

Town of Springdale

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2025

Town of Springdale
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June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Town Council and Mayor
Springdale Town, Utah

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above 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 Springdale Town, Utah, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Springdale Town, Utah and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Springdale Town, Utah'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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Springdale Town, Utah'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 Springdale Town, Utah'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, budgetary comparison information, schedule of the proportionate share of the net pension liability, and the schedule of contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2025, on our consideration of Springdale Town, Utah'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 Springdale Town, Utah's 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 Springdale Town, Utah's internal control over financial reporting and compliance.

Rees CPA

Rees CPA
Cedar City, Utah
December 29, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Town of Springdale
Management's Discussion and Analysis
June 30, 2025

As management of Town of Springdale (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of financial activities of the Town for the fiscal year ended June 30, 2024.

FINANCIAL HIGHLIGHTS

*Total net position for the Town as a whole increased by \$498,007

*Total unrestricted net position for the Town as a whole decreased by \$2,405,754

*Total net position for governmental activities increased by \$1,595,984

*Total net position for business-type activities decreased by \$1,097,977

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the Town of Springdale. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

The statement of net position presents information on all of the Town's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town'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 revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town 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 statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the Town available to cover any remaining costs of the functions or programs.

Town of Springdale
Management's Discussion and Analysis
June 30, 2025

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town 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. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains two major governmental funds, the general fund and streets capital projects fund.

The Town adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses four enterprise funds to account for the operations of the water, sewer, irrigation and Building Authority activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the Town.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town.

Town of Springdale
Management's Discussion and Analysis
June 30, 2025

FINANCIAL ANALYSIS

Town of Springdale's Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 2,928,555	1,943,743	4,710,800	7,665,745	7,639,355	9,609,488
Net capital assets	13,383,183	12,711,768	17,318,430	14,169,075	30,701,613	26,880,843
Deferred outflows of resources	726,219	780,413	242,073	260,138	968,292	1,040,551
Total assets and deferred outflows	\$ 17,037,957	15,435,924	22,271,303	22,094,957	39,309,260	37,530,881
Long-term debt outstanding	\$ -	-	12,415,213	11,301,213	12,415,213	11,301,213
Other liabilities	1,377,360	1,377,498	1,028,107	752,519	2,405,468	2,130,017
Deferred inflows of resources	90,663	84,477	2,543	807	93,206	85,284
Total liabilities and deferred inflows	1,468,023	1,461,975	13,445,863	12,054,540	14,913,887	13,516,514
Net position:						
Net investment in capital assets	13,383,183	12,711,768	8,648,637	6,613,282	22,031,820	19,325,050
Restricted	392,470	195,479	723,852	723,852	1,116,323	919,331
Unrestricted	1,794,280	1,066,702	(134,049)	2,999,283	1,660,231	4,065,985
Total net position	\$ 15,569,933	13,973,949	9,238,440	10,336,417	24,808,373	24,310,366

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$24,808,373, an increase of \$498,007 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year are \$1,660,231 which represents a decrease of \$2,405,754 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Town of Springdale
Management's Discussion and Analysis
June 30, 2025

Town of Springdale's Change in Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	\$ 1,254,086	1,013,123	2,026,514	1,961,347	3,280,600	2,974,470
Operating grants	308,962	55,859	-	-	308,962	55,859
Capital grants	28,672	249,857	5,957	139,415	34,629	389,272
General revenues:						
Property taxes	88,387	92,404	-	-	88,387	92,404
Sales tax	1,013,585	927,637	-	-	1,013,585	927,637
Other taxes	3,954,274	3,646,234	-	-	3,954,274	3,646,234
Other revenues	1,038,669	261,140	172,199	81,465	1,210,868	342,605
Total revenues	7,686,635	6,246,255	2,204,670	2,182,226	9,891,305	8,428,482
Expenses:						
General government	1,687,249	1,309,193	-	-	1,687,249	1,309,193
Public safety	2,281,682	2,101,268	-	-	2,281,682	2,101,268
Public works	1,119,557	474,722	-	-	1,119,557	474,722
Parks and recreation	488,756	420,899	-	-	488,756	420,899
Community development	1,197,278	1,073,662	-	-	1,197,278	1,073,662
Transportation	575,339	505,453	-	-	575,339	505,453
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	1,321,123	1,662,792	1,321,123	1,662,792
Sewer	-	-	505,134	402,780	505,134	402,780
Irrigation	-	-	116,632	101,152	116,632	101,152
Building Authority	-	-	100,550	49,075	100,550	49,075
Total expenses	7,349,860	5,885,197	2,043,438	2,215,799	9,393,298	8,100,997
Excess (deficiency) before transfers	336,775	361,058	161,232	(33,573)	498,007	327,484
Transfers in (out)	1,259,209	(135,791)	(1,259,209)	135,791	-	-
Change in net position	\$ 1,595,984	225,267	(1,097,977)	102,218	498,007	327,484

For the Town as a whole, total revenues increased by \$1,462,823 compared to the previous year, while total expenses increased by \$1,292,301. The total net change of \$498,007 is, in private sector terms, the net income for the year, which is \$170,523 more than the previous year.

Governmental activities revenues of \$7,686,635 is an increase of \$1,440,380 from the previous year. This is primarily due to a decrease in grant revenues during the year. Governmental activities expenses of \$7,349,860 is an increase of \$1,464,663 from the previous year. While parks and recreation, community development and transportation expenses decreased, all other department expenses increased.

Business-type activities revenue of \$2,204,670 is an increase of \$22,444 from the previous year. Service revenues increased by \$65,167 and other revenues increased by \$90,734. Business-type activities expenses of \$2,043,438 is a decrease of \$172,361 from the previous year. This is due to an overall increase in operation expenses for water.

Town of Springdale
Management's Discussion and Analysis
June 30, 2025

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more significant changes in fund balances and fund net position, and any restrictions on those amounts, is described below:

General Fund

The fund balance of \$611,951 reflects an increase of \$160,252 from the previous year. Total revenues increased by \$742,989. Tax revenues, including property taxes and sales taxes, increased by \$389,971. Intergovernmental revenue increased by \$253,103. Revenues from interest increased by \$73,898. All other revenues increased \$26,017.

Total expenditures decreased by \$1,929,670. General government expenditures decreased by \$1,889,212, public safety expenditures increased by \$26,084, public works expenditures decreased by \$43,633, culture and recreation expenditures decreased by \$61,622, and community development expenditures increased by \$38,713.

Fund balance restricted for Class C roads and public safety amounted to \$115,413 and \$265,446, respectively. The unassigned fund balance amounts to \$231,092.

Streets Capital Projects Fund

The fund balance of \$0 reflects a decrease of \$287,211 from the previous year. There were no revenues. Expenditures increased by \$598,858. Transfers in from the General fund were \$1,500,605.

Transportation Fund

The fund balance of \$1,417,438 reflects an increase of \$1,325,575 from the previous year. Revenues increased by \$205,294. Expenditures increased by \$69,886. Transfers in from the General fund were \$900,000.

Water Fund

The change in net position (loss) was \$10,299, which was a \$322,397 smaller loss than the prior year's change in net position. Net position restricted for debt service is \$454,987. Unrestricted net position amounts to \$832,934.

Sewer Fund

The change in net position (net income) was \$322,866, which was \$38,994 more than the previous year's net change (net income). Unrestricted net position amounts to -\$1,629,022.

Irrigation Fund

The change in net position (net income) was \$11,822, which was \$119,346 less than the previous year's net income of \$131,168. Unrestricted net position amounts to \$371,382.

Building Authority Fund

The change in net position (net loss) was \$1,422,367, the previous year had a net income of \$19,874. Unrestricted net position amounts to \$290,657.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$5,283,045. This amount was amended in the final budget to \$5,394,431. Actual revenues, excluding transfers, amounted to \$5,888,781.

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of \$4,129,144. This amount was amended in the final budget to \$6,246,338. Actual expenditures amounted to \$5,944,603.

Transfers out for the year were originally budgeted in the amount of \$600,791. The final budget for transfers out was for the amount of \$2,270,791. Actual transfers out were made in the amount of \$2,531,396.

Town of Springdale
Management's Discussion and Analysis
June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Town of Springdale's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Capital Assets:						
Land and water rights	\$ 3,245,025	3,245,025	291,344	291,344	3,536,370	3,536,370
Buildings	1,099,889	1,069,414	1,287,256	1,287,256	2,387,145	2,356,670
Improvements	1,968,165	1,755,576	60,842	60,842	2,029,007	1,816,418
Water system	-	-	14,460,625	14,460,625	14,460,625	14,460,625
Sewer system	-	-	2,481,961	2,466,999	2,481,961	2,466,999
Irrigation system	-	-	989,235	989,235	989,235	989,235
Machinery and equipment	1,050,627	1,050,627	910,517	910,517	1,961,145	1,961,145
Vehicles	1,118,956	1,118,956	446,856	446,856	1,565,813	1,565,813
Infrastructure	8,310,733	6,622,795	-	-	8,310,733	6,622,795
Work in progress	691,824	1,452,493	4,596,146	970,580	5,287,970	2,423,073
Total capital assets	17,485,218	16,314,887	25,524,784	21,884,256	43,010,002	38,199,142
Less accumulated depreciation	(4,102,036)	(3,603,119)	(8,206,354)	(7,715,181)	(12,308,390)	(11,318,300)
Net capital assets	\$ 13,383,183	12,711,768	17,318,430	14,169,075	30,701,613	26,880,843

The total amount of capital assets, net of depreciation, of \$30,701,613 is an increase of \$3,820,770 from the previous year.

Governmental activities capital assets, net of depreciation, of \$13,383,183 is an increase of \$671,415 from the previous year.

Business-type activities capital assets, net of depreciation, of \$17,318,430 is an increase of \$3,149,355 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

Town of Springdale
Management's Discussion and Analysis
June 30, 2025

Town of Springdale's Outstanding Debt

	Current Year	Previous Year
Business-type activities:		
2006 MBA Lease Revenue	\$ 587,000	629,000
2012 Water Revenue	33,213	38,213
2009 Sales Tax Revenue	1,008,000	1,075,000
2017 Water Treatment Plant Bond	4,661,000	4,843,000
2024 Sewer Revenue	4,716,000	-
2024 MBA Lease Revenue	1,410,000	-
Total business-type	<u>\$ 12,415,213</u>	<u>6,585,213</u>
Total outstanding debt	<u>\$ 12,415,213</u>	<u>6,585,213</u>

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the Town are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Town of Springdale's finances for all those with an interest in the Town's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Town of Springdale, P.O. Box 187, 84767 or call (435) 772-3434.

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BASIC FINANCIAL STATEMENTS

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Town of Springdale
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,295,394	2,156,215	3,451,610
Accounts receivable, net	1,246,030	191,303	1,437,333
Other assets	(5,339)	-	(5,339)
Total current assets	<u>2,536,085</u>	<u>2,347,519</u>	<u>4,883,603</u>
Non-current assets:			
Restricted cash and cash equivalents	392,470	2,363,281	2,755,752
Capital assets:			
Not being depreciated	3,936,849	5,051,291	8,988,140
Net of accumulated depreciation	9,446,334	12,267,139	21,713,473
Net pension assets	-	-	-
Total non-current assets	<u>13,775,653</u>	<u>19,681,711</u>	<u>33,457,365</u>
Total assets	<u>16,311,738</u>	<u>22,029,230</u>	<u>38,340,968</u>
Deferred outflows of resources - pensions	726,219	242,073	968,292
Total assets and deferred outflows of resources	<u>\$ 17,037,957</u>	<u>22,271,303</u>	<u>39,309,260</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 335,915	108,781	444,696
Accrued interest payable	-	102,743	102,743
Customer security deposits	-	20,075	20,075
Unearned Revenue	-	55,340	55,340
Long-term debt due within one year	-	413,000	413,000
Total current liabilities	<u>335,915</u>	<u>699,939</u>	<u>1,035,854</u>
Non-current liabilities:			
Compensated absences	112,089	18,383	130,472
Long-term debt due after one year	-	12,002,213	12,002,213
Net pension liability	929,356	309,786	1,239,142
Total non-current liabilities	<u>1,041,445</u>	<u>12,330,382</u>	<u>13,371,827</u>
Total liabilities	<u>1,377,360</u>	<u>13,030,320</u>	<u>14,407,681</u>
Deferred inflows of resources - property taxes	83,032	-	83,032
Deferred inflows of resources - pensions	7,631	2,543	10,174
Total liabilities and deferred inflows of resources	<u>1,468,023</u>	<u>13,032,863</u>	<u>14,500,887</u>
NET POSITION:			
Net investment in capital assets	13,383,183	8,648,637	22,031,820
Restricted	392,470	723,852	1,116,323
Unrestricted	1,794,280	(134,049)	1,660,231
Total net position	<u>15,569,933</u>	<u>9,238,440</u>	<u>24,808,373</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 17,037,957</u>	<u>22,271,303</u>	<u>39,309,260</u>

Town of Springdale
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

<u>FUNCTIONS/PROGRAMS:</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue (To Next Page)</u>
Primary government:				
Governmental activities:				
General government	\$ 1,687,249	142,709	-	(1,544,540)
Public safety	2,281,682	129,981	23,491	(2,128,210)
Public works	1,119,557	-	285,471	(834,086)
Culture and recreation	488,756	8,800	-	(451,284)
Community development	1,197,278	-	-	(1,197,278)
Transportation	575,339	972,596	-	397,257
Total governmental activities	7,349,860	1,254,086	308,962	28,672
	7,349,860	1,254,086	308,962	28,672
	7,349,860	1,254,086	308,962	(5,758,140)
Business-type activities:				
Water	1,321,123	1,213,217	-	5,957
Sewer	505,134	692,118	-	186,984
Irrigation	116,632	63,454	-	(53,178)
Building Authority	100,550	57,725	-	(42,825)
Total business-type activities	2,043,438	2,026,514	-	5,957
	2,043,438	2,026,514	-	5,957
	2,043,438	2,026,514	-	(10,967)
Total primary government	\$ 9,393,298	3,280,600	308,962	34,629
	\$ 9,393,298	3,280,600	308,962	34,629
	\$ 9,393,298	3,280,600	308,962	(5,769,108)

(continued on next page)

Town of Springdale
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2025

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (5,758,140)	(10,967)	(5,769,108)
General revenues:			
Property taxes	88,387	-	88,387
Sales tax	1,013,585	-	1,013,585
Other taxes	3,954,274	-	3,954,274
Unrestricted investment earnings	174,129	172,199	346,329
Gain (loss) on sale/retirement of capital assets	796,586	-	796,586
Miscellaneous	67,953	-	67,953
Total general revenues	<u>6,094,915</u>	<u>172,199</u>	<u>6,267,114</u>
Transfers in (out)	1,259,209	(1,259,209)	-
Total general revenues and transfers	<u>7,354,124</u>	<u>(1,087,010)</u>	<u>6,267,114</u>
Change in net position	1,595,984	(1,097,977)	498,007
Net position - beginning	<u>13,973,949</u>	<u>10,336,417</u>	<u>24,310,366</u>
Net position - ending	<u>\$ 15,569,933</u>	<u>9,238,440</u>	<u>24,808,373</u>

Town of Springdale
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Streets Capital Projects	Transportation Fund	Nonmajor Parks Capital Projects	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	59,500	767,287	468,607	1,295,394
Receivables:					
Customer accounts, net of allowances	26,377	-	-	-	26,377
Due from other governments	1,102,053	-	-	-	1,102,053
Property tax - current levy	117,600	-	-	-	117,600
Due from other funds	-	-	677,605	-	677,605
Other assets	(5,339)	-	-	-	(5,339)
Restricted cash and cash equivalents	380,859	-	-	11,612	392,470
TOTAL ASSETS	<u>\$ 1,621,549</u>	<u>59,500</u>	<u>1,444,892</u>	<u>480,219</u>	<u>3,606,160</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Liabilities:					
Accounts payable	\$ 14,591	59,500	4,446	-	78,537
Accrued liabilities	234,370	-	23,008	-	257,378
Due to other funds	677,605	-	-	-	677,605
Total liabilities	<u>926,566</u>	<u>59,500</u>	<u>27,454</u>	-	1,013,520
Deferred inflows of resources:					
Property taxes	83,032	-	-	-	83,032
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,009,598</u>	<u>59,500</u>	<u>27,454</u>	-	<u>1,096,552</u>
FUND BALANCES:					
Restricted for:					
Class C roads	115,413	-	-	-	115,413
Public safety	265,446	-	-	-	265,446
Impact fees	-	-	-	11,612	11,612
Assigned for:					
Capital projects	-	-	-	468,607	468,607
Transportation	-	-	1,417,438	-	1,417,438
Unassigned	<u>231,092</u>	-	-	-	231,092
TOTAL FUND BALANCES	<u>611,951</u>	<u>-</u>	<u>1,417,438</u>	<u>480,219</u>	<u>2,509,608</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,621,549</u>	<u>59,500</u>	<u>1,444,892</u>	<u>480,219</u>	<u>3,606,160</u>

Town of Springdale
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2025

	General Fund	Streets Capital Projects	Transportation Fund	Nonmajor Parks Capital Projects	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 88,387	-	-	-	88,387
Sales	1,013,585	-	-	-	1,013,585
Other taxes	3,954,274	-	-	-	3,954,274
License and permits	133,434	-	-	-	133,434
Intergovernmental revenues	333,962	-	-	-	333,962
Charges for services	78,329	-	859,623	-	937,951
Fines and forfeitures	44,727	-	112,973	-	157,700
Impact fees	-	-	-	28,672	28,672
Interest	174,129	-	-	-	174,129
Miscellaneous revenue	67,953	-	-	-	67,953
Total revenues	5,888,781	-	972,596	28,672	6,890,049
EXPENDITURES					
General government	1,443,482	-	-	-	1,443,482
Public safety	2,186,367	-	-	-	2,186,367
Transportation	-	-	541,021	-	541,021
Public works	251,516	1,787,815	-	-	2,039,331
Culture and recreation	414,609	-	-	-	414,609
Community development	1,093,745	-	-	86,347	1,180,092
Total expenditures	5,389,719	1,787,815	541,021	86,347	7,804,902
Excess (Deficiency) of Revenues over (Under) Expenditures	499,062	(1,787,815)	431,575	(57,675)	(914,853)
Other Financing Sources and (Uses)					
Sale of capital assets	796,586	-	-	-	796,586
Transfers in	1,396,000	1,500,605	900,000	-	3,796,605
Transfers out	(2,531,396)	-	(6,000)	-	(2,537,396)
Total other financing sources and (uses)	(338,809)	1,500,605	894,000	-	2,055,795
Net Change in Fund Balances	160,252	(287,211)	1,325,575	(57,675)	1,140,942
Fund balances - beginning of year	451,699	287,211	91,863	537,894	1,368,666
Fund balance - end of year	\$ 611,951	-	1,417,438	480,219	2,509,608

Town of Springdale
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 June 30, 2025

Total Fund Balance for Governmental Funds \$ 2,509,608

Total net assets reported for governmental activities in the statement is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:

Capital assets, at cost	17,485,218
Less accumulated depreciation	(4,102,036)
Net capital assets	<u>13,383,183</u>

Net pension assets are not financial resources and, therefore, are not reported in the funds.

Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.

726,219

Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.

Compensated absences	(112,089)
Net pension liability	<u>(929,356)</u>
Deferred inflows of resources - pensions	<u>(7,631)</u>

Total Net Position of Governmental Activities \$ 15,569,933

Town of Springdale
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES**
 For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 1,140,942

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	1,170,332
Depreciation expense	(498,917)
Net	<u>671,415</u>

The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.

(218,291)

Cost of retired assets sold is not reported in government fund statements, while it is reported in the statement of activities.

Book cost of assets retired	-
-----------------------------	---

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds

Change in compensated absence liability	1,919
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Change in Net Position of Governmental Activities **\$ 1,595,984**

Town of Springdale
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2025

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Assets:					
Current assets:					
Cash and cash equivalents	\$ 819,162	656,761	376,841	303,451	2,156,215
Accounts receivable, net	103,096	84,556	3,651	-	191,303
Total current assets	<u>922,258</u>	<u>741,317</u>	<u>380,492</u>	<u>303,451</u>	<u>2,347,519</u>
Non-current assets:					
Restricted cash and cash equivalents	564,335	1,741,172	-	57,775	2,363,281
Capital assets:					
Not being depreciated	263,800	4,728,591	58,900	-	5,051,291
Net of accumulated depreciation	10,544,675	543,211	473,828	705,425	12,267,139
Net pension assets	-	-	-	-	-
Total non-current assets	<u>11,372,810</u>	<u>7,012,973</u>	<u>532,728</u>	<u>763,200</u>	<u>19,681,711</u>
Total assets	<u>12,295,068</u>	<u>7,754,290</u>	<u>913,221</u>	<u>1,066,651</u>	<u>22,029,230</u>
Deferred outflows of resources - pensions	154,927	67,780	19,366	-	242,073
Total assets and deferred outflows of resources	<u>12,449,995</u>	<u>7,822,070</u>	<u>932,587</u>	<u>1,066,651</u>	<u>22,271,303</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:					
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 49,670	57,617	1,494	-	108,781
Accrued interest payable	19,159	70,740	-	12,844	102,743
Compensated absences	9,565	6,922	1,896	-	18,383
Customer security deposits	19,975	-	100	-	20,075
Unearned revenue	55,340	-	-	-	55,340
Long-term debt, current position	255,000	-	-	158,000	413,000
Total current liabilities	<u>408,708</u>	<u>135,279</u>	<u>3,490</u>	<u>170,844</u>	<u>718,321</u>
Non-current liabilities:					
Long-term debt, long-term portion	5,447,213	4,716,000	-	1,839,000	12,002,213
Net pension liability	198,263	86,740	24,783	-	309,786
Total non-current liabilities	<u>5,645,476</u>	<u>4,802,740</u>	<u>24,783</u>	<u>1,839,000</u>	<u>12,311,999</u>
Total liabilities	<u>6,054,184</u>	<u>4,938,019</u>	<u>28,273</u>	<u>2,009,844</u>	<u>13,030,320</u>
Deferred inflows of resources - pensions	1,628	712	203	-	2,543
Total liabilities and deferred inflows of resources	<u>6,055,812</u>	<u>4,938,731</u>	<u>28,476</u>	<u>2,009,844</u>	<u>13,032,863</u>
NET POSITION:					
Net investment in capital assets	5,106,262	4,301,221	532,728	(1,291,575)	8,648,637
Restricted for bond requirements	454,987	211,140	-	57,725	723,852
Unrestricted	832,934	(1,629,022)	371,382	290,657	(134,049)
Total net position	<u>6,394,183</u>	<u>2,883,339</u>	<u>904,110</u>	<u>(943,193)</u>	<u>9,238,440</u>
Total liabilities, deferred inflows of resources and net position	<u>12,449,995</u>	<u>7,822,070</u>	<u>932,587</u>	<u>1,066,651</u>	<u>22,271,303</u>

Town of Springdale
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS**
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
Operating income:					
Charges for sales and service	\$ 1,149,313	646,067	63,404	-	1,858,783
Connection fees	52,060	-	-	-	52,060
Other operating income	11,845	46,051	50	57,725	115,670
Total operating income	1,213,217	692,118	63,454	57,725	2,026,514
Operating expenses:					
Personnel services	532,561	200,513	44,378	-	777,452
Operating and maintenance	289,193	112,486	29,218	-	430,897
Utilities	55,960	24,776	11,767	-	92,502
Insurance expense	27,144	8,380	-	-	35,524
Other supplies and expenses	24,346	22,107	-	18,679	65,132
Bad debt expense	(3,443)	-	-	-	(3,443)
Depreciation expense	361,191	66,131	31,269	32,581	491,173
Total operating expense	1,286,952	434,394	116,632	51,260	1,889,238
Net operating income (loss)	(73,735)	257,724	(53,178)	6,465	137,276
Non-operating income (expense):					
Interest income	27,139	134,602	-	10,457	172,199
Interest on long-term debt	(34,171)	(70,740)	-	(49,289)	(154,200)
Total non-operating income (expense)	(7,031)	63,862	-	(38,832)	17,999
Income (loss) before transfers and capital	(80,767)	321,586	(53,178)	(32,367)	155,275
Capital contributions	5,957	-	-	-	5,957
Transfers in	64,511	1,280	65,000	-	130,791
Transfers out	-	-	-	(1,390,000)	(1,390,000)
Change in net position	(10,299)	322,866	11,822	(1,422,367)	(1,097,977)
Net position - beginning	6,404,482	2,560,473	892,288	479,175	10,336,417
Net position - ending	\$ 6,394,183	2,883,339	904,110	(943,193)	9,238,440

Town of Springdale
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
Cash flows from operating activities:					
Cash received from customers - service	\$ 1,236,009	670,951	63,460	57,725	2,028,145
Change in customer deposits	(1,925)	-	-	-	(1,925)
Cash paid to suppliers	(388,195)	(72,817)	(43,087)	(18,679)	(522,777)
Cash paid to employees	(488,890)	(179,253)	(38,393)	-	(706,536)
Net cash provided (used) in operating activities	357,000	418,881	(18,020)	39,046	796,907
Cash flows from noncapital financing activities:					
Transfers in (out)	64,511	1,280	65,000	(1,390,000)	(1,259,209)
Net cash provided (used) in noncapital financing activities	64,511	1,280	65,000	(1,390,000)	(1,259,209)
Cash flows from capital and related financing activities:					
Cash from capital grants	5,957	-	-	-	5,957
Cash from debt proceeds	-	-	-	1,410,000	1,410,000
Cash payments for capital assets	-	(3,640,528)	-	-	(3,640,528)
Cash payments for long-term debt principal	(254,000)	-	-	(42,000)	(296,000)
Cash payments for long-term debt interest	(34,965)	(70,740)	-	(40,377)	(146,082)
Net cash provided (used) in capital and related financing activities	(283,008)	(3,711,268)	-	1,327,623	(2,666,653)
Cash flows from investing activities:					
Cash received from interest earned	27,139	134,602	-	10,457	172,199
Net cash provided (used) in investing activities	27,139	134,602	-	10,457	172,199
Net increase (decrease) in cash	165,642	(3,156,505)	46,980	(12,873)	(2,956,756)
Cash balance, beginning	1,217,855	5,554,438	329,861	374,099	7,476,253
Cash balance, ending	\$ 1,383,497	2,397,933	376,841	361,226	4,519,497
Cash reported on the statement of net position:					
Cash and cash equivalents	\$ 819,162	656,761	376,841	303,451	2,156,215
Non-current restricted cash	564,335	1,741,172	-	57,775	2,363,281
Total cash and cash equivalents	\$ 1,383,497	2,397,933	376,841	361,226	4,519,497

Town of Springdale
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2025

**Reconciliation of Operating Income to Net Cash
Provided (Used) in Operating Activities:**

	Water Fund	Sewer Fund	Irrigation Fund	Building Authority	Total Enterprise Funds
Net operating income (expense)	\$ (73,735)	257,724	(53,178)	6,465	137,276
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:					
Depreciation and amortization	361,191	66,131	31,269	32,581	491,173
Changes in assets and liabilities:					
(Increase) decrease in receivables	19,349	(21,167)	6	-	(1,811)
(Increase) decrease in net pension assets	-	-	-	-	-
(Increase) decrease in deferred outflows	11,561	5,059	1,445	-	18,065
Increase (decrease) in payables	8,449	94,933	(2,103)	-	101,279
Increase (decrease) in customer deposits	(1,925)	-	-	-	(1,925)
Increase (decrease) in accrued payroll	2,811	1,592	316	-	4,718
Increase (decrease) in compensated absences	(5,709)	(706)	(151)	-	(6,566)
Increase (decrease) in net pension liability	33,897	14,830	4,237	-	52,964
Increase (decrease) in deferred inflows	1,111	486	138	-	1,736
Net cash provided (used) in operating activities	\$ 357,000	418,881	(18,020)	39,046	796,907

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Town of Springdale (the Town), a municipal corporation located in Washington County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable because of the significance of their operational or financial relationships with the Town.

The Town has no component units and is not a component unit of another entity.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes 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 net position reports the financial position of the governmental and business-type activities of the Town and its discretely presented component units at year-end.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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 taxes, intergovernmental revenues, and interest 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. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Policy regarding use of restricted resources

When faced with a choice, it is the Town's policy to use restricted resources first, then committed and assigned amounts before spending unassigned amounts. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1-D. Fund types and major funds

Governmental funds

The Town reports the following major governmental funds:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *streets capital projects fund* is used to account for the acquisition or construction of major capital facilities relating to Town streets.

The Town reports the following non-major governmental funds:

The *parks capital projects fund* is used to account for the acquisition or construction of major capital facilities relating to Town parks.

The *transportation fund* was established during the year to account for the activities of metered parking and related parking citations.

Proprietary funds

The Town reports the following major proprietary funds:

The *water fund* is used to account for the activities of the culinary water production, treatment and distribution.

The *sewer fund* is used to account for the activities of the sewer collection and treatment operations.

The Town reports the following non-major proprietary funds:

The *irrigation fund* is used to account for the provision of irrigation water services to the residents of the Town.

The *Municipal Building Authority* is used to account for the issuance of debt and receipt of donations for the community center.

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1-E-1. Deposit and Investments

Cash includes cash on hand, demand deposits with bank and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The Town's policy allows for investment in fund in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are bond on quoted market prices.

1-E-2. Cash and Cash Equivalents

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

1-E-3. *Receivables and Payables*

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts, which is based on balances that are over 90 days past due.

During the course of operations, there may be transactions that occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either due to or due from other funds.

Property taxes are assessed and collected for the Town by Washington County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

1-E-4. *Restricted Assets*

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

1-E-5. *Inventories and Prepaid items*

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed.

Inventories for business-type funds, consisting of materials used in the extension and repair of the transmission, distribution, collection and treatment systems, are valued at cost and account for on a first in, first-out basis. Inventories have not been included in the financial statements and are not considered material. Market is considered as replacement costs.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

1-E-6. *Capital Assets*

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

1-E-6. Capital Assets (continued)

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	7-40
Machinery and equipment	3-5
Vehicles	5-7
Office furniture and equipment	3-7
Utility systems	40-50
Infrastructure	7-40

1-E-7. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

1-E-8. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and comp time benefits. The liability for these compensated absences is recorded as long-term liabilities in the governmentwide statements. The current portion is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as incurred. Accumulated holiday and sick leave hours are not paid out upon termination and are not accrued in the financial statements.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

1-E-9. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources relating to pensions as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Town has two types of items that qualify for reporting in this category. The governmental funds report deferred revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period for which they are levied. The Town also reports deferred inflows related to pensions as required by GASB 68.

1-E-10. *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.

1-E-11. *Net position flow assumption*

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted – net position is applied.

1-E-12. *Fund balance flow assumptions*

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

1-E-13. *Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the Town's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town 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.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The council has authorized the Town Manager 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.

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

1-F. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the Town from creating a deficit fund balance by making expenditures in excess of amounts budgeted. Any deficit so created must be made up in the following fiscal year. Deficits arising from emergencies, however, may be retired over five years. The maximum amount held in the general fund may not exceed 100% of the total actual revenue of the fund for the current year.

Once adopted, budget amendments which increase total expenditures must be approved by the Town Council following a public hearing. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

2-B. Deficit fund balance or net position

None of the Town's funds carries a deficit fund balance or net position.

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2025, consist of the following:

	<u>Fair Value</u>
Deposits:	
Cash on hand	\$ 199
Cash in bank	199,091
Investments:	
State Treasurer's Investment Pool	4,446,266
Wells Fargo Investment	1,561,806
Total cash	<u>\$ 6,207,362</u>

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Cash and cash equivalents (current)	\$ 3,451,610
Restricted cash and cash equivalents (non-current)	2,755,752
Total cash and cash equivalents	<u>\$ 6,207,362</u>

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 72.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-A. Deposits and investments (continued)

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The Town maintains monies not immediately needed for expenditure in PTIF accounts.

Fair value of investments

The Town 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--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2025, the Town had \$4,446,266 invested in the PTIF and \$1,561,806 in Wells Fargo investments, which use a Level 2 fair value measurement.

Deposit and investment risk

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the Town are available immediately.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-A. Deposits and investments (continued)

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2025, none of the Town's bank balance of \$199,091 was exposed to risk for being uninsured and uncollateralized.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

3-B. Receivables

The allowance policy is described in Note 1-E-3. Receivables as of year-end for the Town's funds are shown below:

	General Fund	Water Fund	Sewer Fund	Irrigation Fund	Total
Due from other governments	\$ 1,102,053	-	-	-	1,102,053
Property taxes	117,600	-	-	-	117,600
Customers	26,377	103,618	84,983	3,670	218,648
Total receivables	1,246,030	103,618	84,983	3,670	1,438,300
Less allowance for uncollectibles	-	(521)	(427)	(18)	(967)
Net receivables	\$ 1,246,030	103,096	84,556	3,651	1,437,333

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital assets

Capital asset activity for governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land and rights	\$ 3,245,025	-	-	3,245,025
Construction in progress	1,452,493	1,170,332	1,931,001	691,824
Total capital assets, not being depreciated	4,697,518	1,170,332	1,931,001	3,936,849
Capital assets, being depreciated:				
Buildings	1,069,414	30,475	-	1,099,889
Improvements other than buildings	1,755,576	212,589	-	1,968,165
Office furniture and equipment	39,615	-	-	39,615
Computer equipment	8,000	-	-	8,000
Machinery and equipment	1,003,013	-	-	1,003,013
Vehicles	1,118,956	-	-	1,118,956
Infrastructure	6,622,795	1,687,937	-	8,310,733
Total capital assets, being depreciated	11,617,369	1,931,001	-	13,548,370
Less accumulated depreciation for:				
Buildings	379,402	27,024	-	406,426
Improvements other than buildings	834,252	88,560	-	922,813
Office furniture and equipment	39,572	43	-	39,615
Computer equipment	8,000	-	-	8,000
Machinery and equipment	658,633	59,985	-	718,619
Vehicles	552,453	138,942	-	691,394
Infrastructure	1,130,806	184,364	-	1,315,169
Total accumulated depreciation	3,603,119	498,917	-	4,102,036
Total capital assets being depreciated, net	8,014,250	1,432,084	-	9,446,334
Governmental activities capital assets, net	\$ 12,711,768	2,602,415	1,931,001	13,383,183

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

Governmental activities:	
General government	\$ 27,394
Public safety	95,315
Public works	250,557
Parks and recreation	74,146
Community development	17,186
Transportation	34,318
Total	\$ 498,917

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-C. Capital assets (continued)

Capital asset activity for the business-type activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land and rights	\$ 291,344	-	-	291,344
Construction in progress	970,580	3,625,566	-	4,596,146
Total capital assets, not being depreciated	1,261,925	3,625,566	-	4,887,491
Capital assets, being depreciated:				
Buildings	1,287,256	-	-	1,287,256
Improvements	60,842	-	-	60,842
Water distribution system	14,460,625	-	-	14,460,625
Sewer collection and treatment system	2,466,999	14,963	-	2,481,961
Irrigation system	989,235	-	-	989,235
Machinery and equipment	910,517	-	-	910,517
Vehicles	446,856	-	-	446,856
Total capital assets, being depreciated	20,622,331	14,963	-	20,637,293
Less accumulated depreciation for:				
Buildings	549,950	32,181	-	582,131
Improvements	60,141	400	-	60,541
Water distribution system	3,603,293	323,389	-	3,926,682
Sewer collection and treatment system	2,035,142	52,051	-	2,087,193
Irrigation system	512,500	24,371	-	536,871
Machinery and equipment	569,409	32,817	-	602,226
Vehicles	384,745	25,964	-	410,710
Total accumulated depreciation	7,715,181	491,173	-	8,206,354
Total capital assets being depreciated, net	12,907,150	(476,210)	-	12,430,939
Business-type activities capital assets, net	\$ 14,169,075	3,149,355	-	17,318,430

Depreciation expense was charged to functions/programs of the primary government business-type activities as follows:

Business-type activities:	
Water	\$ 361,191
Sewer	66,131
Irrigation	31,269
Building Authority	32,581
Total	\$ 491,173

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt

Long-term debt activity for the business-type activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2006 MBA Lease Revenue							
Matures 3/1/2024	\$ 1,200,000	-	\$ 629,000	-	42,000	587,000	43,000
2012 Water Revenue							
Matures 3/1/2030	100,000	2.50	38,213	-	5,000	33,213	5,000
2009 Sales Tax Revenue							
Matures 5/1/2035	2,000,000	0.01	1,075,000	-	67,000	1,008,000	67,000
2017 Water Treatment Plant Bond							
Matures 10/1/2049	5,742,000	0.50	4,843,000	-	182,000	4,661,000	183,000
2024 Sewer Revenue							
Matures 10/1/2054	4,716,000	2.00	-	4,716,000	-	4,716,000	116,000
2024 MBA Lease Revenue							
Matures 3/15/2035	1,410,000	4.40	-	1,410,000	-	1,410,000	115,000
Total business-type activity							
long-term liabilities	\$ 6,585,213		6,126,000		296,000	12,415,213	529,000

Bond debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2026	\$ 529,000	205,320	734,320
2027	540,000	195,280	735,280
2028	551,000	184,920	735,920
2029	561,000	174,216	735,216
2030	572,000	163,212	735,212
2030 - 2034	3,022,213	637,629	3,659,842
2035 - 2039	2,121,000	387,000	2,508,000
2040 - 2044	1,811,000	274,095	2,085,095
2045 - 2049	1,715,000	164,170	1,879,170
2050 - 2054	993,000	60,360	1,053,360
2055	-	4,140	4,140
Total	\$ 12,415,213	2,450,342	14,865,555

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt (continued)

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensated absences:			
Governmental	\$ 114,008	(1,919)	112,089
Business-type	24,949	(6,566)	18,383
Total	\$ 138,957	(8,485)	130,472
 Net pension liability:			
Governmental	\$ 770,468	158,889	929,356
Business-type	256,823	52,964	309,786
Total	\$ 1,027,290	211,852	1,239,142

3-E. Interfund transfers

The Town had the following interfund transfers for year ended June 30, 2025:

Interfund transfers:

	Transfers In	Transfers Out
General fund	\$ 1,396,000	2,531,396
Streets capital projects fund	1,500,605	-
Transportation fund	900,000	6,000
Water fund	64,511	-
Sewer fund	1,280	-
Irrigation fund	65,000	
Building authority fund	-	1,390,000
Total	\$ 3,927,396	3,927,396

The Town generally makes interfund transfers so cash can be accumulated for large capital projects and loan payments in applicable funds.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The Town is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Rounding convention

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

4-C. Garbage Contract

Garbage disposal services are provided to the residents of the Town by the Washington County Solid Waste Special Service District. The Town bills for these services as part of its water billings and the revenues and corresponding expenditures related to such services are included in the Water Fund. Amounts due to these entities, if any, are included with the accounts payable in the Water Fund Statement of Net Position.

4-D. Contingencies and Commitments

The Town was involved in a project to develop a municipal golf course. In connection with that project, the Town has become involved in the following:

On January 7, 1993, the Town signed a Mutual Release and Settlement Agreement which provides, among other things, for the payment of \$72,500 to Zion Park Resort Limited Partnership. The agreement was a result of efforts to settle a long-standing dispute between the Town and Zion Park Resort over payments made by Zion Park Resort for the development of water and a municipal golf course. The settlement agreement called for payment of \$45,000 in legal fees and \$27,500 for repurchase of water hookups. The \$45,000 payment for legal fees was included with legal fee expenditures during the year ended June 30, 1993, and the \$27,500 of water hookups was used to reduce the unearned revenue collected from Zion Park Resort. Zion Park Resort had advanced the Town \$210,000 in connection with the aforementioned development. \$70,097 of the unearned revenue from Zion Park Resort represents prepayment for water connections.

The Town has the right to repurchase any of the unused connections at the rate of 15% of any of the unused connections per year at \$1,000 each, plus interest, commencing five years after the last permit was issued. As of June 30, 2024, there is a balance of \$55,340 in unearned revenue, all of which was advanced by Zion Park Resort.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-E. Pension Plans

General Information about the Pension Plan:

Plan description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, retirement system;
- Public Safety Retirement System (Public Safety System) is a mixed agent and 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 on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The 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 Utah State Retirement 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 Systems, 560 E. 200 S, Salt Lake Town, Utah 84102 or visiting the website: www.urs.org/general/publications.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-E. Pension Plans (continued)

Benefits provided:

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

System	Final Average Salary	Years of service required	Benefit percentage per year of service	Cola **
		and/or age eligible for benefit		
Noncontributory System	Highest 3 Years	30 years any age	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
Public Safety System	Highest 3 Years	4 years age 65		
		20 years an age	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5 % to 4% depending on employer
		10 years age 60		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 Years	35 years any age	1.5% per year all years	Up to 2.5%
		20 years any age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age	1.5% per year to June 30, 2020; 2.0% per year July 1, 2020 to present	Up to 2.5%
		20 years any age 60*		
		10 years age 62*		
		4 years age 65		

* with actuarial reductions

** All past-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 as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k) Plan
Contributory System			
111 - Local Government Div - Tier 2	0.70	15.19	-
Noncontributory System			
15 - Local Government Div - Tier 1	-	16.97	-
Public Safety System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety	4.73	25.33	-
Noncontributory			
43 - Other Div A with 2.5% COLA	-	34.04	-
Tier 2 DC Only			
211 - Local Government	-	5.19	10.00
222 - Public Safety	-	11.33	14.00

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-E. Pension Plans (continued)

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 149,536	-
Public Safety System	349,897	-
Tier 2 Public Employees System	154,703	7,129
Tier 2 Public Safety and Firefighter	11,963	2,234
Tier 2 DC Public Employees Plan System	2,551	-
Total Contributions	\$ 668,649	9,363

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

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

At June 30, 2025, we reported a net pension asset of \$0 and a net pension liability of \$1,239,142.

(Measurement Date): December 31, 2024					
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2023	Change (Decrease)
Noncontributory System	\$ -	\$ 335,791	0.1059060%	0.0979283%	0.0079623%
Public Safety System	-	793,655	0.5129283%	0.5128627%	0.0000656%
Tier 2 Public Employees System	-	103,456	0.0346890%	0.0342489%	0.0004401%
Tier 2 Public Safety & Firefighter	-	6,240	0.0137965%	0.0000000%	0.0137965%
Total	\$ -	\$ 1,239,142			

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

For the year ended June 30, 2025, we recognize pension expense of \$958,852.

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-E. Pension Plans (continued)

At June 30, 2025, we 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
Difference between expected and actual experience	\$ 332,452	\$ 1,041
Changes in assumptions	65,829	109
Net difference between projected and actual earnings on pension plan investments	245,521	-
Changes in proportion and differences between contributions and proportionate share of contributions	15,646	9,024
Contributions subsequent to the measurement date	308,845	-
Total	\$ 968,292	\$ 10,174

\$308,845 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2024	\$ 267,686
2025	120,770
2026	359,249
2027	(71,689)
2028	6,880
Thereafter	30,803

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	3.50 - 9.50 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, 2024. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

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

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-E. Pension Plans (continued)

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

Assets class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	54.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	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 of the proportionate share of the net pension asset and liability to changes in the discount rate:

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

System	1% Decrease	Discount Rate	1% Increase
	(5.85%)	(6.85%)	(7.85%)
Noncontributory System	\$ 1,420,122	\$ 335,791	\$ (573,611)
Public Safety System	2,438,222	793,655	(548,286)
Tier 2 Public Employees System	308,998	103,456	(56,435)
Tier 2 Public Safety and Firefighter	21,278	6,240	(5,783)
Total	\$ 4,188,620	\$ 1,239,142	\$ (1,184,116)

Town of Springdale
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4-E. Pension Plans (continued)

Pension plan fiduciary net position:

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

Defined Contribution Savings Plan:

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

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
401(k) Plan			
Employer Contributions	\$ 22,472	\$ 21,148	\$ 32,557
Employee Contributions	50,103	65,066	38,208
457(b) Plan			
Employer Contributions	-	-	-
Employee Contributions	6,208	11,913	8,562
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	23,656	21,265	22,169

4-F. Subsequent Events

In preparing these financial statements, the Town has evaluated subsequent events and transactions for potential recognition or disclosure through the date of the audit report, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

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Town of Springdale
Notes to Required Supplementary Information
June 30, 2025

Budgetary Comparison Schedules

The Budgetary Comparison Schedule presented in this section of the report is for the Town's General Fund.

Budgeting and Budgetary Control

The budget for the General Fund is legally required and is prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Town Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2024, total expenditures were under budgeted expenditures.

Changes in Assumptions Related to Pensions

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

Town of Springdale
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND**
 For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES				
Taxes:				
Property	\$ 88,555	88,386	88,387	1
Sales	960,000	960,000	1,013,585	53,585
Other taxes	3,659,000	3,646,785	3,954,274	307,489
License and permits	103,800	117,855	133,434	15,579
Intergovernmental revenues	200,500	342,713	333,962	(8,751)
Charges for services	64,400	74,786	78,329	3,543
Fines and forfeitures	40,000	47,108	44,727	(2,381)
Interest	96,000	48,930	174,129	125,199
Miscellaneous revenue	70,790	67,868	67,953	85
Total revenues	5,283,045	5,394,431	5,888,781	494,350
EXPENDITURES				
General government	1,358,552	1,819,096	1,443,482	375,614
Public safety	1,001,509	1,013,465	989,431	24,034
Public works	145,839	142,078	134,338	7,740
Culture and recreation	246,132	235,773	218,870	16,904
Community development	1,377,112	3,035,926	3,158,482	(122,556)
Total expenditures	4,129,144	6,246,338	5,944,603	301,735
Excess (Deficiency) of Revenues over (Under) Expenditures	1,153,901	(851,907)	(55,822)	796,085
Other Financing Sources and (Uses)				
Sale of capital assets	-	796,586	796,586	0
Transfers in	6,000	1,396,000	1,396,000	-
Transfers out	(600,791)	(2,270,791)	(2,531,396)	(260,605)
Total other financing sources and (uses)	(594,791)	(78,205)	(338,809)	(260,604)
Net Change in Fund Balances	559,110	(930,112)	(394,632)	535,480
Fund balances - beginning of year	451,699	451,699	451,699	-
Fund balance - end of year	\$ 1,010,809	(478,413)	57,067	535,480

Town of Springdale

June 30, 2025

Last 10 Fiscal Years

Town of Springdale
SCHEDULE OF CONTRIBUTIONS
June 30, 2025
Last 10 Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2016	105,544	105,544	-	576,998	18.29%
	2017	97,812	97,812	-	529,574	18.47%
	2018	96,082	96,082	-	520,204	18.47%
	2019	108,495	108,495	-	587,410	18.47%
	2020	113,818	113,818	-	616,230	18.47%
	2021	112,397	112,397	-	608,537	18.47%
	2022	123,961	123,961	-	671,147	18.47%
	2023	140,420	140,420	-	781,413	17.97%
	2024	152,965	152,965	-	851,224	17.97%
	2025	149,536	149,536	-	881,175	16.97%
Public Safety System	2016	68,894	68,894	-	212,217	32.46%
	2017	104,419	104,419	-	306,754	34.04%
	2018	168,861	168,861	-	496,066	34.04%
	2019	186,092	186,092	-	546,686	34.04%
	2020	191,412	191,412	-	562,314	34.04%
	2021	200,565	200,565	-	689,205	34.04%
	2022	221,619	221,619	-	651,054	34.04%
	2023	310,599	310,599	-	912,453	34.04%
	2024	341,624	341,624	-	1,003,596	34.04%
	2025	349,897	349,897	-	1,043,221	33.54%
Tier 2 Public Employees System*	2016	10,777	10,777	-	72,278	14.91%
	2017	19,392	19,392	-	130,057	14.91%
	2018	41,137	41,137	-	272,254	15.11%
	2019	61,736	61,736	-	397,275	15.54%
	2020	61,880	61,880	-	395,147	15.66%
	2021	64,100	64,100	-	405,695	15.80%
	2022	97,619	97,619	-	607,463	16.07%
	2023	122,952	122,952	-	767,969	16.01%
	2024	156,832	156,832	-	979,590	16.01%
	2025	154,703	154,703	-	1,018,450	15.19%
Tier 2 Public Safety and Firefighter System*	2023	-	-	-	-	0.00%
	2024	6,490	6,490	-	23,331	27.82%
	2025	11,963	11,963	-	47,228	25.33%
Tier 2 DC Public Employees System*	2016	2,033	2,033	-	30,388	6.69%
	2017	3,305	3,305	-	49,403	6.69%
	2018	4,014	4,014	-	59,996	6.69%
	2019	5,986	5,986	-	89,473	6.69%
	2020	8,650	8,650	-	129,300	6.69%
	2021	8,820	8,820	-	131,844	6.69%
	2022	9,976	9,976	-	149,127	6.69%
	2023	9,671	9,671	-	156,242	6.19%
	2024	1,514	1,514	-	24,452	6.19%
	2025	2,551	2,551	-	49,150	5.19%

* Contributions in Tier 2 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.

SUPPLEMENTARY INFORMATION



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*

To the Town Council and Mayor
Springdale Town, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springdale Town, Utah, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Springdale Town, Utah's basic financial statements, and have issued our report thereon dated December 29, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Springdale Town, Utah'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 Springdale Town, Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of Springdale Town, Utah's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Springdale Town, Utah's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Rees CPA

Rees CPA
Cedar City, Utah
December 29, 2025



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

To the Town Council and Mayor
Springdale Town, Utah

Report On Compliance

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

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

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Revenues
- Fraud Risk Assessment
- Government Fees
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Impact Fees

Opinion on Compliance

In our opinion, Springdale Town, Utah 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 Springdale Town, Utah 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 Springdale Town, Utah'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 Springdale Town, Utah'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 Springdale Town, Utah's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Springdale Town, Utah'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 Springdale Town, Utah'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 Springdale Town, Utah'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 Springdale Town, Utah's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report On Internal Control over Compliance

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

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

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

Purpose of this Report

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

Rees CPA

Rees CPA

Cedar City, Utah

December 29, 2025