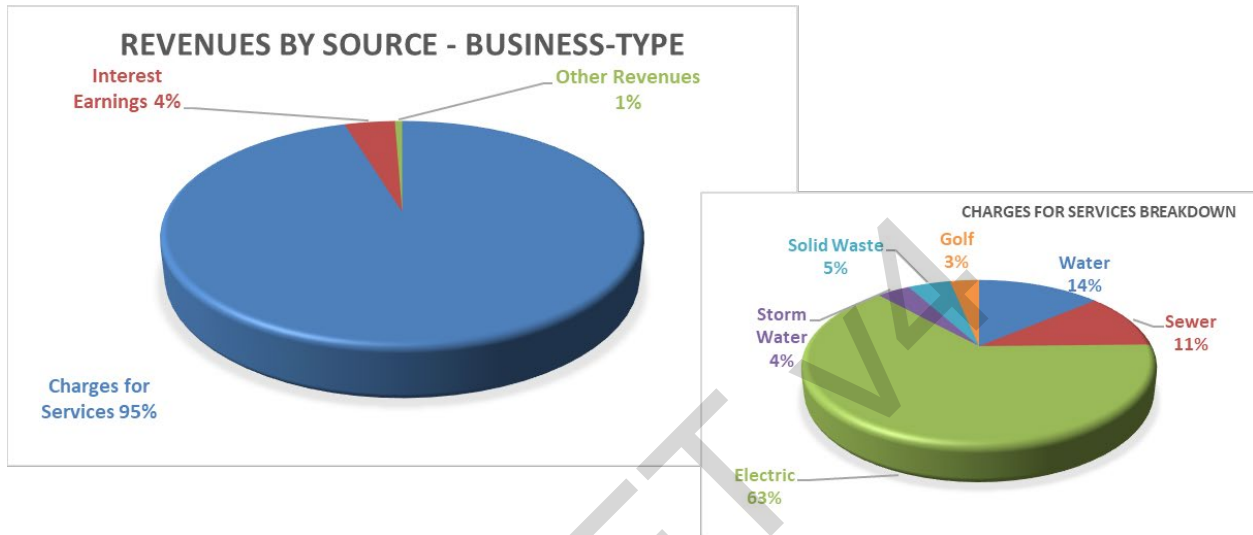
**SPRINGVILLE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025**

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



**SPRINGVILLE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025**

As can be seen from the following charts, the majority of revenues in the business-type activities are from charges for services with 95% of the revenues coming from this source. The revenues from capital grants and contributions represent the value of grants or infrastructure systems donated to the City via subdivisions or other infrastructure being developed. Expenses for each fund only reflect direct operating costs. The expenses for capital projects, bond principal payments and interfund transfers are not included.



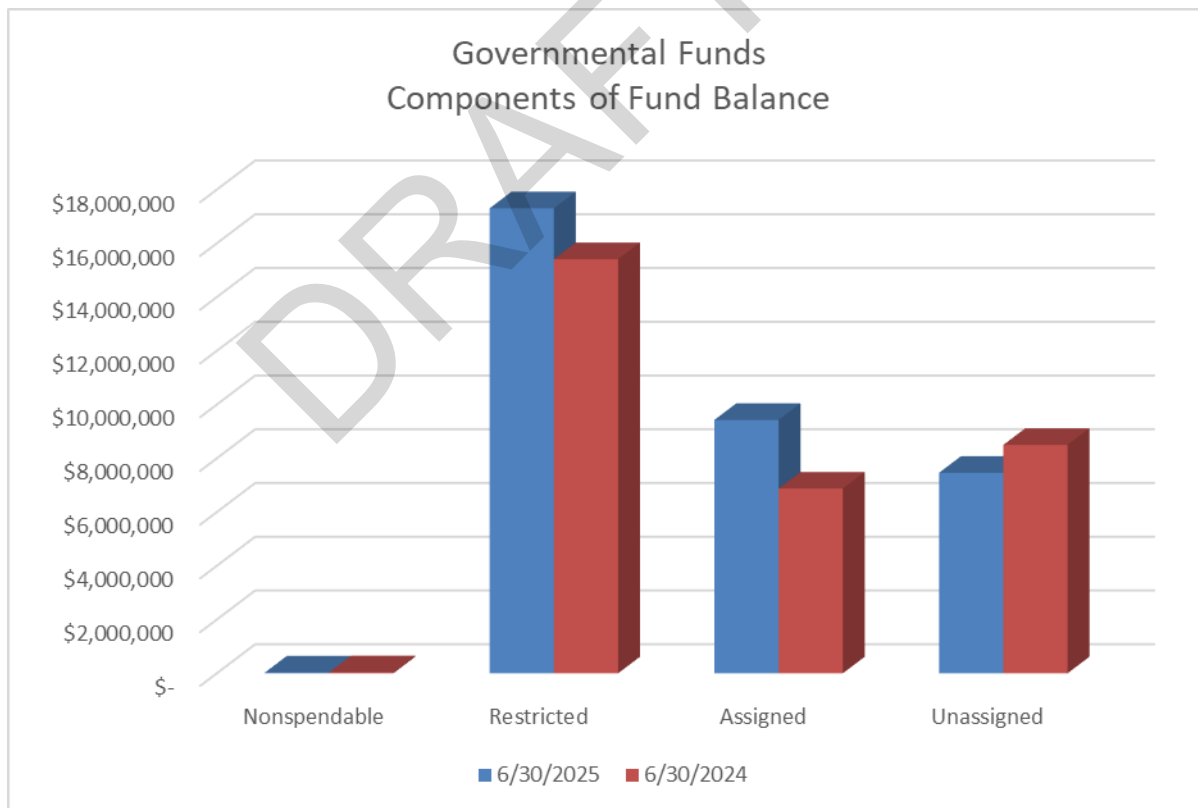
**SPRINGVILLE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025**

FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

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

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

As of June 30, 2025, the City's governmental funds (General, Capital Projects, Debt Service, Special Revenue, and Permanent) reported combined fund balance of \$34,230,101. This represents an increase of \$3,406,216 from last year's ending balances (\$30,823,885). The unassigned fund balance, which is available for spending at the City's discretion, is \$7,464,572 and represents 22% of the total fund balance. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$30,514), 2) legally restricted for particular purposes (\$17,305,711), 3) committed for particular purposes (\$0), or 4) assigned for particular purposes (\$9,429,304).



SPRINGVILLE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds, either by state or local ordinance or by a desire to maintain a matching of revenues and expenses, are accounted for in this fund. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The unassigned fund balance decreased \$1,035,535 to \$7,464,572, which is approximately 26% of total general fund expenditures. The decrease in unassigned fund balance is attributable to the budgeted utilization of fund balance to balance the budget and lower than budgeted tax revenues, especially sales tax. An additional consideration is the fact that the State statute requires that unassigned General Fund balance be at least 5% but no more than 35% of revenues. The current unassigned fund balance is 23.73% of revenues.

The Capital Projects Fund, a major fund, had a \$16,576 decrease in fund balance during the current fiscal year which put the overall fund balance at \$7,382,424. The decrease simply represents the timing of the completion of certain capital projects.

Nonmajor governmental fund balances increased \$2,404,685 to \$14,269,640. These funds include the Springville Redevelopment Agency, Special Services Fund, Debt Service Fund, Municipal Building Authority, and Permanent Funds. The RDA has seen increased development activity in recent years resulting in tax increment revenues that can now be programmed for project expenses in the RDA boundaries. The RDA's fund balance increased \$770,498 to \$2,823,295. The Special Services Fund accounts for activities related to governmental services funded through impact fees or other restricted revenues. New development activity was somewhat slower than expected and a number of park improvement projects were completed using impact fees collected in prior years. Nevertheless, with the accumulation of additional Transportation impact fees and PAR funds, the fund balance in the Special Services Fund increased \$1,390,962 to \$6,566,211. The Permanent Fund includes the Cemetery Trust Fund, which retains a portion of plot sales revenue intended to support long-term maintenance of the City's cemeteries. The Permanent Funds assigned fund balance increased \$158,242. The increase was due to cemetery plot sales and debt service payments from the golf course. The Permanent Fund was used as an interfund loan mechanism to fund \$1,000,000 in capital improvements at the Hobble Creek Golf Course. The Permanent Funds now holds a note receivable from the golf course that will be repaid over time with market-rate interest.

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

The City's major proprietary funds had unrestricted net position amounts as follows: Water Fund - \$11,826,529, an increase of \$590,948 from the previous year; Sewer Fund - \$12,978,575, an increase of \$1,461,487 over the previous year; and Electric Fund - \$19,712,826, a decrease of \$1,364,991 from the previous year. The changes in net position are the results of a number of factors. It is typically the policy of the City to implement small, inflationary adjustments to rates when warranted. Small rate increases continued in FY2024 as stubborn inflation continued. These new revenues benefited most funds in terms of net position. The decrease in unrestricted fund balance in the Electric Fund was the result of the planned expenditure of reserves for the addition of three new power generating units at the Whitehead Power Plant.

The nonmajor proprietary funds (Storm Water, Solid Waste and Golf) had a combined unrestricted net position of \$8,055,576, which is an increase of \$834,744 over the previous year. Factors contributing to the modest increase included a small inflationary rate increase and modest system growth.

**SPRINGVILLE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025**

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. During the fiscal year, the General Fund budget was amended from an original budget expenditure total (including transfers) of \$40,042,351 to a final budget of \$40,561,968. The budget increase represented adjustments of unanticipated expenditures related to grants received from various sources.

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

Revenue	Final Budget	Actual	Variance
Public Works Fees	\$ 150,478	\$ 595,818	\$ 445,340
C Road Fund Distribution	1,640,100	1,932,921	292,821
Federal Grants	190,000	450,317	260,317
Ambulance Fees	1,070,000	1,241,394	171,394
Transportation Sales Tax	1,354,263	1,248,304	(105,959)
Building & Construction	650,000	375,990	(274,010)
Sales Taxes	10,365,647	9,771,868	(593,779)

Tax revenue variances were mostly from sales tax and transportation tax, which did not materialize as budgeted. While some commercial development occurred, anticipated residential development did not fully materialize, which resulted in lower-than-expected plan review and building permit fees; however, preliminary submissions requiring engineering work did come in toward the end of the year.

As noted, expenditure budgets were amended during the year to provide for several unanticipated developments in economic conditions and the appropriation of unexpected grant awards.

CAPITAL ASSET AND DEBT ADMINISTRATION

Springville City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$281,403,748 (net of accumulated depreciation). This investment in capital assets includes land, water shares, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, bridges, etc.), machinery and equipment, and intangible right to use assets. The City's investment in capital assets (minus depreciation) for the current year increased by \$16,068,391. Governmental activities' capital assets increased by \$6,957,526 while the business-type activities' capital assets increased by \$9,110,865.

SPRINGVILLE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

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

▪ Property Purchases.....	\$998,509
▪ Road Improvements and Reconstruction	\$3,450,825
▪ Park Improvements	\$1,718,727
▪ Vehicle and Equipment Acquisition and Replacement.....	\$2,098,472
▪ Water System Improvements	\$2,291,381
▪ Sewer System Improvements.....	\$1,151,795
▪ New Development Infrastructure (Power).....	\$881,981
▪ Whitehead Power Plant Generation Project.....	\$4,087,533
▪ Power System Improvements	\$1,716,099
▪ Storm Drain System Improvements.....	\$748,017
▪ Golf Course Improvements.....	\$73,588

CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and right of ways	\$ 44,314,847	\$ 42,425,786	\$ 2,650,319	\$ 1,719,507	\$ 46,965,166	\$ 44,145,293
Construction in progress	6,704,155	7,658,817	11,454,453	14,176,866	18,158,608	21,835,683
Water shares	-	-	1,374,919	1,374,919	1,374,919	1,374,919
Buildings and structures	59,110,890	58,368,670	10,004,469	9,856,344	69,115,359	68,225,014
Infrastructure and improvements	102,686,579	96,232,599	210,770,386	194,621,945	313,456,965	290,854,544
Machinery, equipment, and vehicles	19,241,527	17,706,417	2,194,750	2,097,119	21,436,277	19,803,536
Right-to-use leased assets	-	-	-	241,589	-	241,589
Less: accumulated depreciation	(88,000,204)	(85,292,021)	(101,103,342)	(95,853,200)	(189,103,546)	(181,145,221)
Total Capital Assets	<u>\$ 144,057,794</u>	<u>\$ 137,100,268</u>	<u>\$ 137,345,954</u>	<u>\$ 128,235,089</u>	<u>\$ 281,403,748</u>	<u>\$ 265,335,357</u>

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

Long-term Debt – As of June 30, 2025, the City had total long-term bonded debt balances of \$19,640,000, excluding bond premiums of \$1,530,228. Of the total, \$7,010,000 is debt secured by specific revenue sources (i.e., revenue bonds within the Water and Sewer Utilities). The remainder is in a Municipal Building Authority Lease Revenue Bond of \$2,395,000, and general obligation bonds of \$10,235,000. The City also accrued compensated absences of \$1,713,251.

OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 10,235,000	\$ 11,260,000	\$ -	\$ -	\$ 10,235,000	\$ 11,260,000
Municipal Building Authority	2,395,000	2,740,000	-	-	2,395,000	2,740,000
Less: unamortized premium	564,299	629,525	-	-	564,299	629,525
Compensated absences	1,193,935	1,035,612	519,316	460,269	1,713,251	1,495,881
Net pension liability	2,940,749	2,346,380	946,550	715,516	3,887,299	3,061,896
Water and Sewer revenue bonds	-	-	7,010,000	8,055,000	7,010,000	8,055,000
Less: unamortized premium	-	-	965,929	1,131,612	965,929	1,131,612
Lease payable	-	-	-	56,191	-	56,191
Total	<u>\$ 17,328,983</u>	<u>\$ 18,011,517</u>	<u>\$ 9,441,795</u>	<u>\$ 10,418,588</u>	<u>\$ 26,770,778</u>	<u>\$ 28,430,105</u>

State of Utah statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$166,022,583.

**SPRINGVILLE CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025**

The City currently has \$10,235,000 outstanding in general obligation debt. State of Utah statutes allow for an additional 8% to be used for water, sewer, storm water, or electrical projects. The current limitation for these water, sewer, storm water, and electrical projects is thus \$332,005,166. The City has issued significantly fewer bonds than this debt limit.

Additional information on the outstanding debt obligations of the City can be found in the footnotes to this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The June 2025 unemployment rate for the Provo/Orem Metropolitan Area (of which Springville City is a part) was 3.9% compared to a state unemployment rate of 3.0% and a national rate of 3.2%. (Source: U.S. Bureau of Labor Statistics, Utah Department of Workforce Services)
- Sales tax revenues increased approximately 2.6% over FY2024. The Consumer Price Index (for All Urban Consumers) increased 2.7% from June 2024 to June 2025.
- Expenditures in the General Fund, excluding transfers, were approximately 0.1% lower than the previous year. The decrease represents conservative budgeting and spending in response to the slowing economy.
- Operating expenses in enterprise funds, excluding the internal service fund, were approximately 11% higher than the previous year. The increased expenses in enterprise funds were a result of higher personnel costs as vacant positions were filled, higher operations costs, and higher power purchase costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Springville City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Finance Director, Springville City, 110 S Main St, Springville, UT 84663.

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SPRINGVILLE CITY CORPORATION
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 30,265,799	\$ 48,932,426	\$ 79,198,225
Restricted cash and cash equivalents	3,981	798,861	802,842
Investments	17,723,583	-	17,723,583
Receivables (net of allowance for uncollectibles)	8,050,446	6,755,330	14,805,776
Lease receivables	112,398	-	112,398
Interfund notes receivable (payable)	892,988	(892,988)	-
Other current assets	1,000	-	1,000
Inventories	21,312	3,241,170	3,262,482
Prepays	1,694	-	1,694
Internal balances	(7,100,443)	7,100,443	-
Net pension asset	137,039	-	137,039
Equity investment in joint venture	-	2,397,618	2,397,618
Capital assets not being depreciated	51,019,002	15,479,691	66,498,693
Capital assets, net of accumulated depreciation	93,038,792	121,866,263	214,905,055
Total assets	<u>194,167,591</u>	<u>205,678,814</u>	<u>399,846,405</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	3,425,283	1,276,013	4,701,296
Total deferred outflows of resources	<u>3,425,283</u>	<u>1,276,013</u>	<u>4,701,296</u>
LIABILITIES			
Accounts payable	1,289,367	1,036,509	2,325,876
Accrued liabilities	1,421,412	2,286,966	3,708,378
Developer and customer deposits	2,308,489	746,556	3,055,045
Accrued interest payable	57,411	118,747	176,158
Due to other governments	8,338	-	8,338
Unearned revenue	147,985	-	147,985
Noncurrent liabilities:			
Due within one year: bonds, leases, comp absences	2,361,045	1,502,144	3,863,189
Due in more than one year:			
Net pension liability - actuarially funded	2,940,749	946,550	3,887,299
Bonds, leases, compensated absences	12,027,189	6,993,101	19,020,290
Total liabilities	<u>22,561,985</u>	<u>13,630,573</u>	<u>36,192,558</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related	104,890	-	104,890
Pension related	105,569	6,505	112,074
Unavailable revenue - property taxes	4,520,080	-	4,520,080
Total deferred inflows of resources	<u>4,730,539</u>	<u>6,505</u>	<u>4,737,044</u>
NET POSITION			
Net investment in capital assets	127,374,063	129,325,025	256,699,088
Restricted for:			
Debt service	145,692	706,771	852,463
Public safety	495,766	-	495,766
Culture and recreation projects	1,699,055	-	1,699,055
Road and other capital projects	14,965,198	3,808,182	18,773,380
Unrestricted	25,620,576	59,477,771	85,098,347
Total net position	<u>\$ 170,300,350</u>	<u>\$ 193,317,749</u>	<u>\$ 363,618,099</u>

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

SPRINGVILLE CITY CORPORATION
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Charges for	Operating	Capital		Governmental	Business-type	
Expenses	Services	Grants and	Grants and		Activities	Activities	Total
		Contributions	Contributions				
Functions/Programs:							
Governmental activities:							
General government	\$ 3,134,502	\$ 2,119,430	\$ 94,225	\$ -	\$ (920,847)	\$ -	\$ (920,847)
Public safety	11,401,304	1,825,381	777,437	75,580	(8,722,906)	-	(8,722,906)
Roads and public improvements	2,986,921	796,396	1,995,501	2,245,009	2,049,985	-	2,049,985
Culture and recreation	12,504,064	3,617,359	708,370	439,818	(7,738,517)	-	(7,738,517)
Community development	2,093,625	550,936	-	-	(1,542,689)	-	(1,542,689)
Interest on long-term debt	313,030	-	-	-	(313,030)	-	(313,030)
Total governmental activities	32,433,446	8,909,502	3,575,533	2,760,407	(17,188,004)	-	(17,188,004)
Business-type activities:							
Water	5,287,750	7,821,498	-	458,705	-	2,992,453	2,992,453
Sewer	4,015,955	6,232,229	-	348,425	-	2,564,699	2,564,699
Electric	30,749,590	36,241,766	-	333,063	-	5,825,239	5,825,239
Storm Water	1,334,810	2,128,677	-	203,817	-	997,684	997,684
Solid Waste	3,028,562	2,705,078	-	-	-	(323,484)	(323,484)
Golf	1,756,579	1,845,899	-	-	-	89,320	89,320
Total business-type activities	46,173,246	56,975,147	-	1,344,010	-	12,145,911	12,145,911
Total	\$ 78,606,692	\$ 65,884,649	\$ 3,575,533	\$ 4,104,417	(17,188,004)	12,145,911	(5,042,093)
General revenues and transfers:							
General Revenues:							
Property taxes					6,346,310	-	6,346,310
Sales taxes					14,619,715	-	14,619,715
Franchise taxes					407,840	-	407,840
Other taxes					280,050	-	280,050
Unrestricted investment earnings					2,192,916	2,449,144	4,642,060
Gain on sale of capital assets					8,367	10,200	18,567
Miscellaneous					152,333	350,033	502,366
Transfers, net					4,364,072	(4,364,072)	-
Total general revenue and transfers					28,371,603	(1,554,695)	26,816,908
Change in net position					11,183,599	10,591,216	21,774,815
Net position - beginning					159,116,751	182,726,533	341,843,284
Net position - ending					\$ 170,300,350	\$ 193,317,749	\$ 363,618,099

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

SPRINGVILLE CITY CORPORATION
Balance Sheet – Governmental Funds
June 30, 2025

	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,771,838	\$ 13,419,169	\$ 17,191,007
Restricted cash and cash equivalents	-	-	3,981	3,981
Investments	17,723,583	-	-	17,723,583
Receivables (net of allowance for uncollectibles)	8,029,342	-	9,354	8,038,696
Due from other funds	-	4,640,379	-	4,640,379
Lease receivable	112,398	-	-	112,398
Interfund note receivable	-	-	892,988	892,988
Other current assets	1,000	-	-	1,000
Inventories	21,312	-	-	21,312
Prepays	1,694	-	-	1,694
Total assets	\$ 25,889,329	\$ 8,412,217	\$ 14,325,492	\$ 48,627,038
LIABILITIES				
Accounts payable	\$ 327,025	\$ 874,364	\$ 55,852	\$ 1,257,241
Developer and customer deposits	2,308,489	-	-	2,308,489
Accrued liabilities	1,402,091	7,444	-	1,409,535
Due to other funds	4,640,379	-	-	4,640,379
Due to other governments	8,338	-	-	8,338
Unearned revenue - other	-	147,985	-	147,985
Total liabilities	8,686,322	1,029,793	55,852	9,771,967
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	4,520,080	-	-	4,520,080
Lease related	104,890	-	-	104,890
Total deferred inflows of resources	4,624,970	-	-	4,624,970
FUND BALANCES				
Nonspendable:				
Leases	7,508	-	-	7,508
Inventories	21,312	-	-	21,312
Prepaid items	1,694	-	-	1,694
Restricted:				
Capital projects	-	4,046,429	-	4,046,429
Road projects	5,082,951	3,335,995	2,499,823	10,918,769
Public safety projects	-	-	495,766	495,766
Culture and recreation projects	-	-	1,699,055	1,699,055
Debt service	-	-	145,692	145,692
Assigned:				
Community improvements	-	-	9,429,304	9,429,304
Unassigned	7,464,572	-	-	7,464,572
Total fund balances	12,578,037	7,382,424	14,269,640	34,230,101
Total liabilities, deferred inflows of resources, and fund balances	\$ 25,889,329	\$ 8,412,217	\$ 14,325,492	\$ 48,627,038

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

SPRINGVILLE CITY CORPORATION
Reconciliation of the Balance Sheet of Governmental Funds
To The Statement of Net Position
June 30, 2025

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

Total fund balances for governmental funds	\$ 34,230,101
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	136,758,140
Long-term assets and deferred outflows and inflows of resources related to net pension assets are not available for current period expenditures and, therefore, are not reported in the funds balance sheet.	
Net pension asset	137,039
Deferred outflows - pension related	3,134,990
Deferred inflows - pension related	(104,089)
Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not recorded in the funds.	(57,411)
Long-term liabilities, including bonds and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(10,235,000)
MBA lease revenue bonds	(2,395,000)
Compensated absences	(1,124,748)
Net pension liability	(2,725,408)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Premium on MBA lease revenue bonds	(564,299)
Internal service funds are used by management to charge the cost of fleet management and risk management to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.	13,246,035
Net position of governmental activities	<u><u>\$ 170,300,350</u></u>

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

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 5,088,368	\$ -	\$ 1,257,942	\$ 6,346,310
Sales taxes	13,850,679	-	769,036	14,619,715
Franchise taxes	407,840	-	-	407,840
Other taxes	280,050	-	-	280,050
Licenses and permits	1,477,872	-	-	1,477,872
Intergovernmental	3,257,223	43,831	701,618	4,002,672
Charges for services	5,592,348	-	120,750	5,713,098
Fines and forfeitures	461,051	-	-	461,051
Investment earnings	602,534	442,413	535,741	1,580,688
Impact fees from developers	-	-	741,390	741,390
Community donations	224,085	94,225	-	318,310
Lease revenue	101,680	-	410,352	512,032
Miscellaneous	115,331	-	37,002	152,333
Total revenues	31,459,061	580,469	4,573,831	36,613,361
EXPENDITURES				
Current:				
General government	2,862,256	-	-	2,862,256
Public safety	11,542,526	-	-	11,542,526
Roads and public improvements	1,858,180	-	-	1,858,180
Culture and recreation	11,175,991	25,400	-	11,201,391
Community development	1,487,766	-	609,001	2,096,767
Capital outlay	-	5,214,253	1,055,136	6,269,389
Debt service:				
Principal	-	-	1,370,000	1,370,000
Interest and fiscal expenses	-	-	386,808	386,808
Total expenditures	28,926,719	5,239,653	3,420,945	37,587,317
Excess (deficiency) of revenues over expenditures	2,532,342	(4,659,184)	1,152,886	(973,956)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,452,654	4,656,190	1,339,799	10,448,643
Transfers out	(5,982,989)	(13,582)	(88,000)	(6,084,571)
Proceeds from sale of general capital assets	16,100	-	-	16,100
Total other financing sources (uses)	(1,514,235)	4,642,608	1,251,799	4,380,172
Net change in fund balances	1,018,107	(16,576)	2,404,685	3,406,216
Fund balances, beginning	11,559,930	7,399,000	11,864,955	30,823,885
Fund balances, ending	\$ 12,578,037	\$ 7,382,424	\$ 14,269,640	\$ 34,230,101

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

SPRINGVILLE CITY CORPORATION
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2025

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

Net change in fund balances for governmental funds	\$ 3,406,216
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of \$5,000 or more are capitalized and the cost is allocated over the assets estimated useful lives and reported as depreciation expense.	
Capital outlay	6,269,389
Depreciation expense	(3,094,636)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	
Developer contribution of capital assets	2,019,017
Gain on sale of capital assets	(7,733)
The payment of the principal of long-term debt consumes the current financial resources of governmental funds. This type of transaction, however, does not have any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. These amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.	
Reduction of long-term liability	1,370,000
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 the governmental funds.	
Amortization of bond premiums and discounts and deferred amounts of refunding	65,226
Accrued interest on long-term debt	8,552
Compensated absences	(113,938)
Changes in pension liabilities and related deferred outflows and inflows of resources	(594,855)
Internal service fund is used by management to charge the cost of centralized services to individual funds. The net income of the internal service fund is reported with governmental activities.	
	<u>1,856,361</u>
Change in net position of governmental activities	<u><u>\$ 11,183,599</u></u>

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

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Property	\$ 5,009,495	\$ 5,009,495	\$ 5,088,368	\$ 78,873
Sales	14,630,910	14,630,910	13,850,679	(780,231)
Franchise	473,000	473,000	407,840	(65,160)
Other	250,000	250,000	280,050	30,050
Licenses and permits	1,309,577	1,309,577	1,477,872	168,295
Intergovernmental	2,626,050	2,717,550	3,257,223	539,673
Charges for services	8,492,700	8,787,700	5,592,348	(3,195,352)
Fines and forfeitures	442,000	442,000	461,051	19,051
Investment earnings	488,000	488,000	602,534	114,534
Community donations	234,700	234,700	224,085	(10,615)
Lease revenue	96,000	96,000	101,680	5,680
Miscellaneous	160,000	160,000	115,331	(44,669)
Total revenues	34,212,432	34,598,932	31,459,061	(3,139,871)
EXPENDITURES				
Current:				
General government:				
Mayor and city council	575,819	511,819	250,748	261,071
Legal services	975,169	975,169	788,812	186,357
Finance and treasury	1,566,084	1,566,084	437,987	1,128,097
Administration	1,949,304	1,949,304	1,240,769	708,535
Engineering	1,284,697	1,444,697	143,940	1,300,757
Total general government	6,351,073	6,447,073	2,862,256	3,584,817
Public safety:				
Police	7,598,677	7,631,794	7,593,368	38,426
Fire and emergency response	3,414,090	3,709,090	3,493,363	215,727
Court	457,392	457,392	455,795	1,597
Total public safety	11,470,159	11,798,276	11,542,526	255,750
Roads and public improvements:				
Administration	837,827	837,827	78,721	759,106
Street projects	2,196,629	2,196,629	1,779,459	417,170
Total roads and public improvements	3,034,456	3,034,456	1,858,180	1,176,276

(Continued)

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund (Continued)
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Culture and recreation:				
Parks	1,993,428	2,023,428	1,879,846	143,582
Library	2,002,068	2,067,568	2,005,218	62,350
Swimming Pool	3,130,519	3,130,519	3,077,724	52,795
Museum	1,998,029	1,998,029	1,939,556	58,473
Recreation	1,481,747	1,481,747	1,473,828	7,919
Cemetery	442,695	442,695	428,235	14,460
Senior Citizens	285,793	285,793	268,923	16,870
Public Arts	118,602	118,602	102,661	15,941
Total culture and recreation	<u>11,452,881</u>	<u>11,548,381</u>	<u>11,175,991</u>	<u>372,390</u>
Community development:				
Building inspection	494,825	494,825	459,561	35,264
Planning and zoning	1,250,979	1,250,979	1,028,205	222,774
Total community development	<u>1,745,804</u>	<u>1,745,804</u>	<u>1,487,766</u>	<u>258,038</u>
Total expenditures	<u>34,054,373</u>	<u>34,573,990</u>	<u>28,926,719</u>	<u>5,647,271</u>
Excess (deficiency) of revenues over expenditures	<u>158,059</u>	<u>24,942</u>	<u>2,532,342</u>	<u>2,507,400</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,475,658	4,482,658	4,452,654	(30,004)
Transfers out	(5,987,978)	(5,987,978)	(5,982,989)	4,989
Proceeds from sale of general capital assets	-	-	16,100	16,100
Net other financing sources (uses)	<u>(1,512,320)</u>	<u>(1,505,320)</u>	<u>(1,514,235)</u>	<u>(8,915)</u>
Net change in fund balance	<u>\$ (1,354,261)</u>	<u>\$ (1,480,378)</u>	1,018,107	<u>\$ 2,498,485</u>
Fund balance, beginning of year			<u>11,559,930</u>	
Fund balance, end of year			<u>\$ 12,578,037</u>	

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

SPRINGVILLE CITY CORPORATION
Statement of Net Position – Proprietary Funds
June 30, 2025

	Business-type Activities					Governmental Activities
	Water	Sewer	Electric	Total Nonmajor Funds	Total	Internal Service Vehicle Fund
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 11,882,760	\$ 12,833,243	\$ 16,661,198	\$ 7,555,225	\$ 48,932,426	\$ 13,074,792
Restricted assets - debit service	224,935	481,836	-	-	706,771	-
Restricted assets - retainage / deposits payable	92,090	-	-	-	92,090	-
Accounts receivable, net	1,233,310	576,133	4,484,872	461,015	6,755,330	11,750
Inventories	344,181	-	2,793,462	103,527	3,241,170	-
Total current assets	<u>13,777,276</u>	<u>13,891,212</u>	<u>23,939,532</u>	<u>8,119,767</u>	<u>59,727,787</u>	<u>13,086,542</u>
Noncurrent assets:						
Capital assets:						
Land	201,267	770,860	273,498	1,404,694	2,650,319	-
Water shares	1,374,919	-	-	-	1,374,919	-
Construction in progress	2,557,112	887,999	8,006,287	3,055	11,454,453	-
Buildings and structures	399,906	-	2,733,867	6,870,696	10,004,469	27,984
Infrastructure and improvements	63,441,823	46,156,440	89,744,632	11,427,492	210,770,387	-
Machinery, equipment, and vehicles	238,352	538,406	474,039	943,952	2,194,749	14,318,469
Less: accumulated depreciation/amortization	(22,682,536)	(22,827,984)	(50,960,177)	(4,632,645)	(101,103,342)	(7,733,489)
Net capital assets	<u>45,530,843</u>	<u>25,525,721</u>	<u>50,272,146</u>	<u>16,017,244</u>	<u>137,345,954</u>	<u>6,612,964</u>
Equity investment in joint venture	-	-	-	2,397,618	2,397,618	-
Total noncurrent assets	<u>45,530,843</u>	<u>25,525,721</u>	<u>50,272,146</u>	<u>18,414,862</u>	<u>139,743,572</u>	<u>6,612,964</u>
Total assets	<u>59,308,119</u>	<u>39,416,933</u>	<u>74,211,678</u>	<u>26,534,629</u>	<u>199,471,359</u>	<u>19,699,506</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	185,668	130,454	721,835	238,056	1,276,013	290,293
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 325,083	\$ 107,052	\$ 106,990	\$ 497,384	\$ 1,036,509	\$ 32,126
Accrued liabilities	12,755	256,925	1,921,764	95,522	2,286,966	11,877
Compensated absences	44,367	41,267	237,241	84,269	407,144	54,242
Retainage payable	45,000	-	-	-	45,000	-
Customer deposits payable - restricted assets	47,090	-	654,466	-	701,556	-
Accrued interest payable	71,542	47,205	-	-	118,747	-
Bonds payable	369,190	725,810	-	-	1,095,000	-
Total current liabilities	<u>915,027</u>	<u>1,178,259</u>	<u>2,920,461</u>	<u>677,175</u>	<u>5,690,922</u>	<u>98,245</u>
Noncurrent liabilities:						
Compensated absences	12,223	11,370	65,362	23,217	112,172	14,945
Bonds payable	5,001,162	1,879,767	-	-	6,880,929	-
Interfund note payable	-	-	-	892,988	892,988	-
Net pension liability	137,729	96,771	535,459	176,591	946,550	215,341
Total noncurrent liabilities	<u>5,151,114</u>	<u>1,987,908</u>	<u>600,821</u>	<u>1,092,796</u>	<u>8,832,639</u>	<u>230,286</u>
Total liabilities	<u>6,066,141</u>	<u>3,166,167</u>	<u>3,521,282</u>	<u>1,769,971</u>	<u>14,523,561</u>	<u>328,531</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related	947	665	3,680	1,213	6,505	1,480
NET POSITION						
Net investment in capital assets	40,115,491	22,920,144	50,272,146	16,017,244	129,325,025	6,612,964
Restricted for impact fee projects	1,259,744	-	1,423,579	1,121,011	3,804,334	-
Restricted for construction projects	-	-	-	3,848	3,848	-
Restricted for debt service	224,935	481,836	-	-	706,771	-
Unrestricted	<u>11,826,529</u>	<u>12,978,575</u>	<u>19,712,826</u>	<u>7,859,398</u>	<u>52,377,328</u>	<u>13,046,824</u>
Total net position	<u>\$ 53,426,699</u>	<u>\$ 36,380,555</u>	<u>\$ 71,408,551</u>	<u>\$ 25,001,501</u>	<u>186,217,306</u>	<u>\$ 19,659,788</u>

Amounts reported for business activities in the statement

of net position are different because:

Internal service funds are used by management to charge the costs of vehicles and fleet services to other funds.

The net adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time.

7,100,443

Net position (proprietary funds/entity-wide)

\$ 193,317,749

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

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities					Governmental Activities
	Water	Sewer	Electric	Total Nonmajor Funds	Total	Internal Service Vehicle Fund
OPERATING REVENUES						
Charges for services:						
Metered sales	\$ 6,878,192	\$ 6,118,528	\$ 35,998,758	\$ 2,128,677	\$ 51,124,155	\$ -
Collection service	-	-	-	2,705,078	2,705,078	-
Course and cart rental fees	-	113,701	243,008	1,845,899	2,202,608	-
Vehicle service and use fees	-	-	-	-	-	5,538,416
Miscellaneous income	108,444	3,933	113,903	123,753	350,033	3,907
Total operating revenues	6,986,636	6,236,162	36,355,669	6,803,407	56,381,874	5,542,323
OPERATING EXPENSES						
Personnel services	1,115,955	768,599	3,670,974	1,614,301	7,169,829	1,626,137
Operations and maintenance	2,509,077	1,923,469	3,878,956	3,602,312	11,913,814	1,527,929
Outside power purchase	-	-	21,143,972	-	21,143,972	-
Depreciation and amortization	1,538,850	1,291,760	2,055,688	627,540	5,513,838	988,600
Total operating expenses	5,163,882	3,983,828	30,749,590	5,844,153	45,741,453	4,142,666
Operating income	1,822,754	2,252,334	5,606,079	959,254	10,640,421	1,399,657
NONOPERATING REVENUES (EXPENSES)						
Equity income of joint venture	-	-	-	(203,642)	(203,642)	-
Investment earnings	622,978	593,792	878,040	354,334	2,449,144	612,228
Interest and fiscal expenses	(123,868)	(32,127)	-	(72,156)	(228,151)	-
Gain (loss) on disposal of assets	-	-	10,000	200	10,200	101,092
Total nonoperating revenues (expenses)	499,110	561,665	888,040	78,736	2,027,551	713,320
Income before contributions and transfers	2,321,864	2,813,999	6,494,119	1,037,990	12,667,972	2,112,977
Capital contributions from developers	238,470	197,695	-	104,545	540,710	-
Impact fees from developers	220,235	150,730	333,063	99,272	803,300	-
Transfers in	-	92,000	-	-	92,000	-
Transfers out	(520,569)	(534,569)	(2,958,980)	(441,954)	(4,456,072)	-
Change in net position	2,260,000	2,719,855	3,868,202	799,853	9,647,910	2,112,977
Total net position, beginning	51,166,699	33,660,700	67,540,349	24,201,648	176,569,396	17,546,811
Total net position, ending	\$ 53,426,699	\$ 36,380,555	\$ 71,408,551	\$ 25,001,501	186,217,306	\$ 19,659,788
Change in net position (proprietary funds)					9,647,910	
Amounts reported for business activities in the statement of activities are different because:						
Internal service funds are used by management to charge the costs of vehicles and fleet services to other funds. The net current year activity associated with the internal service fund was allocated based on use of service to the individual funds in the statement of activities.						943,306
Change in net position (proprietary funds/entity-wide)					\$ 10,591,216	

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

SPRINGVILLE CITY CORPORATION
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Water	Sewer	Electric	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities						
Receipts from customers and users	\$ 6,900,553	\$ 6,229,603	\$ 35,985,786	\$ 6,783,708	\$ 55,899,650	\$ 5,537,783
Payments to suppliers	(2,404,947)	(2,007,280)	(25,233,257)	(3,655,055)	(33,300,539)	(1,539,144)
Payments to employees	(1,038,514)	(489,591)	(5,140,075)	(1,483,609)	(8,151,789)	(1,590,090)
Net cash provided by operating activities	3,457,092	3,732,732	5,612,454	1,645,044	14,447,322	2,408,549
Cash flows from noncapital financing activities						
Transfers from other funds	-	92,000	-	-	92,000	-
Transfers to other funds	(520,569)	(534,569)	(2,958,980)	(441,954)	(4,456,072)	-
Net cash used by noncapital financing activities	(520,569)	(442,569)	(2,958,980)	(441,954)	(4,364,072)	-
Cash flows from capital and related financing activities						
Acquisition of capital assets	(2,291,099)	(1,442,848)	(9,578,990)	(817,247)	(14,130,184)	(2,073,400)
Impact fees from developers	220,235	150,730	333,063	99,272	803,300	-
Principal paid on interfund note payable	-	-	-	(37,002)	(37,002)	-
Principal paid on long-term debt	(351,270)	(693,730)	-	-	(1,045,000)	-
Interest paid on long-term debt	(192,922)	(150,428)	-	(72,156)	(415,506)	-
Proceeds from sale of capital assets	-	-	-	200	200	101,093
Net cash used by capital and related financing activities	(2,615,056)	(2,136,276)	(9,245,927)	(826,933)	(14,824,192)	(1,972,307)
Cash flows from investing activities						
Investment earnings	622,978	593,792	878,040	354,334	2,449,144	612,228
Net cash provided by investing activities	622,978	593,792	878,040	354,334	2,449,144	612,228
Net increase (decrease) in cash and cash equivalents	944,445	1,747,679	(5,714,413)	730,491	(2,291,798)	1,048,470
Cash and cash equivalents, beginning of year	11,255,340	11,567,400	22,375,611	6,824,734	52,023,085	12,026,322
Cash and cash equivalents, end of year	\$ 12,199,785	\$ 13,315,079	\$ 16,661,198	\$ 7,555,225	\$ 49,731,287	\$ 13,074,792
Unrestricted cash	\$ 11,882,760	\$ 12,833,243	\$ 16,661,198	\$ 7,555,225	\$ 48,932,426	\$ 13,074,792
Restricted cash	317,025	481,836	-	-	798,861	-
Total cash and cash equivalents	\$ 12,199,785	\$ 13,315,079	\$ 16,661,198	\$ 7,555,225	\$ 49,731,287	\$ 13,074,792
Reconciliation of operating income to net cash provided by operating activities						
Operating income	\$ 1,822,754	\$ 2,252,334	\$ 5,606,079	\$ 959,254	\$ 10,640,421	\$ 1,399,657
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	1,538,850	1,291,760	2,055,688	627,540	5,513,838	988,600
Changes in assets and liabilities:						
Accounts receivable	(103,133)	(6,559)	(370,650)	(19,699)	(500,041)	(4,540)
Inventories	74,048	-	(143,533)	(103,527)	(173,012)	-
Accounts payable	30,082	(83,811)	(66,796)	50,784	(69,741)	(11,215)
Accrued liabilities	10,634	254,745	(1,623,038)	69,803	(1,287,856)	9,978
Deposits	17,050	-	767	-	17,817	-
Compensated absences	26,258	(2,962)	14,671	21,080	59,047	44,385
Net pension liability	40,549	27,225	139,266	39,809	246,849	(18,316)
Net cash provided by operating activities	\$ 3,457,092	\$ 3,732,732	\$ 5,612,454	\$ 1,645,044	\$ 14,447,322	\$ 2,408,549
Noncash investing, capital and financing activities						
Capital contributions - developers	\$ 238,470	\$ 197,695	\$ -	\$ 104,545	\$ 540,710	\$ -
Equity investment adjustment for net income and ownership changes	\$ -	\$ -	\$ -	\$ (203,642)	\$ -	\$ -

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the primary government's operations. Thus, blended component units are appropriately presented as funds of the primary government.

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

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

- The *Water Fund* accounts for the activities of the City's water production, treatment and distribution operations.
- The *Sewer Fund* accounts for the activities of the City's sewer treatment operations.
- The *Electric Fund* accounts for the activities of the City's electric generation and distribution operations.

Internal Service Fund – The internal service fund accounts for the costs of procurement and maintenance of vehicles and equipment owned by the City. As of July 1, 2024, the City expanded this fund to include IT and engineering services.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash, Cash Equivalents, and Investments The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents and includes deposits with financial institutions, money market accounts, bond reserve accounts, and accounts at the Utah Public Treasurer's Investment Trust (the State Treasurer's Pool). For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts. Investments consist of debt securities and term deposits with financial institutions. Investments of the City are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables and Payables (Continued)

Management has estimated the allowance for uncollectibles to be \$306,249 for governmental funds and \$83,500 for proprietary funds, which is estimated based on historical trends related to collections.

Other receivables at June 30, 2025, consist of property taxes, franchise taxes, sales tax, grants and accounts (billings for user charged services, including unbilled utility services) and are shown net of an allowance for uncollectibles. The utility billings for charged services are billed to customers monthly.

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

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

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Asset Category	Useful Life (Years)
Buildings and structures	20 - 40
Improvements and infrastructure	7 - 40
Machinery, equipment, and vehicles	5 - 15

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences (Continued)

The total compensated absences liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absences liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when it is due for payment in the current fiscal year.

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

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

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period as other financing sources or uses. The face amount of debt issued is also reported as other financing sources.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-Term Obligations and Leases (Continued)

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

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

- (1) *Net investment in capital assets* - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) *Restricted net position* - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance and Net Position (Continued)

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

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

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

Estimates The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from those estimates. Significant estimates include net pension liability and the depreciation of capital assets.

Reclassifications Certain amounts have been reclassified in the 2024 financial statements to conform with the 2025 presentation. Neither net position nor fund balances have been changed as a result of these reclassifications.

Change in Accounting Principle Effective for the fiscal year ended June 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*. This standard requires recognition of a liability for compensated absences attributable to services already rendered, that accumulate and are more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means.

No prior period adjustment was required as a result of implementing GASB Statement No. 101, as the City's previous accounting was substantially consistent with the new requirements. See note 7 for the changes in the compensated absences balances, as well as the ending balances.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

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

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

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

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Tax Revenues

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

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

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

3. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as term deposits. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "restricted cash and cash equivalents," which includes cash accounts that are separately held by several of the City's funds. The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act (UMMA) that relate to the deposit and investment of public funds.

The City's follows the requirements of UMMA (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository, which is defined as a financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. UMMA defines types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in UMMA; and the Utah State Public Treasurers’ Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by UMMA. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2025, the City had the following recurring fair value measurements.

Investment Type	Amount	Fair Value Measurements		
		Level 1	Level 2	Level 3
PTIF	\$ 74,434,913	\$ -	\$ 74,434,913	\$ -
U.S. Govt Treasuries	9,001,600	-	9,001,600	-
U.S. Agencies	4,219,262	4,219,262	-	-
Corporate notes	494,193	494,193	-	-
Certificates of Deposits	2,951,132	2,951,132	-	-
Commercial paper	1,057,394	1,057,394	-	-
Money market	65,042	65,042	-	-
Total investments	<u>\$ 92,223,536</u>	<u>\$ 8,787,023</u>	<u>\$ 83,436,513</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, 2025, \$702,814 of the City's bank balances was exposed to custodial credit risk because it was uninsured and uncollateralized. UMMA does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. UMMA requires that the City keep deposits in a qualified depository, which the City has done.

Custodial credit risk – investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's policy for limiting credit risk of investments is to comply with the requirements of UMMA as described above. Of the City's investment in the Utah Public Treasurer's Investment Fund (PTIF) of \$74,434,913, the City has no custodial credit risk exposure as the PTIF is an external investment pool managed by the Utah State Treasurer and is not categorized as to custodial credit risk.

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

As of June 30, 2025, the City had the following investments and quality ratings:

Investment Type	Amount	Quality Ratings				Unrated
		AAA	AA+	A-1	A	
PTIF	\$ 74,434,913	\$ -	\$ -	\$ -	\$ -	\$ 74,434,913
U.S. Govt Treasuries	9,001,600	-	9,001,600	-	-	-
U.S. Agencies	4,219,262	-	4,219,262	-	-	-
Corporate notes	494,193	-	-	-	494,193	-
Certificates of Deposits	2,951,132	-	-	-	-	2,951,132
Commercial paper	1,057,394	-	-	1,057,394	1,057,394	-
Money market	65,042	65,042	-	-	-	-
Total investments	<u>\$ 92,223,536</u>	<u>\$ 65,042</u>	<u>\$ 13,220,862</u>	<u>\$ 1,057,394</u>	<u>\$ 1,551,587</u>	<u>\$ 77,386,045</u>

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City has no formal policy relating to specific investment-related interest rate risk. The City manages its exposure by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2025, the City's investments had the following maturities and ratings:

Investment Type	Amount	Investment Maturities (Years)	
		Less Than 1	1-5
PTIF	\$ 74,434,913	\$ 74,434,913	\$ -
U.S. Govt Treasuries	9,001,600	2,066,548	6,935,052
U.S. Agencies	4,219,262	-	4,219,262
Corporate notes	494,193	494,193	-
Certificates of Deposits	2,951,132	729,768	2,221,364
Commercial paper	1,057,394	1,057,395	(1)
Money market	65,042	65,042	-
Total investments	<u>\$ 92,223,536</u>	<u>\$ 78,847,859</u>	<u>\$ 13,375,677</u>

Concentration of credit risk is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. The City's investment in the PTIF has no concentration of credit risk as the PTIF is an external investment pool managed by the Utah State Treasurer.

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

For the year ended June 30, 2025, the City had investments of \$74,434,913 with the PTIF. The fair value of these investments was increased slightly by a fair value factor of 1.00198542. The City also invests with an outside financial advisor, who invests in mainly fixed income securities. These investments meet the requirements of UMMA.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Following are the City's cash and cash equivalents as of June 30, 2025:

Cash on hand and on deposit:	
Cash on hand	\$ 5,490
Cash on deposit	5,495,622
Money market accounts	65,042
PTIF accounts	<u>74,434,913</u>
 Total cash on hand and deposit	 <u><u>\$ 80,001,067</u></u>

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Transfers out:	Transfers in:				Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Sewer Fund	
Governmental:					
General Fund	\$ -	\$ 4,643,190	\$ 1,339,799	\$ -	\$ 5,982,989
Capital Projects Fund	13,582	-	-	-	13,582
Nonmajor Governmental Funds	75,000	13,000	-	-	88,000
Business-type:					
Water Fund	520,569	-	-	-	520,569
Sewer Fund	534,569	-	-	-	534,569
Electric Fund	2,958,980	-	-	-	2,958,980
Nonmajor Enterprise Funds	349,954	-	-	92,000	441,954
 Total	 <u>\$ 4,452,654</u>	 <u>\$ 4,656,190</u>	 <u>\$ 1,339,799</u>	 <u>\$ 92,000</u>	 <u>\$ 10,540,643</u>

The City also has an interfund receivable/payable between the Cemetery Fund and Golf Course Fund of \$892,988 as of June 30, 2025. The note between the funds was used to provide capital expenditures support for the Golf Course and repayment began in FY2023. Interest will be payable at a rate equal to what the City earns on its investments held with the PTIF.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

5. **CAPITAL ASSETS**

Capital asset activity of the governmental activities, including the internal service fund, for the year ended June 30, 2025 was as follows:

	6/30/2024	Increases	Decreases	06/30/25
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 42,425,786	\$ 1,889,061	\$ -	\$ 44,314,847
Construction in progress	7,658,817	3,493,435	(4,448,097)	6,704,155
Total capital assets, not being depreciated	50,084,603	5,382,496	(4,448,097)	51,019,002
Capital assets, being depreciated:				
Buildings and structures	58,368,670	785,832	(43,612)	59,110,890
Infrastructure and improvements	96,232,599	6,525,982	(72,002)	102,686,579
Machinery, equipment, and vehicles	17,706,417	2,802,282	(1,267,172)	19,241,527
Total capital assets, being depreciated	172,307,686	10,114,096	(1,382,786)	181,038,996
Less accumulated depreciation	(85,292,021)	(4,083,236)	1,375,053	(88,000,204)
Total capital assets being depreciated, net	87,015,665	6,030,860	(7,733)	93,038,792
Governmental capital assets, net	\$ 137,100,268	\$ 11,413,356	\$ (4,455,830)	\$ 144,057,794

Capital asset activity of the business-type activities for the year ended June 30, 2025 was as follows:

	6/30/2024	Increases	Decreases	06/30/25
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,719,507	\$ 930,812	\$ -	\$ 2,650,319
Construction in progress	14,176,866	6,096,930	(8,819,343)	11,454,453
Water shares	1,374,919	-	-	1,374,919
Total capital assets, not being depreciated	17,271,292	7,027,742	(8,819,343)	15,479,691
Capital assets, being depreciated:				
Buildings and structures	9,856,344	148,125	-	10,004,469
Infrastructure and improvements	194,621,945	16,184,035	(35,594)	210,770,386
Machinery, equipment, and vehicles	2,097,119	140,337	(42,706)	2,194,750
Intangible right-to-use lease assets	241,589	-	(241,589)	-
Total capital assets, depreciated	206,816,997	16,472,497	(319,889)	222,969,605
Less accumulated depreciation and amortization	(95,853,200)	(5,499,437)	249,295	(101,103,342)
Total capital assets being depreciated, net	110,963,797	10,973,060	(70,594)	121,866,263
Business-type capital assets, net	\$ 128,235,089	\$ 18,000,802	\$ (8,889,937)	\$ 137,345,954

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

5. **CAPITAL ASSETS (CONTINUED)**

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

Governmental activities:	
General government	\$ 532,049
Public safety	412,624
Community development	3,311
Highways and public improvements	1,746,509
Parks and recreation	1,388,743
Total depreciation expense - governmental activities	<u>\$ 4,083,236</u>
Business-type activities:	
Water Fund	\$ 1,538,850
Sewer Fund	1,291,760
Electric Fund	2,055,688
Storm Water Fund	257,229
Solid Waste Fund	142,187
Golf Course Fund	213,723
Total depreciation expense - business-type activities	<u>\$ 5,499,437</u>

6. **INVESTMENT IN JOINT VENTURES**

Utah Associates Municipal Power System (UAMPS)

The City is a member of Utah Associated Municipal Power System (UAMPS), a political subdivision of the State of Utah created to secure electric power for the members of UAMPS. As a member, the City has entered into power supply agreements and contracts with respect to various projects in which UAMPS participates. The total cost of the power the City will be required to purchase in future years is not determinable. During the year ended June 30, 2025, the City purchased power totaling \$21,143,972.

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

UAMPS Payson Nebo Generation Plant

In June 2002, the City entered into a power service contract with UAMPS which expires on the later of (1) the date the principal, premium, if any, and interest on all of the UAMPS Payson Nebo Generation Plant revenue bonds have been paid or (2) the final shutdown date of the Payson Nebo Generation Plant. The contract entitles the City to approximately 19.12 percent of the output of the Payson Nebo Generation Plant. The City has paid all of its obligations, which was 19.12 percent of the total project debt service of approximately \$6,690,000 (City portion - \$1,278,787) in revenue bonds outstanding at June 30, 2025, issued to finance construction of the plant. As of June 30, 2025, the City currently has no outstanding debt obligations associated with the project.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

6. INVESTMENT IN JOINT VENTURES (CONTINUED)

UAMPS - Horse Butte Wind Project

In August of 2010 the City entered into Power Sales Contract with UAMPS to take delivery of energy from a 57.6 MW nameplate capacity wind farm located 16 miles east of the City of Idaho Falls in Bonneville County, Idaho. The PSC entitles the City to approximately 5.21% of the daily output associated with the 32 Vestas V-100 1.8 MW wind turbines installed on the project site. Construction of the Facility was completed in August of 2012 and commenced commercial operation. The City is obligated for 5.2097% of the total project debt service of approximately \$65,160,000 (City portion - \$3,394,641) outstanding at June 30, 2025, issued to finance a prepayment for a specified supply of electricity to be delivered over a 20-year term.

South Utah Valley Solid Waste District

The City is party to a joint venture with five other municipalities in the South Utah Valley Solid Waste District (the District). The District was created for the purpose of building a landfill and transfer station and operating the same for the benefit of member municipalities. The majority of the District's solid waste revenue comes from these governmental entities. The District is owned by Springville City (15.00%), Provo City (69.75%), Spanish Fork City (11.75%), Mapleton City (2.00%) and Salem City (1.50%).

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

Annually, the City recognizes its pro-rata share of the District's operating income or loss. For fiscal year, the District reported a decrease in net position of \$1,198,149. The primary reason for the decrease in net position was operating expenses of \$1,000,076. The City recognized its 15% of the District's loss as equity income (loss) of a joint venture of (\$203,642) in the Solid Waste Fund. The complete financial statements for Utah Valley Solid Waste District are available at the District's offices, 2450 West 400 South, Springville, Utah.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

6. INVESTMENT IN JOINT VENTURES (CONTINUED)

South Utah Valley Animal Services Special Services District (the District)

The District is a political subdivision of the State of Utah organized June 2003 for the purpose of animal control and animal shelter services to the residents of Southern Utah County, Utah. The District's membership consists of nine municipalities and Utah County. The City made an initial investment of \$9,566 or 19 percent of the startup costs, to operate the facility.

An eleven-member board governs the District. Each city included within the boundaries of the District may appoint a member to the board. Each member of the board has one vote. A majority vote of the members present is necessary to approve any agenda item before the board. The City paid the District \$74,670 for operating costs in fiscal 2025.

Complete financial statements for the District may be obtained at South Utah Valley Animal Services Special Service District, 582 West 3000 North, Spanish Fork, UT 84660.

South Utah Valley Municipal Water Association (SUVMWA)

The City is a member of SUVMWA, a separate legal entity and political subdivision of the State of Utah, which was formed pursuant to the provision of the Interlocal Cooperation Act. SUVMWA membership consists of 10 municipalities. SUVMWA was formed to plan, finance, develop, and acquire, construct, improve, operate, or maintain projects for the water and wastewater treatment facility. Springville is an 11.76% participant in SUVMWA, down from 21.67% in the previous year, as the City surrendered 3,000-acre feet as a part of its pressurized irrigation project.

Separate financial statements for SUVMWA may be obtained from the Manager of Finance at 40 south Main, Spanish Fork, Utah 84660.

Southern Utah Valley Power Systems (SUVPS)

SUVPS is a joint action agency and a political subdivision of the State of Utah that exists and is organized under the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended. The members of SUVPS are local governments located in Utah County, Utah that own and operate local electric utility systems. The Members consist of the Cities of Payson, Salem, Spanish Fork, and Springville and South Utah Valley Electric Service District (SESD). SUVPS provides various transmission services and related services to the Members.

In FY2025, the City paid \$1,364,832 in operating costs to SUVPS. When SUVPS issues debt, the City will be responsible for an allocation of the debt service based upon transmission capacity utilized by Springville.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

7. LONG-TERM DEBT

The following is a summary of changes in long-term debt for governmental activities of the City at June 30, 2025:

	6/30/2024	Increases	Decreases	06/30/25	Due in One Year
<u>Governmental activities</u>					
Bonds payable:					
General obligation bonds	\$ 11,260,000	\$ -	\$ (1,025,000)	\$ 10,235,000	\$ 1,065,000
Municipal Building Authority lease revenue bonds	2,740,000	-	(345,000)	2,395,000	360,000
Plus: unamortized premiums	629,525	-	(65,226)	564,299	-
Total bonds payable	<u>14,629,525</u>	<u>-</u>	<u>(1,435,226)</u>	<u>13,194,299</u>	<u>1,425,000</u>
Compensated absences	1,035,612	158,323	-	1,193,935	936,045
Net pension liability	<u>2,346,380</u>	<u>594,369</u>	<u>-</u>	<u>2,940,749</u>	<u>-</u>
Total governmental activities	<u>\$ 18,011,517</u>			<u>\$ 17,328,983</u>	<u>\$ 2,361,045</u>

Long-term debt and obligations for governmental activities payable as of June 30, 2025 were as follows:

Governmental Activities	Interest Rate	Maturity Date	Current Portion	Long-Term Balance
Municipal Building Authority Lease Revenue Bonds, Series 2008 (original amount of \$6,435,000)	2.55%	2031	\$ 360,000	\$ 2,035,000
General Obligation Bonds, Series 2016 (original amount of \$10,785,000)	2.00% to 5.00%	2036	550,000	6,365,000
General Obligation Bonds, Series 2020 (original amount of \$5,695,000)	2.00% to 3.00%	2031	515,000	2,805,000
Add: Unamortized Premium			<u>-</u>	<u>564,299</u>
Total Governmental Activities			<u>\$ 1,425,000</u>	<u>\$ 11,769,299</u>

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

7. LONG-TERM DEBT (CONTINUED)

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

The following is a summary of changes in long-term debt for business-type activities of the City at June 30, 2025:

	6/30/2024	Increases	Decreases	06/30/25	Due in One Year
<u>Business-type activities</u>					
Water and sewer revenue bonds	\$ 8,055,000	\$ -	\$ (1,045,000)	\$ 7,010,000	\$ 1,095,000
Plus: unamortized premiums	1,131,612	-	(165,683)	965,929	-
Leases payable	56,191	-	(56,191)	-	-
Total bonds and lease payable	<u>9,242,803</u>	<u>-</u>	<u>(1,266,874)</u>	<u>7,975,929</u>	<u>1,095,000</u>
Compensated absences	460,269	59,047	-	519,316	407,144
Net pension liability	<u>715,516</u>	<u>231,034</u>	<u>-</u>	<u>946,550</u>	<u>-</u>
Total business-type activities	<u>\$10,418,588</u>			<u>\$ 9,441,795</u>	<u>\$ 1,502,144</u>

Long-term debt and obligations for business-type activities payable as of June 30, 2025 were as follows:

Business-type Activities	Interest Rate	Maturity Date	Current Portion	Long-Term Balance
Water and Sewer Revenue and Refunding Bonds, Dated December 21, 2021 (original amount of \$9,945,000)	3.00% to 5.00%	2041	\$ 1,095,000	\$ 5,915,000
Add: Unamortized Premium			<u>-</u>	<u>965,929</u>
Total Business-type Activities			<u>\$ 1,095,000</u>	<u>\$ 6,880,929</u>

In December 2021, the City issued \$9,945,000 of Series 2021 Water Revenue Bonds for the construction of a new water tank. These bonds had a premium with their issuance of \$703,315.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

7. LONG-TERM DEBT (CONTINUED)

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

Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,425,000	\$ 330,820	\$ 1,095,000	\$ 288,500	\$ 2,520,000	\$ 619,320
2027	1,470,000	294,999	1,155,000	233,750	2,625,000	528,749
2028	1,515,000	258,045	1,210,000	176,000	2,725,000	434,045
2029	1,560,000	218,471	220,000	115,500	1,780,000	333,971
2030	1,605,000	178,889	230,000	104,500	1,835,000	283,389
2031-2035	4,330,000	429,210	1,285,000	390,450	5,615,000	819,660
2036-2040	725,000	21,750	1,490,000	185,400	2,215,000	207,150
2041	-	-	325,000	9,750	325,000	9,750
	<u>\$ 12,630,000</u>	<u>\$ 1,732,184</u>	<u>\$ 7,010,000</u>	<u>\$ 1,503,850</u>	<u>\$ 19,640,000</u>	<u>\$ 3,236,034</u>

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

Year Ending June 30,	Governmental Activities					
	General Obligation Bonds		MBA Lease Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,065,000	\$ 274,338	\$ 360,000	\$ 56,483	\$ 1,425,000	\$ 330,820
2027	1,095,000	247,888	375,000	47,111	1,470,000	294,999
2028	1,125,000	220,688	390,000	37,358	1,515,000	258,045
2029	1,155,000	191,250	405,000	27,221	1,560,000	218,471
2030	1,180,000	162,250	425,000	16,639	1,605,000	178,889
2031-2035	3,890,000	423,600	440,000	5,610	4,330,000	429,210
2036-2040	725,000	21,750	-	-	725,000	21,750
	<u>\$ 10,235,000</u>	<u>\$ 1,541,763</u>	<u>\$ 2,395,000</u>	<u>\$ 190,421</u>	<u>\$ 12,630,000</u>	<u>\$ 1,732,184</u>

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

7. LONG-TERM DEBT (CONTINUED)

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

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

	Water Revenue Bonds	Sewer Revenue Bonds
Net revenues:		
Operating revenues	\$ 6,986,636	\$ 6,236,162
Operating expenses (excluding depreciation and amortization)	(3,625,032)	(2,692,068)
Impact fees	220,235	150,730
Interest income	622,978	593,792
Net revenues	<u>\$ 4,204,817</u>	<u>\$ 4,288,616</u>
Maximum Aggregate Debt Service	<u>\$ 523,000</u>	<u>\$ 802,000</u>
Ratio of Net Revenues to Aggregate Debt Service	<u>804%</u>	<u>535%</u>
Minimum Ratio	<u>130%</u>	<u>130%</u>

8. LEASES

A. Lease Receivables

The City has entered into three lease agreements, as lessor, for the use of portions of its land by cell phone providers for cell tower placements. The lease receivables are measured at the present value of the future minimum rent payments to be received during the lease term at a discount rate of 1.12%, which is the City's estimated incremental borrowing rate. These leases are for five to six years and the City will receive monthly payments ranging from \$3,433 to \$3,744 or annual payments ranging of \$8,267 to \$16,207. For the year ended June 30, 2025, the City recognized \$101,680 of lease revenue and \$1,693 of interest income under the leases. As of June 30, 2025, the City's receivable for lease payments was \$112,398 and the deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term was \$104,890. These leases are recognized as a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

8. LEASES (CONTINUED)

B. Lease Payable

The City has entered into a lease agreement, as a lessee, for the use of golf carts over a four-year period. The lease payable is measured as the present value of the future minimum rent payments to be made during the lease term at a discount rate of 3.80% as stated in the agreement. An initial lease payable was recorded in the amount of \$224,110 at the lease inception. During the year ended June 30, 2025, the remaining portion of the lease payable of \$56,191 was repaid.

9. RETIREMENT PLANS

General Information about the Pension Plan

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

- Public Employees Noncontributory Retirement System (Noncontributory System)
- Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent, cost sharing, multiple employer public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning work on or after July 1, 2011, who has no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement System, 560 E 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

9. RETIREMENT PLANS (CONTINUED)

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Firefighter System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.50%
Tier 2 Public Safety and Firefighters System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year to June 2020 2.00% per year July 2020 to present	Up to 2.50%

*Actuarial reductions are applied.

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

9. RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

	Tier 1 - DB System			Tier 2 - DB System				Tier 2 - 401(k) Option			
	Employee	Employer	Employer 401(k)	Tier 2 Fund	Employee	Employer	Employer 401(k)	Tier 2 Fund	Employee	Employer	Employer 401(k)
Noncontributory System											
System											
15 - Local Government	-	16.97%	-	111	0.70	15.19%	-	211	-	5.19%	10.00%
Public Safety System											
Noncontributory											
43 - Other Div A 2.5% COLA	-	33.54%	-	122	4.73%	25.33%	-	222	-	11.33%	14.00%
Firefighters Retirement System											
31 - Other Division A	15.05%	1.61%	-	132	4.73%	14.08%	-	232	-	0.08%	14.00%

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

For fiscal year ended June 30, 2025, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 1,051,419	\$ -
Public Safety System	293,218	-
Firefighters System	4,331	40,486
Tier 2 Public Employees System	787,763	35,952
Tier 2 Public Safety and Firefighter	430,272	96,461
Tier 2 DC Public Employees Plan	39,084	-
Tier 2 DC Public Safety and Firefighter Plan	43,517	-
Total Contributions	<u>\$ 2,649,604</u>	<u>\$ 172,899</u>

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

9. RETIREMENT PLANS (CONTINUED)

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

At June 30, 2025, the City reported a net pension asset of \$3,887,299 and a net pension liability of \$137,039.

	Measurement Date: December 31, 2024				
	Net Pension Liability	Net Pension Asset	Proportionate Share	Proportionate Share December 31, 2022	Change (Decrease)/Increase
Noncontributory System	\$ 2,099,269	\$ -	0.6619967%	0.6709148%	-0.0089181%
Public Safety System	\$ 1,096,024	\$ -	0.7083453%	0.6963580%	0.0119873%
Firefighters System	\$ -	\$ 137,039	0.7801699%	0.6900664%	0.0901035%
Tier 2 Public Employees System	\$ 505,659	\$ -	0.1695484%	0.1754278%	-0.0058794%
Tier 2 Public Safety and Firefighter	\$ 186,347	\$ -	0.4120091%	0.4468128%	-0.0348037%
Total Net Pension Asset / Liability	\$ 3,887,299	\$ 137,039			

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2025, the City recognized pension expense of \$3,458,344.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,848,662	\$ 13,275
Changes in assumptions	458,031	2,978
Net difference between projected and actual earnings on pension plan investments	905,590	-
Changes in proportion and differences between contributions and proportionate share of contributions	157,650	95,821
Contributions subsequent to the measurement date	1,331,363	-
Total	\$ 4,701,296	\$ 112,074

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

9. RETIREMENT PLANS (CONTINUED)

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

\$1,331,363 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 1,467,926
2026	1,645,511
2027	(265,517)
2028	5,169
2029	153,636
Thereafter	251,132

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the City recognized pension expense of \$1,083,990.

At June 30, 2025, 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	\$ 1,250,862	\$ -
Changes in assumptions	173,648	-
Net difference between projected and actual earnings on pension plan investments	632,334	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,746	6,503
Contributions subsequent to the measurement date	526,395	-
Total	<u>\$ 2,587,985</u>	<u>\$ 6,503</u>

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

9. RETIREMENT PLANS (CONTINUED)

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

\$526,395 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 1,203,627
2026	1,154,893
2027	(256,580)
2028	(46,854)
2029	-
Thereafter	-

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

For the year ended June 30, 2025, the City recognized pension expense of \$683,243.

At June 30, 2025, 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	\$ 115,818	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	189,689	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,669	-
Contributions subsequent to the measurement date	142,198	-
Total	<u>\$ 449,374</u>	<u>\$ -</u>

\$142,198 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

9. RETIREMENT PLANS (CONTINUED)

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

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 128,940
2026	269,251
2027	(77,048)
2028	(13,967)
2029	-
Thereafter	-

Firefighters System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the City recognized pension expense of \$10,681.

At June 30, 2025, 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	\$ 150,564	\$ -
Changes in assumptions	10,992	-
Net difference between projected and actual earnings on pension plan investments	39,170	-
Changes in proportion and differences between contributions and proportionate share of contributions	44,862	76,688
Contributions subsequent to the measurement date	1,890	-
Total	<u>\$ 247,478</u>	<u>\$ 76,688</u>

\$1,890 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

9. RETIREMENT PLANS (CONTINUED)

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 54,845
2026	97,459
2027	16,042
2028	554
2029	-
Thereafter	-

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

For the year ended June 30, 2025, the City recognized pension expense of \$552,742.

At June 30, 2025, 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	\$ 218,601	\$ 3,484
Changes in assumptions	168,884	52
Net difference between projected and actual earnings on pension plan investments	32,319	-
Changes in proportion and differences between contributions and proportionate share of contributions	82,318	7,865
Contributions subsequent to the measurement date	421,509	-
Total	<u>\$ 923,631</u>	<u>\$ 11,401</u>

\$421,509 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

9. RETIREMENT PLANS (CONTINUED)

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2025	\$ 58,762
2026	90,521
2027	39,339
2028	48,128
2029	113,102
Thereafter	140,867

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

For the year ended June 30, 2025, the City recognized pension expense of \$269,876.

At June 30, 2025, 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	\$ 112,817	\$ 9,791
Changes in assumptions	104,507	2,926
Net difference between projected and actual earnings on pension plan investments	12,078	-
Changes in proportion and differences between contributions and proportionate share of contributions	24,055	4,765
Contributions subsequent to the measurement date	239,371	-
Total	<u>\$ 492,828</u>	<u>\$ 17,482</u>

\$239,371 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

9. RETIREMENT PLANS (CONTINUED)

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

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2025	\$ 21,752
2026	33,387
2027	12,730
2028	17,308
2029	40,534
Thereafter	110,265

Actuarial assumptions

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

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

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

The actuarial assumptions used in the January 1, 2024 valuation were based on valuation were based on the results of an actuarial experience study for the period ended December 31, 2023.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return or each major asset class are summarized in the following table:

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

9. RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35.00%	7.01%	2.45%
Debt securities	20.00%	2.54%	0.51%
Real assets	18.00%	5.45%	0.98%
Private equity	12.00%	10.05%	1.21%
Absolute return	15.00%	4.36%	0.65%
Cash and cash equivalents	0.00%	0.49%	0.00%
Totals	100.00%		5.80%
	Inflation		2.50%
	Expected arithmetic nominal return		8.30%

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

Discount Rate

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

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

9. RETIREMENT PLANS (CONTINUED)

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

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 8,878,182	\$ 2,099,269	\$ (3,856,047)
Public Safety System	3,367,143	1,096,024	(757,174)
Firefighters System	298,234	(137,039)	(491,953)
Tier 2 Public Employees System	1,510,283	505,660	(275,837)
Tier 2 Public Safety and Firefighter	635,426	186,347	(172,699)
Total	<u>\$ 14,689,268</u>	<u>\$ 3,750,261</u>	<u>\$ (5,553,710)</u>

Pension Plan Fiduciary Net Position

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

10. DEFINED CONTRIBUTION SAVINGS PLAN

The 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.

The City participates in the following Defined Contribution Savings Plans with:

- 401(k) Plan
- Rother IRA Plan
- Traditional IRA Plan

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

401(k) Plan	2025	2024	2023
Employer Contributions	\$ 176,548	\$ 153,951	\$ 113,171
Employee Contributions	\$ 42,261	\$ 44,426	\$ 28,918
Roth IRA Plan	2025	2024	2023
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 2,880	\$ 1,350	\$ 1,300
Traditional IRA	2025	2024	2023
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 640	\$ -	\$ -

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

11. REDEVELOPMENT AGENCY OF SPRINGVILLE CITY

In accordance with Utah State law, the City makes the following disclosures relative to the Redevelopment Agency of Springville City (RDA): The RDA collected \$1,257,942 of tax increment monies for its project areas of which \$608,501 was paid for development incentives. During 2025, the RDA expended \$500 for administrative costs.

12. TAX ABATEMENTS

As of June 30, 2025, the City provides tax abatements under one program: the Redevelopment Agency of Springville City (the Agency). Pursuant to the provisions of the Utah Community Development and Renewal Agencies Act, Utah State Code Title 17C, the City established the Redevelopment Agency. The City authorizes the rebate of sales and property tax increment through the budget process. The annual budget is adopted by City Ordinance. The amount of the tax rebate (abatement) is based on the provisions as stated in the written agreement between the Agency and the outside entity. The abatement recipient remits their full property or sales tax obligation to the taxing authority. Once the taxes have been paid and it has been verified that the provisions of the agreement have been met, then the agreed amount is rebated to the recipient entity. The qualifying provisions of the agreements generally focus on affordable housing and transit-oriented housing or business relocation, business development, job creation, and sales and property tax generation.

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

<u>Tax Abatement Program</u>	<u>Taxes Abated in 2025</u>	<u>Taxes Abated in Prior Years</u>	<u>Total Maximum Tax Abatement</u>	<u>Primary Purpose of Abatement</u>	<u>Abatement Expires</u>
Redevelopment Agency of Springville City					
Olds Family Trust	\$ 557,011	\$ 1,373,057	Property tax: 70% per year	Sales and Property Tax generations	2026
Spring Pointe Tennis Partners, LLC	\$ 51,490	\$ 107,740	Property tax: 80% per year	Property Tax generations	2025

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2025

13. COMMITMENTS AND CONTINGENCIES

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

14. RELATED PARTY TRANSACTIONS

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

15. RISK MANAGEMENT

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

16. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, which was an amendment of GASB No. 62. The statement is meant to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. In fiscal year ending 2025 the City had no accounting changes or error corrections. The City will implement this statement if in the future accounting changes or error corrections are made.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Statement 101 is effective date is for fiscal years beginning after December 15, 2023, with earlier adoption being encouraged. The City evaluated the impact of this statement on the financial statements and implemented this standard for the year ending June 30, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

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

	As of December 31,	Proportion of Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
Noncontributory System	2015	0.8157080%	\$ 4,615,673	\$ 6,986,652	66.06%	87.80%
	2016	0.7984120%	5,126,782	6,917,208	74.12%	87.30%
	2017	0.7552263%	3,308,873	6,311,269	52.43%	91.90%
	2018	0.7615219%	5,607,637	6,391,261	87.74%	87.00%
	2019	0.7414277%	2,794,344	6,286,171	44.45%	93.70%
	2020	0.7141967%	366,342	5,962,447	6.14%	99.20%
	2021	0.7116836%	(4,075,888)	5,880,373	-69.31%	108.70%
	2022	0.7666174%	1,313,023	6,695,433	19.61%	97.50%
	2023	0.6709148%	1,556,230	6,014,247	25.88%	96.90%
	2024	0.6619967%	2,099,269	6,049,534	34.70%	96.02%
Contributory System	2015	0.1624709%	114,193	69,227	164.96%	85.70%
	2016	0.2191155%	71,894	52,575	136.75%	92.90%
Public Safety System	2015	0.7830661%	\$ 1,402,668	\$ 1,190,697	117.80%	87.10%
	2016	0.7358229%	1,493,188	1,122,930	132.97%	86.50%
	2017	0.6793483%	1,065,665	1,009,058	105.61%	90.20%
	2018	0.6680134%	1,718,521	960,909	178.84%	84.70%
	2019	0.6461895%	1,037,533	850,836	121.94%	90.90%
	2020	0.7077670%	587,617	893,393	65.77%	95.50%
	2021	0.6294510%	(538,408)	780,925	-68.94%	104.20%
	2022	0.7041606%	910,532	818,119	111.30%	93.60%
	2023	0.6963580%	995,906	880,611	113.09%	93.44%
	2024	0.7083453%	1,096,024	880,331	124.50%	93.30%
Firefighters System	2015	0.5238695%	\$ (9,488)	\$ 140,853	-6.74%	101.00%
	2016	0.4948301%	(3,901)	139,102	-2.80%	100.40%
	2017	0.5260681%	(32,856)	153,906	-21.35%	103.00%
	2018	0.4924004%	63,937	152,669	41.88%	94.30%
	2019	0.4527187%	(56,146)	144,949	-38.74%	105.00%
	2020	0.5180401%	(144,854)	169,004	-85.71%	110.50%
	2021	0.5186064%	(302,460)	172,903	-174.93%	120.10%
	2022	0.8934019%	(232,020)	323,029	-71.83%	108.40%
	2023	0.6900664%	(161,955)	263,479	-61.47%	106.79%
	2024	0.7801699%	(137,039)	313,573	-43.70%	104.64%
Tier 2 Public Employees System	2015	0.1220505%	\$ (266)	\$ 788,707	-0.03%	100.20%
	2016	0.1565131%	17,459	1,283,531	1.36%	95.10%
	2017	0.2009037%	17,713	1,966,429	0.90%	97.40%
	2018	0.1933419%	82,804	2,259,183	3.67%	90.80%
	2019	0.1813525%	40,788	2,520,371	1.62%	96.50%
	2020	0.1858030%	26,116	2,903,091	0.90%	98.30%
	2021	0.1854284%	(78,480)	3,440,406	-2.28%	103.80%
	2022	0.1906183%	207,563	4,153,877	5.00%	92.30%
	2023	0.1754278%	341,449	4,535,403	7.53%	89.58%
	2024	0.1695484%	505,659	5,024,455	10.06%	87.44%
Tier 2 Public Safety and Firefighter System	2015	0.6507001%	\$ (9,507)	\$ 387,183	-2.46%	110.70%
	2016	0.5275480%	(4,579)	435,875	-1.05%	103.60%
	2017	0.5000307%	(5,786)	527,821	-1.10%	103.00%
	2018	0.4670312%	11,702	625,103	1.87%	95.60%
	2019	0.4662243%	43,855	768,520	5.71%	89.60%
	2020	0.4273484%	38,331	852,902	4.49%	93.10%
	2021	0.3935830%	(19,893)	941,206	-2.11%	102.80%
	2022	0.4363942%	36,406	1,342,686	2.71%	96.40%
	2023	0.4468128%	168,311	1,692,993	9.94%	89.10%
	2024	0.4120091%	186,347	1,880,701	9.91%	90.10%

SPRINGVILLE CITY CORPORATION
Schedule of Pension Contributions
Last Ten Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Noncontributory Retirement System	2016	\$ 1,290,326	\$ 1,290,326	\$ -	\$ 700,657	18.43%
	2017	1,215,101	1,215,101	-	6,606,911	18.39%
	2018	1,169,372	1,169,372	-	6,368,944	18.36%
	2019	1,169,703	1,169,703	-	6,365,799	18.37%
	2020	1,127,301	1,127,301	-	6,123,310	18.41%
	2021	1,083,686	1,083,686	-	5,872,054	18.45%
	2022	1,131,988	1,131,988	-	6,144,866	18.42%
	2023	1,132,389	1,132,389	-	6,388,596	17.73%
	2024	1,080,563	1,080,563	-	6,087,921	17.75%
	2025	1,051,419	1,051,419	-	6,291,054	16.71%
Contributory System	2016	\$ 7,822	\$ 7,822	\$ -	\$ 54,094	14.46%
	2017	3,728	3,728	-	25,785	14.46%
Public Safety Retirement System	2016	\$ 345,081	\$ 345,081	\$ -	\$ 1,122,174	30.75%
	2017	327,949	327,949	-	1,079,312	30.38%
	2018	294,671	294,671	-	985,351	29.91%
	2019	264,272	264,272	-	896,951	29.46%
	2020	295,502	295,502	-	841,707	35.11%
	2021	293,824	293,824	-	848,042	34.65%
	2022	247,218	247,218	-	726,027	34.05%
	2023	297,232	297,232	-	873,186	34.04%
	2024	305,803	305,803	-	899,323	34.00%
	2025	293,218	293,218	-	874,542	33.53%
Firefighters Retirement System	2016	\$ 5,439	\$ 5,439	\$ -	\$ 132,324	4.11%
	2017	5,864	5,864	-	150,738	3.89%
	2018	6,018	6,018	-	153,129	3.93%
	2019	7,138	7,138	-	154,832	4.61%
	2020	9,801	9,801	-	150,167	6.53%
	2021	9,114	9,114	-	169,477	5.38%
	2022	10,562	10,562	-	245,764	4.30%
	2023	10,515	10,515	-	290,742	3.62%
	2024	11,322	11,322	-	313,439	3.61%
	2025	4,331	4,331	-	265,995	1.63%
Tier 2 Public Employees System*	2016	\$ 157,435	\$ 157,435	\$ -	\$ 1,055,839	14.91%
	2017	243,094	243,094	-	1,626,048	14.95%
	2018	324,744	324,744	-	2,151,431	15.09%
	2019	366,027	366,027	-	2,357,624	15.53%
	2020	428,169	428,169	-	2,734,868	15.66%
	2021	487,002	487,002	-	3,087,748	15.77%
	2022	601,625	601,625	-	3,743,779	16.07%
	2023	687,206	687,206	-	4,294,733	16.00%
	2024	806,423	806,423	-	5,033,240	16.02%
	2025	787,763	787,763	-	5,206,060	15.13%
Tier 2 Public Safety and Firefighter System*	2016	\$ 79,980	\$ 79,980	\$ -	\$ 396,966	20.15%
	2017	100,909	100,909	-	495,223	20.38%
	2018	125,570	125,570	-	579,013	21.69%
	2019	154,074	154,074	-	710,560	21.68%
	2020	172,121	172,121	-	811,379	21.21%
	2021	200,071	200,071	-	830,171	24.10%
	2022	276,967	276,967	-	1,157,194	23.93%
	2023	336,287	336,287	-	1,446,019	23.26%
	2024	418,329	418,329	-	1,937,481	21.59%
	2025	430,272	430,272	-	1,952,835	22.03%
Tier 2 Public Employees DC Only System*	2016	\$ 2,142	\$ 2,142	\$ -	\$ 32,016	6.69%
	2017	4,289	4,289	-	64,118	6.69%
	2018	2,708	2,708	-	40,476	6.69%
	2019	8,320	8,320	-	124,369	6.69%
	2020	16,173	16,173	-	241,746	6.69%
	2021	22,054	22,054	-	329,658	6.69%
	2022	33,147	33,147	-	495,470	6.69%
	2023	39,745	39,745	-	643,152	6.18%
	2024	46,828	46,828	-	756,517	6.19%
	2025	39,084	39,084	-	748,178	5.22%
Tier 2 DC Public Safety and Firefighter DC Only System*	2017	\$ 741	\$ 741	\$ -	\$ 6,262	11.83%
	2018	5,020	5,020	-	75,634	6.64%
	2019	5,161	5,161	-	43,628	11.83%
	2020	6,669	6,669	-	56,391	11.83%
	2021	16,256	16,256	-	138,287	11.76%
	2022	21,901	21,901	-	186,736	11.73%
	2023	25,188	25,188	-	233,597	10.78%
	2024	36,336	36,336	-	402,460	9.03%
	2025	43,517	43,517	-	522,149	8.33%

Note:

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Required Supplementary Information
June 30, 2025

1. CHANGES IN ASSUMPTIONS

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

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SUPPLEMENTARY INFORMATION

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SPRINGVILLE CITY CORPORATION
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			Capital Projects		Permanent Funds		Total Nonmajor Governmental Funds
	Special Improvement District	Redevelopment Agency	Municipal Building Authority	Special Services	Debt Service	Cemetery Care Fund	Special Trust Fund	
ASSETS								
Cash and cash equivalents	\$ -	\$ 2,823,295	\$ 6,977	\$ 6,621,713	\$ 371,731	\$ 1,384,151	\$ 2,211,302	\$ 13,419,169
Restricted cash and cash equivalents	-	-	160	-	3,821	-	-	3,981
Receivables (net of allowance for uncollectibles)	7,717	-	-	-	-	1,637	-	9,354
Interfund note receivable	-	-	-	-	-	892,988	-	892,988
Total assets	<u>\$ 7,717</u>	<u>\$ 2,823,295</u>	<u>\$ 7,137</u>	<u>\$ 6,621,713</u>	<u>\$ 375,552</u>	<u>\$ 2,278,776</u>	<u>\$ 2,211,302</u>	<u>\$ 14,325,492</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ 55,502	\$ 350	\$ -	\$ -	\$ 55,852
FUND BALANCES								
Restricted:								
Road projects	-	-	-	2,499,823	-	-	-	2,499,823
Public safety projects	-	-	-	495,766	-	-	-	495,766
Culture and recreation projects	-	-	-	1,699,055	-	-	-	1,699,055
Cemetery perpetual care	-	-	-	-	-	-	-	-
Debt service	-	-	7,137	-	138,555	-	-	145,692
Assigned:								
Community development projects	7,717	2,823,295	-	1,871,567	236,647	2,278,776	2,211,302	9,429,304
Total fund balances	<u>7,717</u>	<u>2,823,295</u>	<u>7,137</u>	<u>6,566,211</u>	<u>375,202</u>	<u>2,278,776</u>	<u>2,211,302</u>	<u>14,269,640</u>
Total liabilities and fund balances	<u>\$ 7,717</u>	<u>\$ 2,823,295</u>	<u>\$ 7,137</u>	<u>\$ 6,621,713</u>	<u>\$ 375,552</u>	<u>\$ 2,278,776</u>	<u>\$ 2,211,302</u>	<u>\$ 14,325,492</u>

SPRINGVILLE CITY CORPORATION
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			Capital Projects		Permanent Funds		Total Nonmajor Governmental Funds
	Special Improvement District	Redevelopment Agency	Municipal Building Authority	Special Services	Debt Service	Cemetery Care Fund	Special Trust Fund	
REVENUES								
Property taxes	\$ -	\$ 1,257,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,257,942
Sales taxes	-	-	-	769,036	-	-	-	769,036
Intergovernmental	-	-	-	701,618	-	-	-	701,618
Charges for services	-	-	-	-	-	120,750	-	120,750
Investment earnings	-	121,557	2,019	302,054	4,639	490	104,982	535,741
Impact fees from developers	-	-	-	741,390	-	-	-	741,390
Community donations	-	-	-	-	-	-	-	-
Lease revenue	-	-	410,352	-	-	-	-	410,352
Miscellaneous	-	-	-	-	-	37,002	-	37,002
Total revenues	-	1,379,499	412,371	2,514,098	4,639	158,242	104,982	4,573,831
EXPENDITURES								
Current:								
Community development	-	609,001	-	-	-	-	-	609,001
Capital outlay	-	-	-	1,055,136	-	-	-	1,055,136
Debt service:								
Principal	-	-	345,000	-	1,025,000	-	-	1,370,000
Interest and fiscal expenses	-	-	67,371	-	319,437	-	-	386,808
Total expenditures	-	609,001	412,371	1,055,136	1,344,437	-	-	3,420,945
Excess (deficiency) of revenues over expenditures	-	770,498	-	1,458,962	(1,339,798)	158,242	104,982	1,152,886
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	1,339,799	-	-	1,339,799
Transfers out	-	-	-	(68,000)	-	-	(20,000)	(88,000)
Total other financing sources (uses)	-	-	-	(68,000)	1,339,799	-	(20,000)	1,251,799
Net change in fund balances	-	770,498	-	1,390,962	1	158,242	84,982	2,404,685
Fund balance, beginning of year	7,717	2,052,797	7,137	5,175,249	375,201	2,120,534	2,126,320	11,864,955
Fund balance, end of year	\$ 7,717	\$ 2,823,295	\$ 7,137	\$ 6,566,211	\$ 375,202	\$ 2,278,776	\$ 2,211,302	\$ 14,269,640

SPRINGVILLE CITY CORPORATION
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2025

	Business-type Activities			Total Nonmajor Enterprise Funds
	Storm Water	Solid Waste	Golf Course	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,016,738	\$ 1,193,851	\$ 2,344,636	\$ 7,555,225
Accounts receivable, net	200,124	260,828	63	461,015
Inventories	-	-	103,527	103,527
Total current assets	4,216,862	1,454,679	2,448,226	8,119,767
Noncurrent assets:				
Capital assets:				
Land	575,741	487,433	341,520	1,404,694
Construction in progress	-	-	3,055	3,055
Buildings	-	850,266	6,020,430	6,870,696
Infrastructure	11,427,492	-	-	11,427,492
Vehicles and equipment	63,685	727,426	152,841	943,952
Less: accumulated depreciation/amortization	(1,896,673)	(735,360)	(2,000,612)	(4,632,645)
Net capital assets	10,170,245	1,329,765	4,517,234	16,017,244
Equity investment in joint venture	-	2,397,618	-	2,397,618
Total noncurrent assets	10,170,245	3,727,383	4,517,234	18,414,862
Total assets	14,387,107	5,182,062	6,965,460	26,534,629
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	48,495	78,475	111,086	238,056
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 325,704	\$ 70,160	\$ 101,520	\$ 497,384
Accrued liabilities	7,981	4,198	83,343	95,522
Compensated absences	8,719	18,950	56,600	84,269
Total current liabilities	342,404	93,308	241,463	677,175
Noncurrent liabilities:				
Compensated absences	2,402	5,221	15,594	23,217
Interfund notes payable	-	-	892,988	892,988
Net pension liability	35,974	58,213	82,404	176,591
Total noncurrent liabilities	38,376	63,434	990,986	1,092,796
Total liabilities	380,780	156,742	1,232,449	1,769,971
DEFERRED INFLOWS OF RESOURCES				
Pension related	247	400	566	1,213
NET POSITION				
Net investment in capital assets	10,170,245	1,329,765	4,517,234	16,017,244
Restricted for impact fee projects	1,121,011	-	-	1,121,011
Restricted for construction projects	-	-	3,848	3,848
Unrestricted	2,763,319	3,773,630	1,322,449	7,859,398
Total net position	\$ 14,054,575	\$ 5,103,395	\$ 5,843,531	\$ 25,001,501

SPRINGVILLE CITY CORPORATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	Business-type Activities			Total Nonmajor Enterprise Funds
	Storm Water	Solid Waste	Golf Course	
OPERATING REVENUES				
Charges for services:				
Metered sales	\$ 2,128,677	\$ -	\$ -	\$ 2,128,677
Collection service	-	2,705,078	-	2,705,078
Course and cart rental fees	-	-	1,845,899	1,845,899
Miscellaneous income	-	387	123,366	123,753
Total operating revenues	2,128,677	2,705,465	1,969,265	6,803,407
OPERATING EXPENSES				
Personnel services	274,604	553,379	786,318	1,614,301
Operations and maintenance	802,977	2,129,354	669,981	3,602,312
Depreciation and amortization	257,229	142,187	228,124	627,540
Total operating expenses	1,334,810	2,824,920	1,684,423	5,844,153
Operating income (loss)	793,867	(119,455)	284,842	959,254
NONOPERATING REVENUES (EXPENSES)				
Equity income of joint venture	-	(203,642)	-	(203,642)
Investment earnings	192,295	57,739	104,300	354,334
Interest and fiscal expenses	-	-	(72,156)	(72,156)
Gain (loss) on disposal of assets	-	-	200	200
Total nonoperating revenues (expenses)	192,295	(145,903)	32,344	78,736
Income (loss) before contributions and transfers	986,162	(265,358)	317,186	1,037,990
Capital contributions from developers	104,545	-	-	104,545
Impact fees from developers	99,272	-	-	99,272
Transfers out	(168,428)	(269,266)	(4,260)	(441,954)
Change in net position	1,021,551	(534,624)	312,926	799,853
Total net position, beginning	13,033,024	5,638,019	5,530,605	24,201,648
Total net position, ending	\$ 14,054,575	\$ 5,103,395	\$ 5,843,531	\$ 25,001,501

SPRINGVILLE CITY CORPORATION
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	Storm Water	Solid Waste	Golf Course	Total Nonmajor Enterprise Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 2,115,411	\$ 2,699,039	\$ 1,969,258	\$ 6,783,708
Payments to suppliers	(844,036)	(2,112,326)	(698,693)	(3,655,055)
Payments to employees	(258,179)	(525,710)	(699,720)	(1,483,609)
Net cash provided by operating activities	<u>1,013,196</u>	<u>61,003</u>	<u>570,845</u>	<u>1,645,044</u>
Cash flows from noncapital financing activities				
Transfers to other funds	(168,428)	(269,266)	(4,260)	(441,954)
Net cash used by noncapital financing activities	<u>(168,428)</u>	<u>(269,266)</u>	<u>(4,260)</u>	<u>(441,954)</u>
Cash flows from capital and related financing activities				
Aquisition of capital assets	(743,659)	-	(73,588)	(817,247)
Principal paid on interfund note payable	-	-	(37,002)	(37,002)
Impact fees from developers	99,272	-	-	99,272
Interest paid on long-term debt	-	-	(72,156)	(72,156)
Proceeds from sale of capital assets	-	-	200	200
Net cash used by capital and related financing activities	<u>(644,387)</u>	<u>-</u>	<u>(182,546)</u>	<u>(826,933)</u>
Cash flows from investing activities				
Investment earnings	192,295	57,739	104,300	354,334
Net cash provided by investing activities	<u>192,295</u>	<u>57,739</u>	<u>104,300</u>	<u>354,334</u>
Net change in cash and cash equivalents	392,676	(150,524)	488,339	730,491
Cash and cash equivalents, beginning of year	<u>3,624,062</u>	<u>1,344,375</u>	<u>1,856,297</u>	<u>6,824,734</u>
Cash and cash equivalents, end of year	<u>\$ 4,016,738</u>	<u>\$ 1,193,851</u>	<u>\$ 2,344,636</u>	<u>\$ 7,555,225</u>
Total cash and cash equivalents	<u>\$ 4,016,738</u>	<u>\$ 1,193,851</u>	<u>\$ 2,344,636</u>	<u>\$ 7,555,225</u>

SPRINGVILLE CITY CORPORATION
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	Storm Water	Solid Waste	Golf Course	Total Nonmajor Enterprise Funds
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 793,867	\$ (119,455)	\$ 284,842	\$ 959,254
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	257,229	142,187	228,124	627,540
Changes in assets and liabilities:				
Accounts receivable	(13,266)	(6,426)	(7)	(19,699)
Inventories	-	-	(103,527)	(103,527)
Accounts payable	(41,059)	17,028	74,815	50,784
Accrued liabilities	7,192	2,728	59,883	69,803
Compensated absences	8,184	5,094	7,802	21,080
Net pension liability	1,049	19,847	18,913	39,809
Net cash provided by operating activities	\$ 1,013,196	\$ 61,003	\$ 570,845	\$ 1,645,044
Noncash investing, capital and financing activities				
Capital contributions - developers	\$ 104,545	\$ -	\$ -	\$ 104,545
Equity investment adjustment for net income and ownership changes	\$ -	\$ (203,642)	\$ -	\$ (203,642)

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 1,025,000	\$ 1,778,500	\$ 43,831	\$ (1,734,669)
Investment earnings	-	-	442,413	442,413
Community donations	-	1,091,000	94,225	(996,775)
Total revenues	1,025,000	2,869,500	580,469	(2,289,031)
EXPENDITURES				
Culture and recreation	25,000	100,000	25,400	74,600
Capital outlay:				
General government	1,191,064	3,049,636	162,442	2,887,194
Public safety	50,600	343,554	288,279	55,275
Roads and public improvements	3,674,958	19,633,457	4,049,336	15,584,121
Culture and recreation	701,000	3,447,739	714,196	2,733,543
Total expenditures	5,642,622	26,574,386	5,239,653	21,334,733
Excess (deficiency) of revenues over expenditures	(4,617,622)	(23,704,886)	(4,659,184)	19,045,702
OTHER FINANCING SOURCES (USES)				
Transfers in	4,643,190	4,656,190	4,656,190	-
Transfers out	(13,582)	(13,582)	(13,582)	-
Sale of capital assets	-	-	-	-
Net other financing sources (uses)	4,629,608	4,642,608	4,642,608	-
Net change in fund balance	\$ 11,986	\$ (19,062,278)	(16,576)	\$ 19,045,702
Fund balance, beginning of year			7,399,000	
Fund balance, end of year			\$ 7,382,424	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Special Improvement District Fund
For the Year Ended June 30, 2025

No activity for the year ended June 30, 2025

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SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Redevelopment Agency Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 660,000	\$ 660,000	\$ 1,257,942	\$ 597,942
Investment earnings	40,000	40,000	121,557	81,557
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>1,379,499</u>	<u>679,499</u>
EXPENDITURES				
Current:				
Community development	610,000	610,000	609,001	999
Total expenditures	<u>610,000</u>	<u>610,000</u>	<u>609,001</u>	<u>999</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 770,498</u>	<u>\$ 678,500</u>
Fund balance, beginning of year			2,052,797	
Fund balance, end of year			<u>\$ 2,823,295</u>	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Special Services Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sales taxes	\$ 739,403	\$ 739,403	\$ 769,036	\$ 29,633
Intergovernmental	-	1,235,000	701,618	(533,382)
Investment earnings	-	-	302,054	302,054
Impact fees from developers	1,806,309	1,806,309	741,390	(1,064,919)
Total revenues	<u>2,545,712</u>	<u>3,780,712</u>	<u>2,514,098</u>	<u>(1,266,614)</u>
EXPENDITURES				
Capital outlay:				
Roads and public improvements	2,100,000	5,735,000	781,785	4,953,215
Culture and recreation	1,472,649	2,807,153	273,351	2,533,802
Total expenditures	<u>3,572,649</u>	<u>8,542,153</u>	<u>1,055,136</u>	<u>7,487,017</u>
Excess (deficiency) of revenues over expenditures	<u>(1,026,937)</u>	<u>(4,761,441)</u>	<u>1,458,962</u>	<u>(8,753,631)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(68,000)</u>	<u>(68,000)</u>	<u>(68,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,094,937)</u>	<u>\$ (4,829,441)</u>	1,390,962	<u>\$ (8,753,631)</u>
Fund balance, beginning of year			<u>5,175,249</u>	
Fund balance, end of year			<u>\$ 6,566,211</u>	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Debt Service Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 4,639	\$ 4,639
Total revenues	-	-	4,639	4,639
EXPENDITURES				
Debt service:				
Principal	1,025,000	1,025,000	1,025,000	-
Interest and fiscal expenses	319,788	319,788	319,437	351
Total expenditures	1,344,788	1,344,788	1,344,437	351
Excess (deficiency) of revenues over expenditures	(1,344,788)	(1,344,788)	(1,339,798)	4,288
OTHER FINANCING SOURCES (USES)				
Transfers in	1,344,788	1,344,788	1,339,799	(4,989)
Total other financing sources (uses)	1,344,788	1,344,788	1,339,799	(4,989)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ (701)</u>
Fund balance, beginning of year			<u>375,201</u>	
Fund balance, end of year			<u>\$ 375,202</u>	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Municipal Building Authority Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Lease revenue	\$ 412,571	\$ 412,571	\$ 410,352	\$ (2,219)
Investment earnings	-	-	2,019	2,019
Total revenues	<u>412,571</u>	<u>412,571</u>	<u>412,371</u>	<u>(200)</u>
EXPENDITURES				
Debt service:				
Principal	345,000	345,000	345,000	-
Interest and fiscal expenses	67,571	67,571	67,371	200
Total expenditures	<u>412,571</u>	<u>412,571</u>	<u>412,371</u>	<u>200</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>7,137</u>	
Fund balance, end of year			<u>\$ 7,137</u>	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Permanent Funds
For the Year Ended June 30, 2025

CEMETERY CARE FUND

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 136,000	\$ 136,000	\$ 120,750	\$ (15,250)
Investment earnings	35,654	35,654	490	(35,164)
Miscellaneous	36,501	36,501	37,002	501
Total revenues	<u>208,155</u>	<u>208,155</u>	<u>158,242</u>	<u>(49,913)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 208,155</u>	<u>\$ 208,155</u>	<u>158,242</u>	<u>\$ (49,913)</u>
Fund balance, beginning of year			<u>2,120,534</u>	
Fund balance, end of year			<u>\$ 2,278,776</u>	

SPECIAL TRUST FUND

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 110,000	\$ 110,000	\$ 104,982	\$ (5,018)
Community donations	-	-	-	-
Total revenues	<u>110,000</u>	<u>110,000</u>	<u>104,982</u>	<u>(5,018)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>110,000</u>	<u>110,000</u>	<u>104,982</u>	<u>(5,018)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(30,000)</u>	<u>(50,000)</u>	<u>(20,000)</u>	<u>30,000</u>
Net change in fund balances	<u>\$ 80,000</u>	<u>\$ 60,000</u>	<u>84,982</u>	<u>\$ 24,982</u>
Fund balance, beginning of year			<u>2,126,320</u>	
Fund balance, end of year			<u>\$ 2,211,302</u>	

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COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springville City Corporation, Utah (the City), as of and for the year ended June 30, 2025, 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 5, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

December 5, 2025
Bountiful, Utah

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

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

Report On Compliance

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

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

Budgetary Compliance	Utah Retirement Systems
Fund Balance	Restricted Taxes and Related Revenues
Justice Courts	Governmental Fees
Fraud Risk Assessment	Open and Public Meetings Act
Impact Fees	Cash Management
Insurance for Public Treasurers	

Opinion on Compliance

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *State Compliance Audit Guide* (*Guide*). 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 for Compliance

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

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

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

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

Purpose of This Report

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

December 5, 2025
Bountiful, Utah