

Spanish Fork City Finances 2026



Reference Slide - How do you analyze the financial position of a city?

It is not a one answer question.

Each fund is a different story. Some may be doing great, others not so much.

Even within a fund you may have some programs that are performing well and those that are struggling.

It is best to look at each fund individually and sometimes to look at individual programs or services within a fund.



Reference Slide - How do you analyze the financial position of a fund?

- What level or quality of service does the fund provide?
- How much does it cost to provide the service?
 - How do our rates compare to others who provide the same service?
- Does the fund have enough cash to continue to provide service?
- How much debt does the fund have and does it have a way to pay it?
- Do operating revenues cover operating expenses?
- Most capital assets that the city owns can't be sold because we use them to provide services so **net position/worth can be deceptive.**
 - **Focus on CASH** instead.



Reference Slide - Fund Accounting Cheat Sheet

- General Fund
 - **Can't keep too much cash or too little cash.**
 - Unrestricted Fund Balance has to stay within 5-35% of Revenue.
 - Funded by Fees, Taxes, Dividends, & Interfund Services.
 - Admin, IT, Com Dev, Legal, Public Safety, Parks & Rec, Library
- Capital Project Funds
 - Where you can **save up cash for larger general fund projects.**
 - Land Acquisition, Station 62, Golf Course Improvements, Construction of Parks
- Special Revenue Funds
 - **Cash is restricted** and can only be spent on certain items.
 - RAP, LBA, & RDA
- Enterprise Funds
 - **Need to be self-sufficient.**
 - Function as a business.
 - Have to hold public hearing to transfer cash out.
 - Goal to keep 180 days of cash on hand.
 - Water, Sewer, Power, Airport, Solid Waste, Streets & Storm Drain, Gun Club, & SFCN
- Internal Service Fund
 - Serves internal customers, ie: the other city funds.
 - **Can't make or lose money** over the long run.
 - Motor Pool
- **EACH FUND HAS ITS OWN CASH BALANCE**
 - Cash can be transferred between funds.

Reference Slide - Structurally Balanced Budget

“Most state and local governments are subject to a requirement to pass a balanced budget. However, a budget that may fit the statutory definition of a "balanced budget" may not, in fact, be financially sustainable. For example, a budget that is balanced by such standards could include the use of non-recurring resources, such as asset sales or reserves, to fund ongoing expenditures, and thus not be in structural balance. A true structurally balanced budget is one that supports financial sustainability for multiple years into the future.”

In order for a budget to be sustainable, recurring or operating revenue needs to cover recurring or operating expenses.

Source: Government Finance Officers Association article on Achieving a Structurally Balanced Budget

Utility Office Personnel Request



A little history about our employees and services...

- In 2016 our utility office had:
 - 5 full-time employees
 - 4 part-time benefited employees
- Total hours worked per week was 294
- Our work was very heavy on customer service (phones and in-person interactions)
- Our office serviced just over 12,000 accounts
- We had started transitioning many of our services online



Current

- In 2025 our utility office had 7 full-time employees and 2 part-time non-benefited employees
- Total hours worked per week was 320
 - Up 8.84% from 294 hours in 2016
- Our work has shifted to more technical and less customer service
- Our office services over 18,700 accounts
 - Up 50% from 12,000 accounts in 2016
- The majority of our services are now offered online, but still require in office processing
- The work in the office is more technical and less customer service



The Proposal

We would like to transition our 2 part-time non-benefited positions into a full-time position

- A full-time employee can take ownership of and be accountable for complete projects and tasks
- The need to have a Spanish speaker in the office at all times is significant
- Redundancy in our systems is lacking - having another full-time employee allows us to fill this need by cross-training
- The ability to improve processes is increased when we have capacity to explore and innovate



The Cost

2 Part-time Employees

- Wages = \$45,988
- Benefits = \$3,637
- Total Cost = \$49,626

1 Full-Time Employee

- Wages = \$45,988
- Benefits = \$31,311
- Total Cost = \$77,300

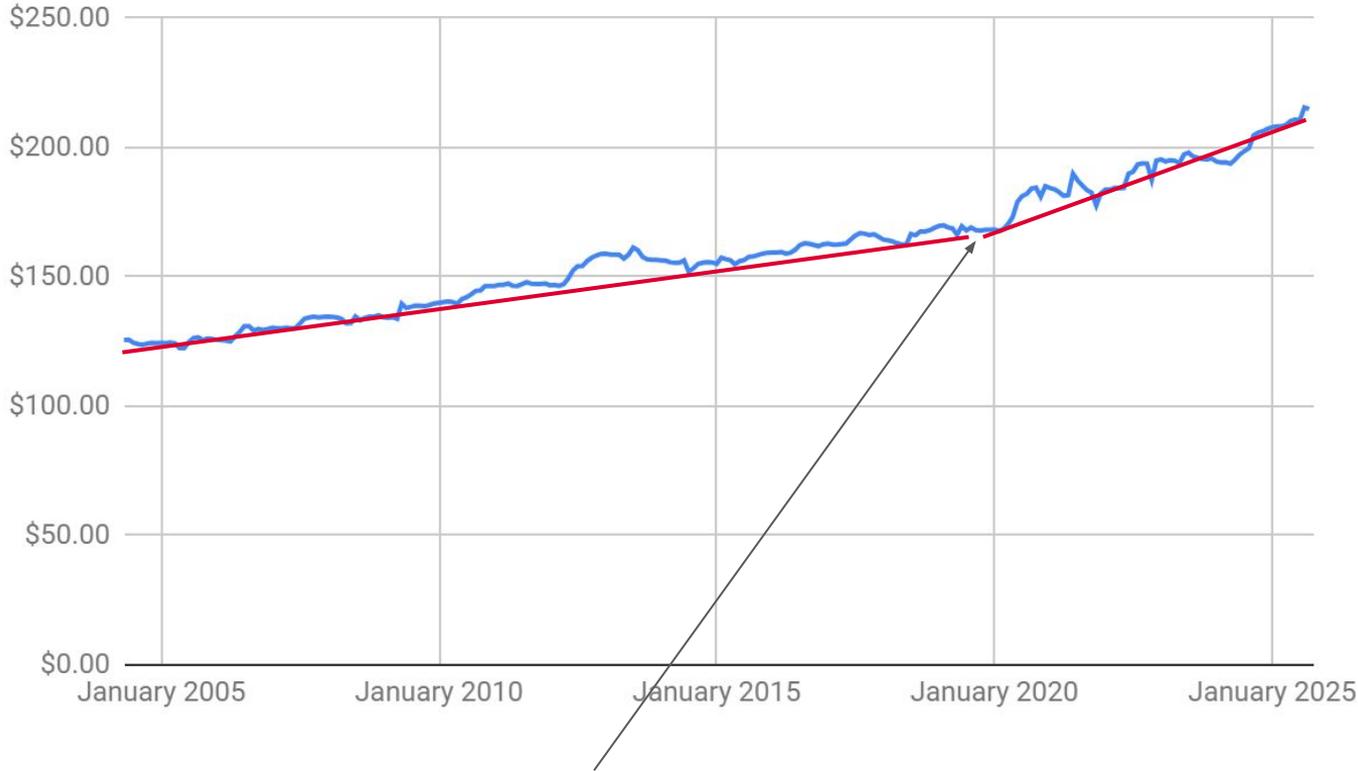
The cost difference between these is \$27,674. This is split between the seven funds, meaning no fund pays more than \$6,000.



Enterprise Funds Analysis



Average Residential Utility Bill w/o Optional SFCN Services



In 2005 the average utility bill was \$125.56.

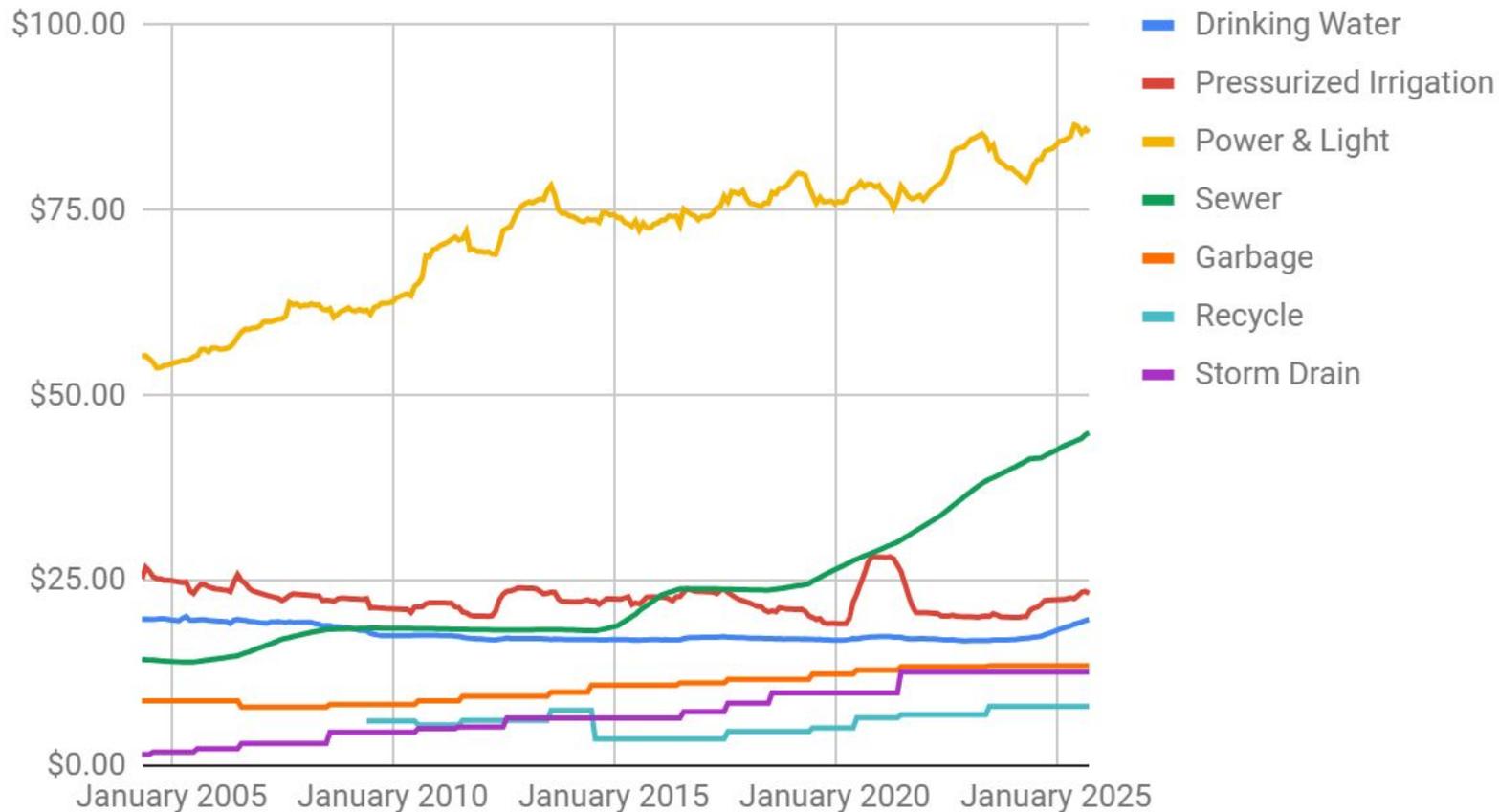
In 2025 it was \$207.91.

This is an average annual growth of 2.55%.

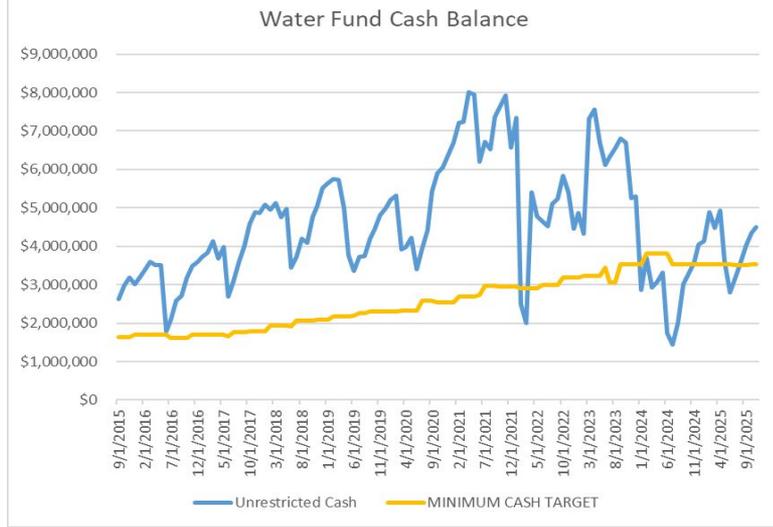
Inflation during this same time period was 2.56%.

Started raising rates for the new sewer plant.

Average Bill by Service Over Time w/out Optional SFCN Services



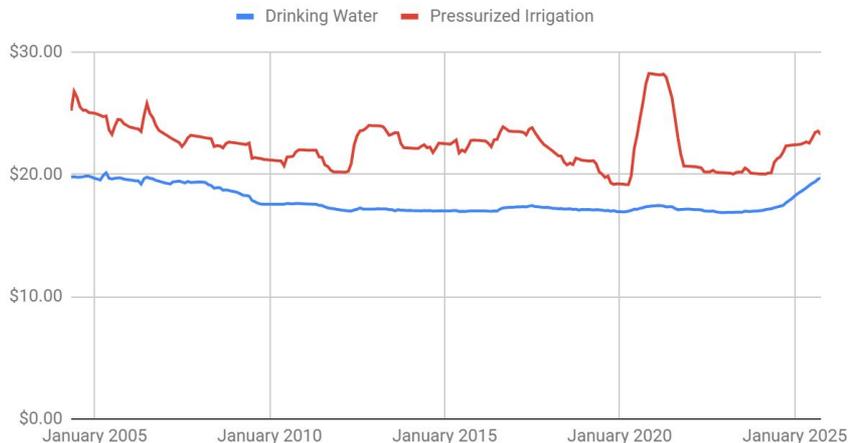
What stories does this chart tell?

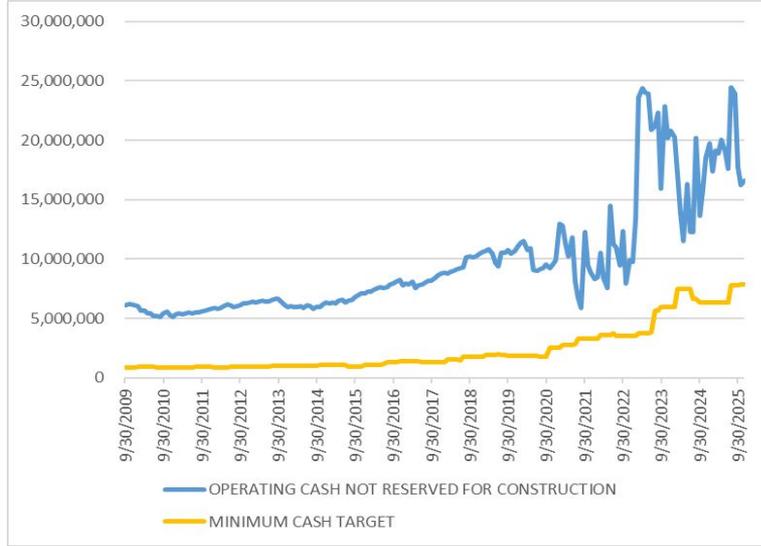


Enterprise Funds - Water Fund

- Beginning cash was \$2.8M.
- Ending cash projected to be \$2.5M or 122 days of cash.
 - This is even with golf paying back its loan early.
- Both drinking water and pressurized irrigation services are in this fund.
- Cash has been volatile, but utility bills have been anything but.
 - Residents don't care about cash balances, but they do care about bill increases.
- Raised rates for the first time in a loooong time last year.
- Historically very little rate increases due to our willingness to issue debt.
- We have large water rights purchases coming up for a few years.

Average Monthly Water & PI Bill Over Time

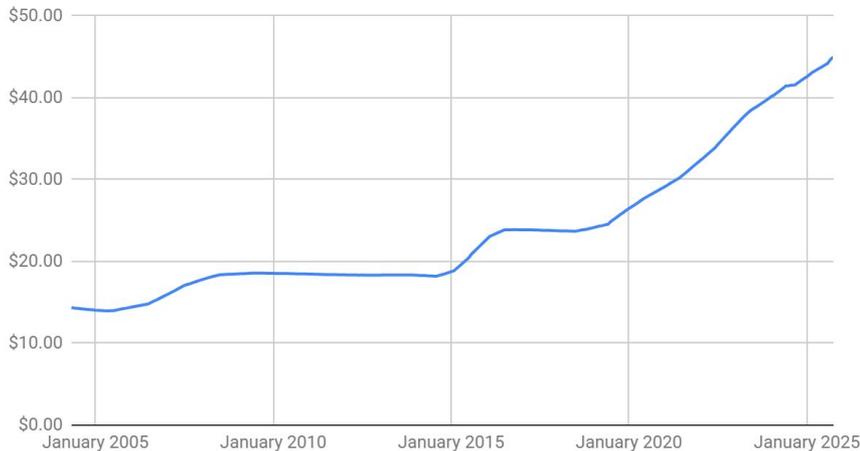




Enterprise Funds - Sewer Fund

- Beginning operating cash was \$16.8M.
- Ending operating cash projected to be \$12.3M or 333 days of cash.
- One fund, but two divisions (collections and plant).
- Mapleton is a part of owner of the plant, including the debt, and grants. They contribute to both operating and capital expenses.
- New plant is up and running.
- Like other sewer utilities in the state our rates have gone up dramatically.
- Budget for the plant is \$2.9 million in personnel and operations and **\$7.2 million in debt payments.**

Average Monthly Sewer Bill Over Time

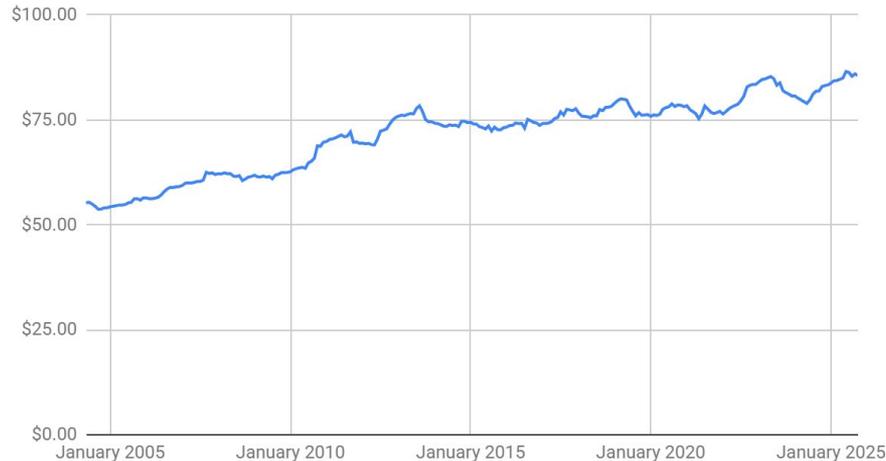


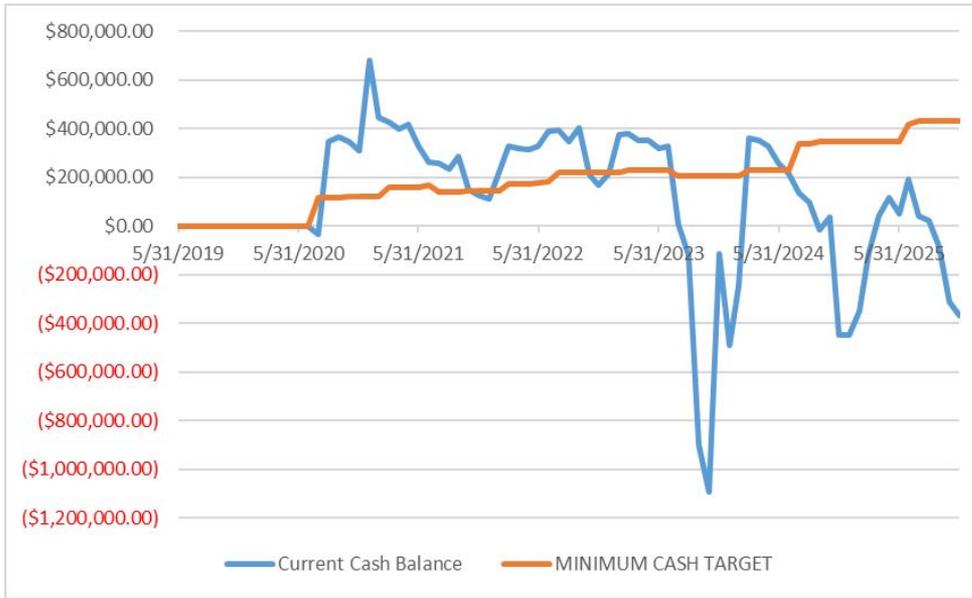
Enterprise Funds - Power Fund

- Beginning cash was \$20.2M.
- Ending cash projected to be \$14.4M or 136 days of cash.
- Has been the city's cash cow:
 - Has helped on the debt payments on the justice center for 18 years with 2 years remaining.
 - Gifted \$9M to the Storm Drain Fund in FY 2020.
 - Has an IOU from the General Fund for \$2.15M spent on the Adventure Heights Park.
- The capacity for giving cash to other funds has decreased.



Average Monthly Power Bill Over Time

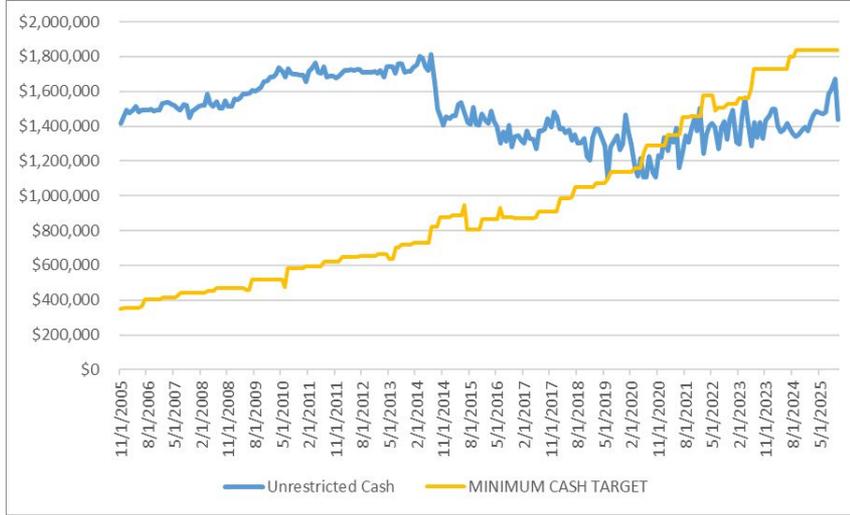




We get most of our revenue from developed and developing ground leases and now landing fees. We have seen great growth in revenue, but also in expenses.

Enterprise Funds - Airport Fund

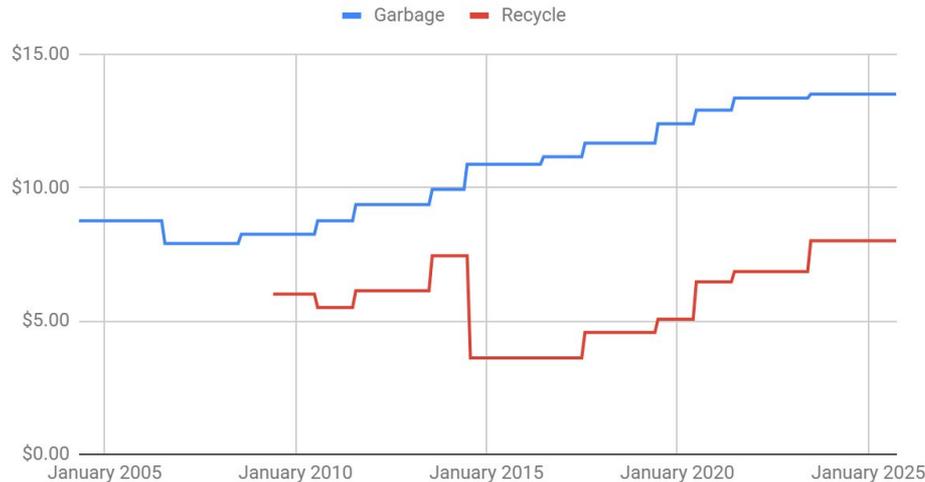
- Beginning cash was \$130k.
- Ending cash projected to be \$100k or 40 days of cash.
 - This is with the \$500k loan.
- Operating expenses are minimal.
- Capital expenses are funded primarily through grants.
- This year is the second year we haven't budgeted a transfer of \$100k in from the general fund.
- FAA requires that all airport revenue be spent on the airport.
- Cash balance can fluctuate wildly due to grant reimbursement and land lease billing timing.
- Instituted a landing fee in August.
- **Things are changing rapidly!**

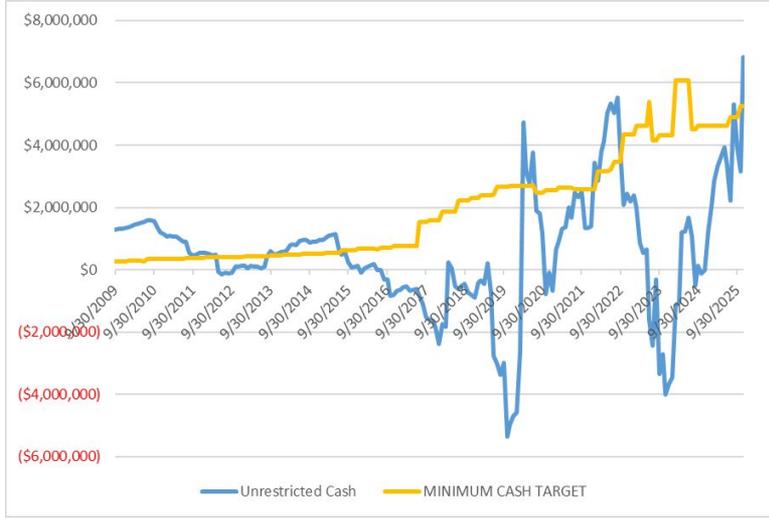


Enterprise Funds - Garbage Fund

- Beginning cash was \$1.47M.
- Ending cash projected to be \$1.55M or 154 days of cash.
- Very predictable expenses (no capital) and revenues.
 - Except for the recycling industry, which is very volatile.
- 71% of residents have a recycle can.
- \$2.6M of the \$3.7M budgeted expenses are outsourced.
 - Republic Services empties our cans.
 - Every few years we research bringing this in house to make sure we are getting a good rate.
 - South Utah Valley Solid Waste District handles the waste and recycling.

Average Monthly Garbage & Recycle Bill Over Time

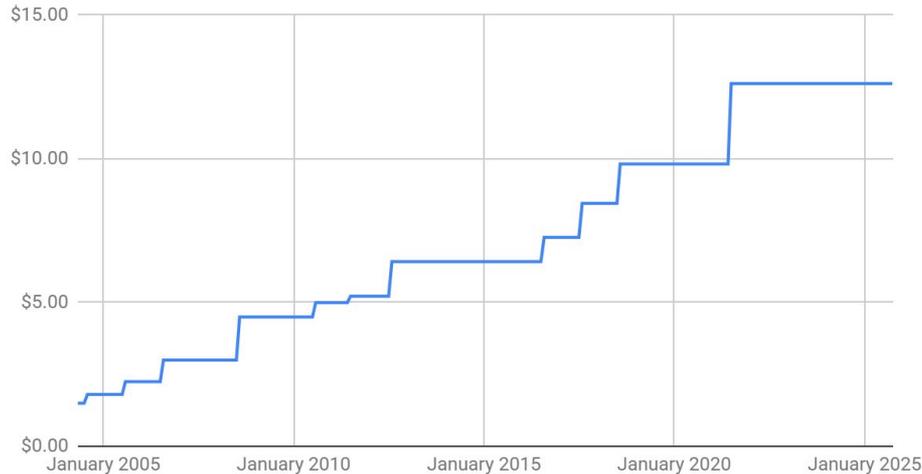




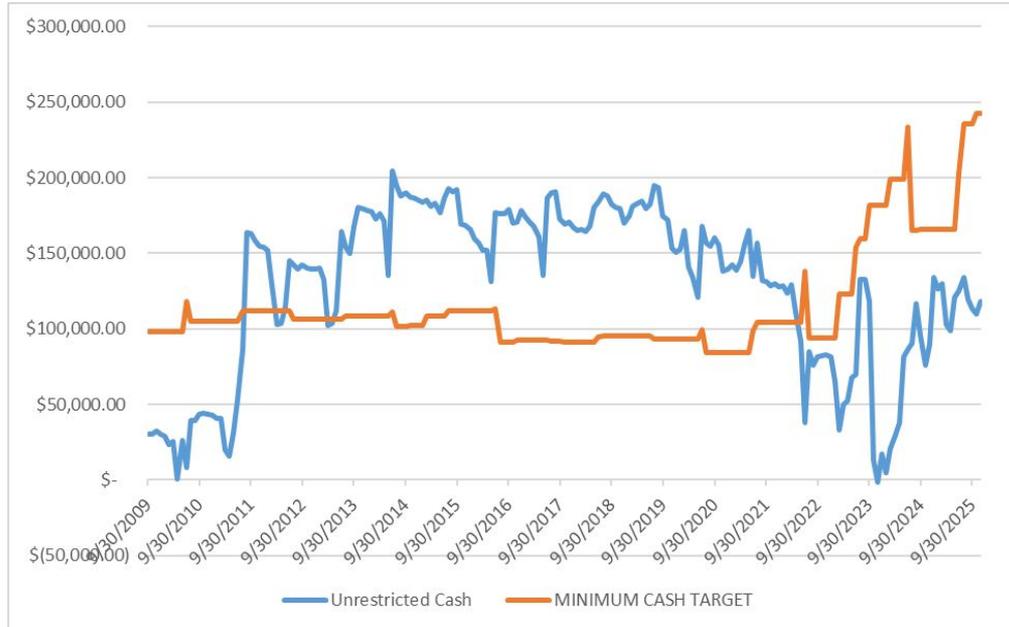
Enterprise Funds Streets & Storm Drain Fund

- Beginning cash was \$1.67M.
- Ending cash projected to be \$1.8M or 88 days of cash.
 - This doesn't include cash reserved for the US 6 Trailbridge.
- **FY20-FY25 we spent \$52.4M on capital. With another \$12.7M budgeted this year.**
 - This was done without issuing debt.
 - Now that we have the 3rd West, 3rd East, and 8th East Corridors complete spending should slow down.
- **Expensive! But traffic is the number 1 resident complaint.**
- We do receive some grants, but we often have to front millions of dollars and get reimbursed.
- Plan to transfer in \$500k from the General Fund each year.

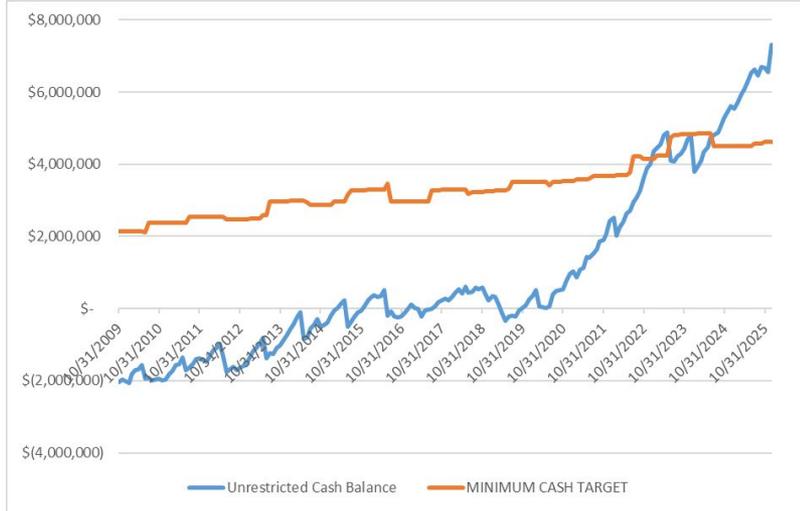
Average Monthly Storm Drain Bill Over Time



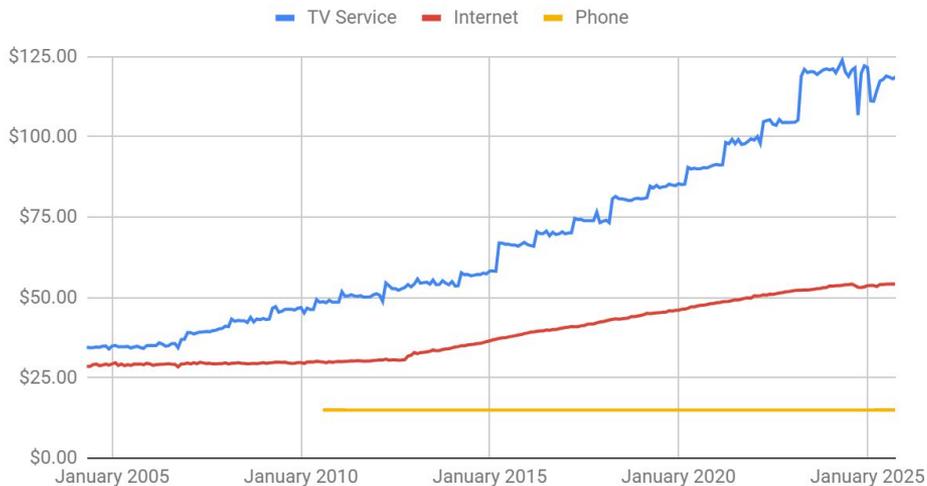
Enterprise Funds - Gun Club Fund



- Beginning cash was \$128k.
- Ending cash projected to be \$130k or 102 days of cash.
- The tiniest fund.
- Sporting clay practices aren't popular, but the events are.
- Revenues are up a lot from a few years ago, but so are expenses.
 - You can see that the minimum cash target has doubled.



Average Monthly SFCN Bills Over Time



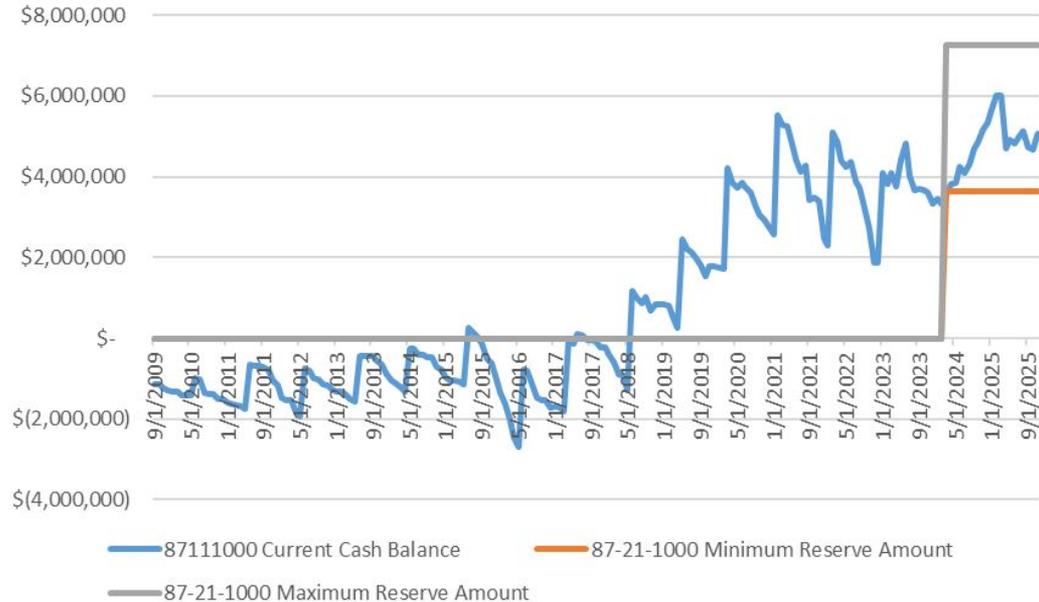
Enterprise Funds - SFCN Fund

- Beginning cash was \$6.5M.
- Ending cash projected to be \$6.9M or 274 days of cash.
- Increased cash while doing the FTTH project, constructing a fiber ring, and paying off a \$2M loan from the power fund.
- Internet revenue will fund the debt payment on new SFCN building.
- We continue to lose TV and phone customers.
 - We have a \$7 discount if you bundle TV & Internet.
 - Another 99 cent discount if you add phone as well.
- We have noticed a new trend the past six months that our number of customers and avg. bill per customer have started flattening.

Internal Service Fund Pool Fund

Motor

Cash Reserves compared to Max and Min



- Beginning cash was \$4.8M.
- Ending cash is projected to be \$4.5M.
- We have decided not to replace vehicles as quickly.
- Our goldilocks range for cash is the five year average of vehicle purchases as a minimum and double that number for the maximum.
- If cash is too high or low we will slightly increase or decrease lease revenue from divisions.
- We started billing leases monthly instead of annually.

Miscellaneous Funds Analysis



Capital Project Funds

Land Acquisition and Capital Building Fund

- Began the year with \$7.4M.
- Projected to end with \$5.8M.
- Receives its funds mostly from transfers from the general fund
 - Top 20% of sales tax.
- This is where most land purchases are paid from.
- Funding some fairgrounds projects.
- \$1 M budgeted this year for a parks shop.

Potential Big Items

- Seismic work on Thurber
- Fire Station Construction



Capital Project Funds

Golf Course Projects Fund

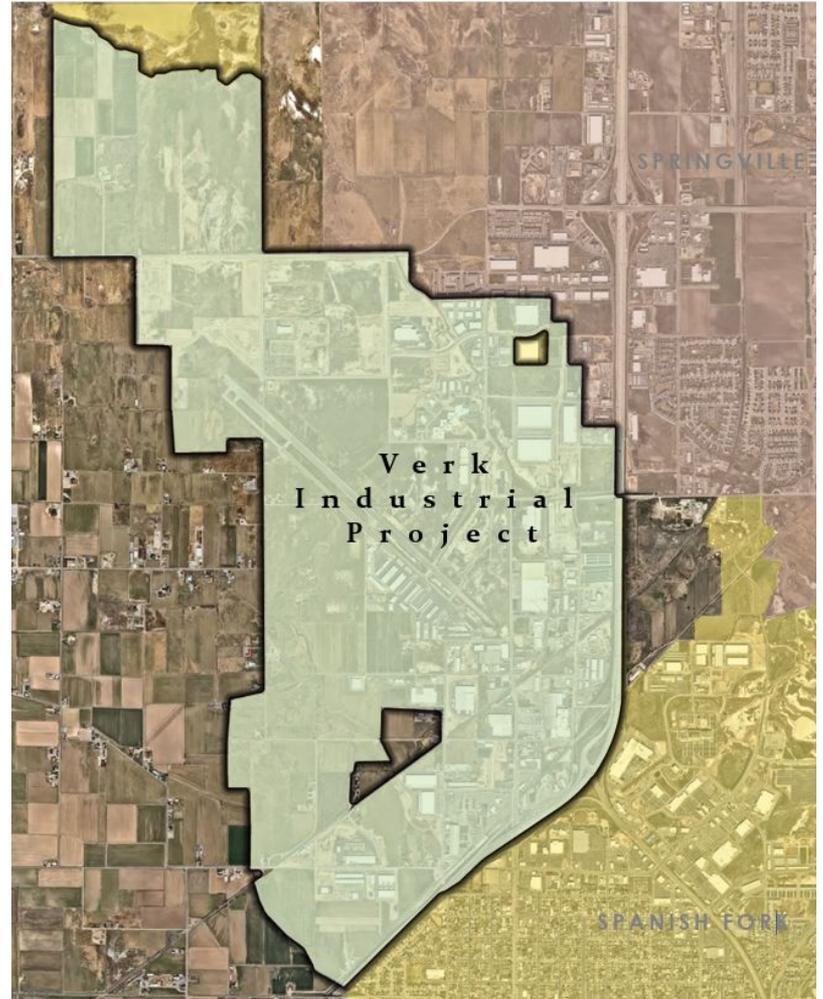
- The course is not only covering operating costs, but generating a nice profit.
- Profit Sharing:
 - Golf Profits:
 - 70% to Golf CP Fund 30% to Gen Fund
 - Golf CP capped at \$200k a year
- Golf owes the general fund for the event center and sprinkler project.
- Began the year with \$35k.
- Projected to end with \$133k.
- \$110k spent last year.
- \$110k budgeted for this year.



Capital Project Funds

Verk Industrial Park Fund

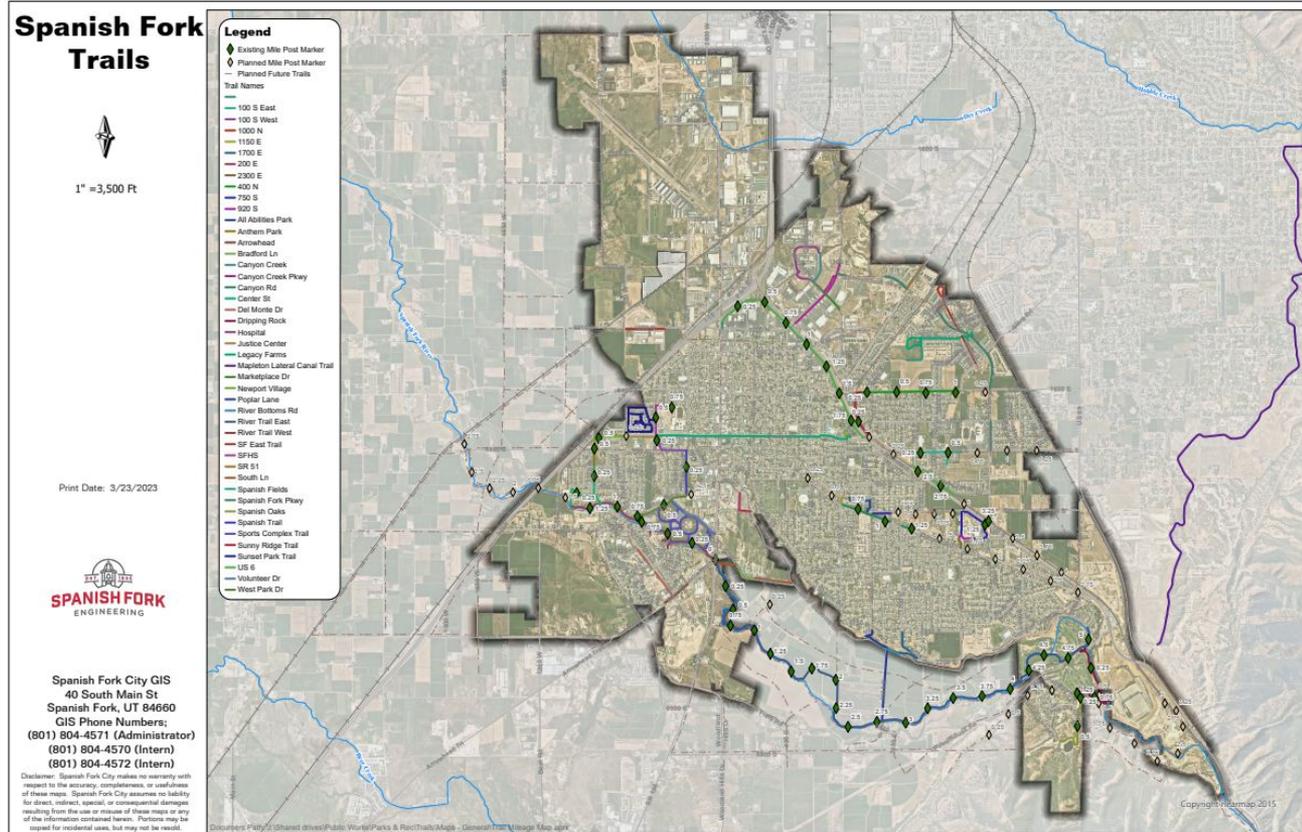
- This is a pass through fund.
 - City is being 100% reimbursed for the infrastructure constructed.
- \$30MM was spent in FY24 & FY25.
- \$23MM budgeted for this year.



Capital Project Funds

River Reclamation & Trails Fund

- There is \$150k sitting in this fund.
- We generally wait for grants before budgeting for additional trails.



Capital Project Funds

Fire Station Construction Fund

- Had zero dollars to begin the year.
- Transferring in 2.25M from the Land Acquisition Fund for construction.



Capital Project Funds

Recreation Center Fund

- The rec center was built out of this fund.
 - We haven't received final invoices yet.
 - Rec center operations run through the general fund.
 - Operations are currently making a profit.



Capital Project Funds

Parks Construction Fund

- Had \$2.6M to start the year.
- Budgeted for \$1.8M in impact fee revenue.
 - \$200k of this revenue stream goes to the debt repayment of the rec center.
- \$343k in this fund goes to repay loan from power fund for the all-abilities park.
 - Final payment is in FY 2030.
- Projected to spend \$2.1M.
 - Sunset Ridge Park, Sports Park fields 9&10 renovation, and land purchases.
- Ending cash balance anticipated to be \$2.7MM.



Special Revenue Funds

RAP Tax Fund (Recreation, Arts, & Parks)

Collecting about \$1.3M in tax revenue each year.

- Started the year with \$1.4M in cash.
- Projected to end with \$1.1M.
- Plan to have \$1M a year go towards rec center debt.
 - Increasing slightly each year.
- Paying for playground replacements out of this fund.
- Also granting funds to other city and 3rd party RAP eligible programs.
- RAP Tax on a \$10 purchase is 1 penny.
 - Some purchases are subject to sales tax, but not the RAP tax.
 - About 82% of purchases subject to sales are also subject to RAP tax.
- When do we want to put this on the ballot for renewal? Expires April 1, 2029.
 - Fall 2028 is the latest.



SPANISH FORK
RAP

Special Revenue Funds

LBA Fund (Local Building Authority)

Library Hall and SFCN Headquarters were built and financed out of this fund.

- Issued \$20.12M in bonds in January 2021 for Library Hall construction.
 - 1.69% Interest Rate
- Issued \$12M in bonds in May 2022 for SFCN.
 - 3.73% Interest Rate
- Now that construction of the buildings are complete, **the fund really functions as a pass through**. It receives lease payments from city divisions for the amount of annual debt payments until the debt is paid off.
- Both bonds are for 20 years.



Redevelopment Agency Fund

North Industrial Project Area

- Began the year with \$193k in cash.
- Spent \$2MM on capital expenses for work near the airport last year.
 - Piping the main street ditch by the airport.
 - May need to spend more in this fiscal year.
- No budgeted expenses in this year.



Redevelopment Agency Fund

Sierra Bonita Project Area

- Agreement with Young Living from 2018 to 2027 for 65% of property tax increment.
 - Young Living didn't meet their job requirement numbers last year so no payment was passed on.
- This fund is simply a pass through, so no cash stays in this fund. As soon as the tax increment comes in it goes out the door.
- Checks started at \$48k a year and is now up to \$261k a year.



Redevelopment Agency Fund

Krona Project Area

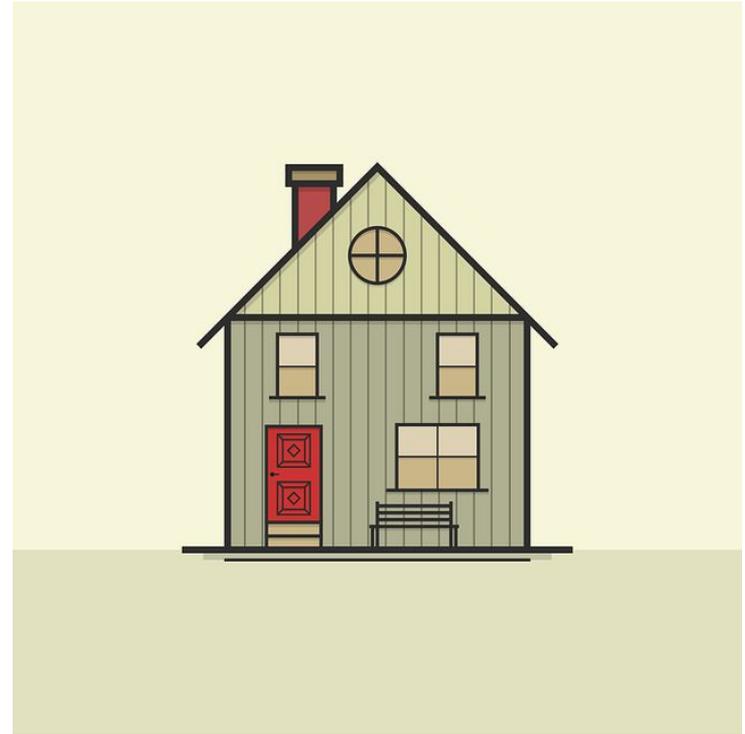
- Target Agreement
 - They get 70% of their sales tax dollars.
 - They get 50% of the property tax increment the building generates.
 - They get 50% of the utility bill reimbursed.
 - Once they hit \$3M in total incentives or 10 years it stops.
 - We cut our first check in March 2025 for calendar year 2024 for around \$245k.



Redevelopment Agency Fund

RDA Housing

- State law requires 10% of developer incentives generated by RDAs to go towards affordable housing.
- Projected to have \$422k at the end of the year.



Redevelopment Agency Fund

RDA Administration Fees

- The city is able to assess a fee for the cost of administering redevelopment.
- Projected to have \$253k at the end of the year.



General Fund Analysis



GENERAL FUND REVENUES	6/30/2023	6/30/2024	6/30/2025	8/31/2025	6/30/2026	6/30/2026	
	FY2023	FY2024	FY2025	FY2026	FY2026	FY2026	FY2026
	Prior 3	Prior 2	Prior 1	Current Yr	Original	Rev 1	Difference
BY CATEGORY	Actuals	Actuals	Actuals	Actuals	Budget	Budget	
SALES TAX	13,487,649	13,941,992	14,394,612	2,646,128	14,976,000	14,976,000	0
INTERFUND SERVICES PROVIDED	5,827,007	5,697,916	6,196,519	1,127,923	6,767,522	6,752,283	(15,239)
PROPERTY TAX	5,344,759	5,741,119	5,885,342	145,865	6,073,250	6,073,250	0
FITCITY REC & COMMUNITY CENTER	54,439	82,585	95,991	19,250	5,349,623	5,349,623	0
FIRE & EMS REVENUE	2,409,038	2,873,842	3,368,171	883,337	3,832,500	3,832,500	0
COMMUNITY DEVELOPMENT REVENUE	3,418,223	3,454,808	3,120,844	410,724	3,294,500	3,294,500	0
ENERGY SALES TAX	3,023,094	2,903,871	2,808,890	482,644	3,142,500	3,142,500	0
GOLF	1,656,694	2,337,958	2,651,934	763,155	2,707,000	2,707,000	0
ARTS COUNCIL & SPECIAL EVENTS	1,444,981	1,573,111	1,663,213	289,924	1,700,175	1,697,275	(2,900)
INTEREST EARNINGS	918,238	1,049,004	1,369,314	192,379	1,100,000	1,100,000	0
IMPACT FEES	802,861	1,030,860	1,523,906	185,761	1,000,000	1,000,000	0
RECREATION PROGRAMS & SERVICES	877,459	854,992	875,661	192,734	902,000	914,000	12,000
POLICE & LEGAL REVENUE	746,753	950,269	951,829	201,184	1,082,173	1,071,329	(10,844)
FAIRGROUNDS	456,046	609,512	540,127	94,921	539,000	539,000	0
MISCELLANEOUS	235,705	286,758	231,938	85,199	285,500	285,500	0
GRANTS	5,187,011	132,112	107,779	110,141	288,885	441,885	153,000
CEMETERY	366,991	396,296	296,609	67,379	360,000	360,000	0
MISC. TAXES	391,012	378,039	348,790	64,019	335,000	335,000	0
RENTALS	175,632	210,206	227,852	37,249	237,500	237,500	0
LIBRARY	44,826	66,580	72,233	11,667	71,600	71,600	0
GENERAL FUND REVENUES	46,868,418	44,571,830	46,731,554	8,011,583	54,044,728	54,180,746	136,018
DIVIDEND TRANSFER FROM ENT. FUNDS	1,975,000	2,019,998	2,368,025	390,504	2,343,025	2,343,025	0
(TO)/FROM CAPITAL PROJECT FUNDS	(10,989,929)	(5,562,114)	(3,580,000)	0	(2,876,585)	(2,876,585)	0
(TO)/FROM DEBT SERVICE	(413,186)	(413,186)	(1,963,000)	0	(2,000,000)	(3,205,193)	(1,205,193)
(TO)/FROM REDEVELOPMENT AGENCY	(448,657)	(148,291)	(123,634)	0	(298,320)	(298,320)	0
(TO)/FROM LOCAL BUILDING AUTHORITY	(60,000)	0	0	0	0	0	0
(TO)/FROM AIRPORT FUND	(105,000)	(95,000)	0	0	0	0	0
LOAN TO AIRPORT FUND	0	0	0	0	(500,000)	(500,000)	0
(TO)/FROM STREETS & STORM DRAIN	(1,258,750)	0	0	0	(475,000)	(475,000)	0
NET TRANSFERS IN/(OUT)	(11,300,522)	(4,198,593)	(3,298,609)	390,504	(3,806,880)	(5,012,073)	(1,205,193)
GENERAL FUND EXPENSES	36,853,683	38,993,694	43,441,887	8,700,911	50,621,262	50,748,495	127,233
INCREASE/(DECREASE) IN FUND BALANCE	(1,285,787)	1,379,543	(8,942)	(298,824)	(383,414)	(1,579,823)	(1,196,409)

Which trends look awesome?

Which are concerning?

What else do you notice?



GENERAL FUND EXPENSES	6/30/2023	6/30/2024	6/30/2025	10/31/2025	6/30/2026	6/30/2026	
	FY2023	FY2024	FY2025	FY2026	FY2026	FY2026	FY2026
	Prior 3	Prior 2	Prior 1	Current Yr	Original	Rev 1	Difference
BY CATEGORY	Actuals	Actuals	Actuals	Actuals	Budget	Budget	
Salaries and Wages (full-time)	12,149,895	13,829,156	16,561,090	6,048,819	18,053,439	18,053,440	1
Salaries and Wages (part-time)	3,127,164	3,396,980	2,981,698	1,170,013	5,401,905	5,401,905	(0)
Employee Benefits	6,832,767	7,466,582	8,976,564	3,159,445	9,941,487	9,941,486	(1)
Overtime	313,062	463,103	585,897	320,705	626,510	626,510	0
Personnel	22,422,888	25,155,821	29,105,249	10,698,982	34,023,341	34,023,341	(0)
Professional Development	445,208	493,312	579,978	235,352	629,818	629,818	0
Supplies	1,902,889	1,906,646	1,808,516	519,693	2,558,952	2,558,952	0
Equipment Maintenance	140,650	150,159	190,368	37,314	180,450	180,450	0
Motor Pool	739,769	784,545	738,737	264,208	801,100	801,100	0
Fuel & Utilities	1,213,244	1,315,649	1,363,144	696,464	2,307,910	2,307,910	0
Buildings & Ground Maint	1,176,415	1,084,929	881,604	437,576	999,988	999,988	0
Data Processing	398,067	372,883	404,277	183,399	450,050	450,050	0
Professional and Technical	2,158,201	2,129,432	2,292,522	1,066,423	2,699,393	2,699,394	1
Other Services	687,393	777,306	819,017	306,218	1,274,839	1,274,839	0
Risk Management	351,657	481,903	486,925	581,960	641,610	641,610	(0)
Vehicle Lease from Motor Pool	2,210,693	2,151,103	2,610,251	912,737	2,187,469	2,187,469	(0)
FoL, Fiesta Days, & Miss SF Pageants	954,457	996,825	1,083,128	867,365	1,137,575	1,137,575	0
Local Building Authority Debt	840,000	840,000	840,000	350,000	840,000	840,000	0
Operations	13,218,643	13,484,692	14,098,467	6,458,709	16,709,154	16,709,154	0
Capital - Buildings & Land	1,205,521	0	0	0	0	0	0
Capital - Equipment	0	179,525	81,904	0	4,000	4,000	0
Capital - Projects	6,631	173,656	156,267	9,086	12,000	12,000	0
Capital	1,212,152	353,181	238,171	9,086	16,000	16,000	0

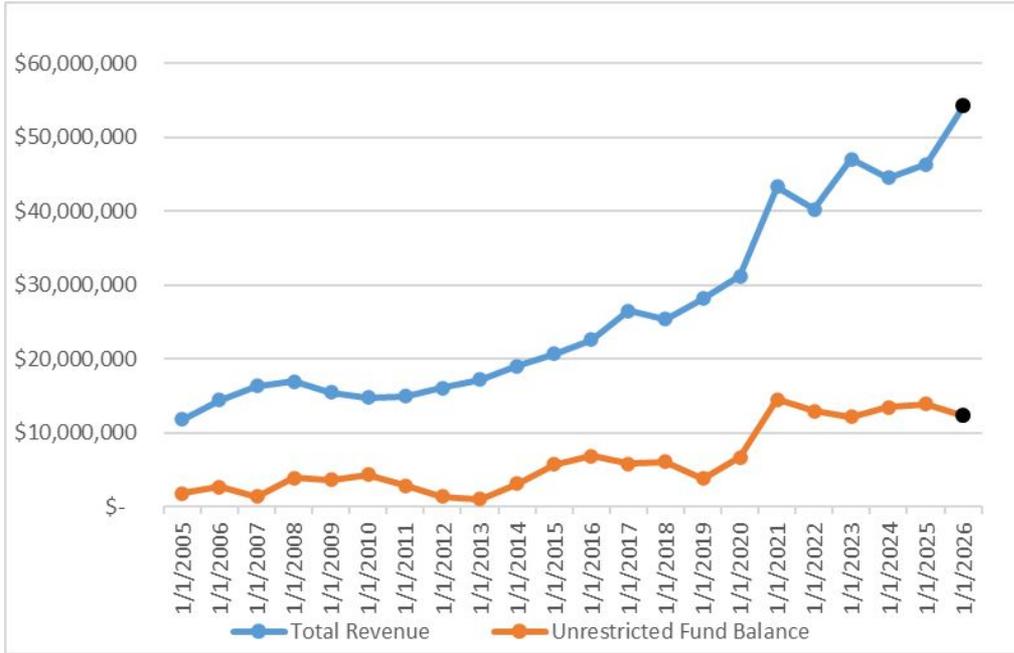
What stories are you seeing from these numbers?



GENERAL FUND EXPENSES	6/30/2023	6/30/2024	6/30/2025	8/31/2025	6/30/2026	6/30/2026	
	FY2023	FY2024	FY2025	FY2026	FY2026	FY2026	FY2026
	Prior 3	Prior 2	Prior 1	Current Yr	Original	Rev 1	Difference
BY DIVISION	Actuals	Actuals	Actuals	Actuals	Budget	Budget	
ADMIN & GEN GOVERNMENT	1,865,675	2,160,805	2,050,536	364,111	2,362,013	2,383,125	21,112
SENIOR CITIZEN	322,246	330,632	325,906	0	0	0	0
INFORMATION SERVICES	727,046	874,234	926,013	130,144	901,421	855,923	(45,498)
FINANCE	813,757	1,012,517	981,112	138,349	971,986	969,933	(2,053)
LEGAL	744,237	798,049	885,277	176,619	937,320	940,691	3,371
PLANNING	715,378	664,386	673,557	207,074	849,574	997,401	147,827
ENGINEERING	3,213,558	3,233,550	3,652,471	726,788	3,935,734	3,968,955	33,221
BUILDING INSPECTION	1,165,414	1,224,060	1,273,802	191,813	1,326,741	1,332,818	6,077
POLICE	8,066,844	8,437,556	9,463,484	1,583,243	9,697,045	9,779,090	82,045
FIRE & EMS	5,092,066	5,797,092	7,700,341	1,287,180	8,339,994	8,478,781	138,787
EMERGENCY PREPAREDNESS	190,646	192,571	178,110	29,217	183,294	185,281	1,987
FACILITIES	988,055	1,131,992	1,050,617	176,672	1,103,206	1,057,433	(45,773)
JUSTICE CENTER	228,654	195,219	255,923	66,461	262,090	251,246	(10,844)
PARKS	3,538,180	4,080,949	4,559,656	1,040,618	4,580,299	4,470,202	(110,097)
CEMETERY	516,289	583,120	616,130	134,892	666,899	666,659	(240)
LIBRARY	2,208,403	2,389,163	2,601,320	439,097	2,711,107	2,701,971	(9,136)
FAIRGROUNDS	1,934,732	982,290	829,423	166,161	816,972	821,449	4,477
RECREATION	1,429,958	1,571,145	1,640,196	289,550	1,677,159	1,637,384	(39,775)
CONCESSIONS	130,106	154,050	159,848	34,345	153,366	152,096	(1,270)
ARTS COUNCIL	286,347	279,337	286,526	50,779	297,974	295,115	(2,859)
SPECIAL EVENTS	1,276,880	1,352,876	1,477,787	913,741	1,584,168	1,585,439	1,271
FITCITY REC & COMMUNITY CENTER	0	0	252,375	213,726	5,453,113	5,390,940	(62,173)
GOLF	1,399,212	1,548,101	1,601,477	340,331	1,809,787	1,826,565	16,778
TOTAL EXPENSES	36,853,683	38,993,694	43,441,887	8,700,911	50,621,262	50,748,495	127,233



Balance in the General Fund



Projected decrease in Gen Fund is due to \$500k loan to airport and paying off \$1.2M loan to Water from Golf early.

$$\text{Fund Balance/Fund Revenue} = \text{Fund Balance \%}$$

State law requires us to be between 5-35%

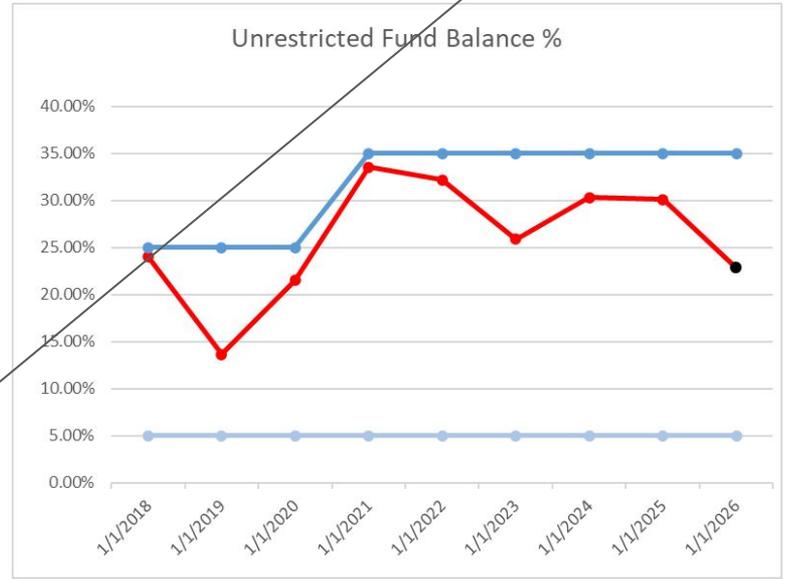
Actual End of FY23 = 25.88% \$12.2M

Actual End of FY24 = 30.31% \$13.5M

Actual End of FY25 = 30.07% \$13.9M

Projected End of FY26 = 22.85% \$12.4M

\$1M change in fund balance equals 1.85%



How does Spanish Fork's property tax rate compare?

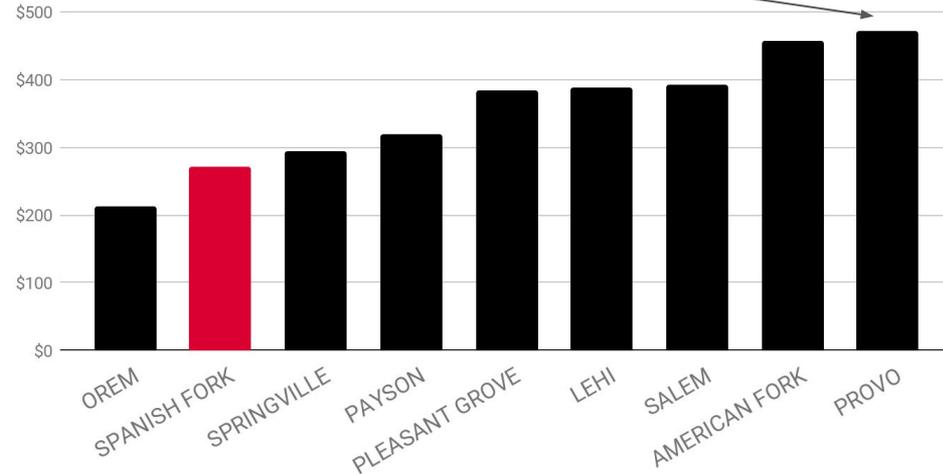
WalletHub's 'Best Run City' in America
in 2025

Also, They have low debt per Capita

City	2025 Tax Rate	Average Home Value	Taxable Value	Average Annual Property Tax
OREM	0.000755	\$513,183	\$282,251	\$213
SPANISH FORK	0.000986	\$498,450	\$274,148	\$270
SPRINGVILLE	0.001079	\$495,234	\$272,379	\$294
PAYSON	0.001299	\$446,919	\$245,805	\$319
PLEASANT GROVE	0.001179	\$590,881	\$324,985	\$383
LEHI	0.001163	\$608,404	\$334,622	\$389
SALEM	0.001144	\$623,393	\$342,866	\$392
AMERICAN FORK	0.001532	\$541,706	\$297,938	\$456
PROVO	0.001678	\$511,990	\$281,595	\$473
MAPLETON	0.001456	\$757,963	\$416,880	\$607

Property Tax Annual Dollar Amount by City for 2025

Based on the Tax Rate & Median Home Value for each City

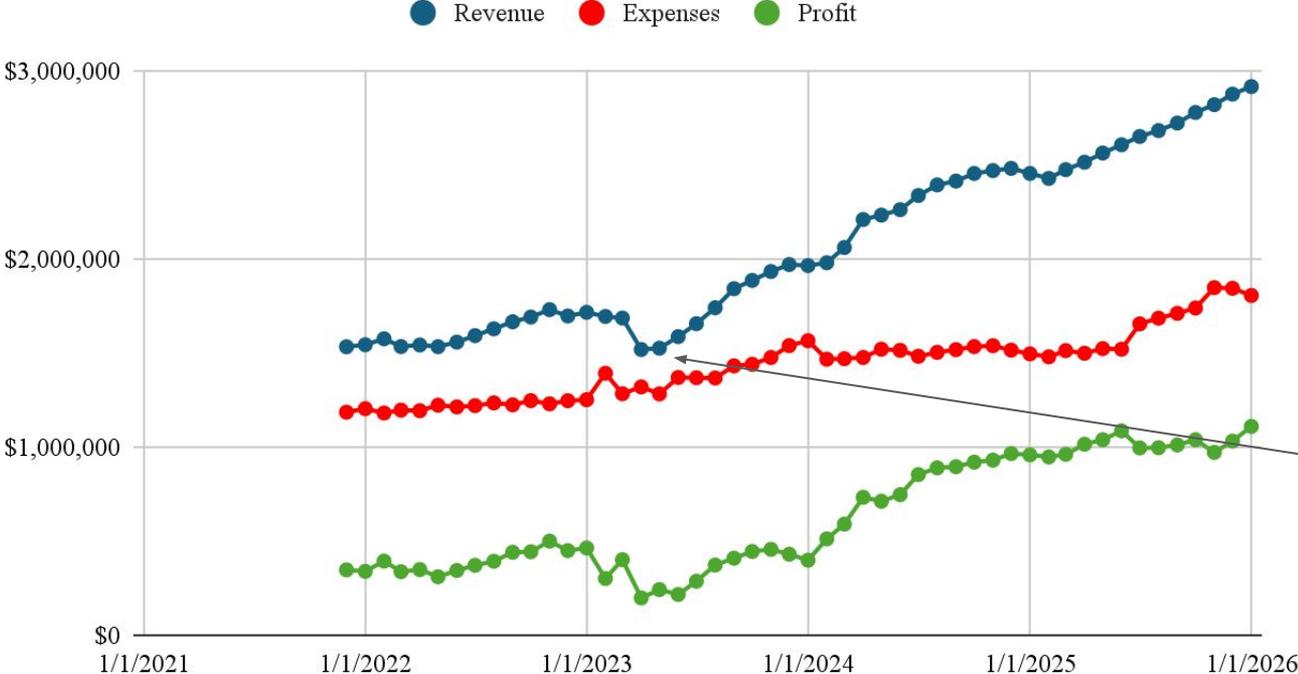


Budgeted to receive \$5.4M this year. Raised taxes by \$1M a year in August 2022 for the Rec Center.

We would receive \$9.1M this year if we had Provo's rate!

Current MVP of the General Fund - Golf Course

Rolling 12 Months Golf Revenue and Expenses



We send \$200k of profits to the Golf CP Fund.

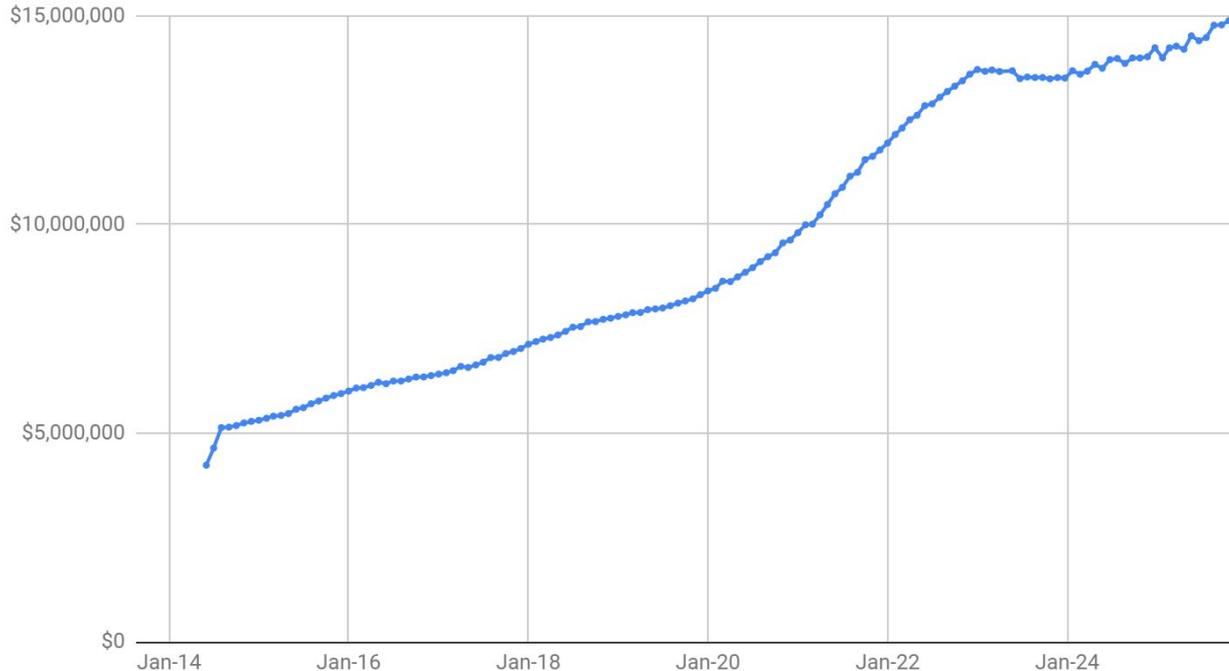
The water loan was paid in full this year by the General Fund reserves.

Snowy spring in 2023.



Sales Tax Revenue has started to show some growth

Rolling 12 Months Sales Tax Received



Half of the sales tax is distributed based on population percentages. We got a good bump when they switched population databases this summer.

We are growing about 4-6%. We have historically averaged 7-8%.



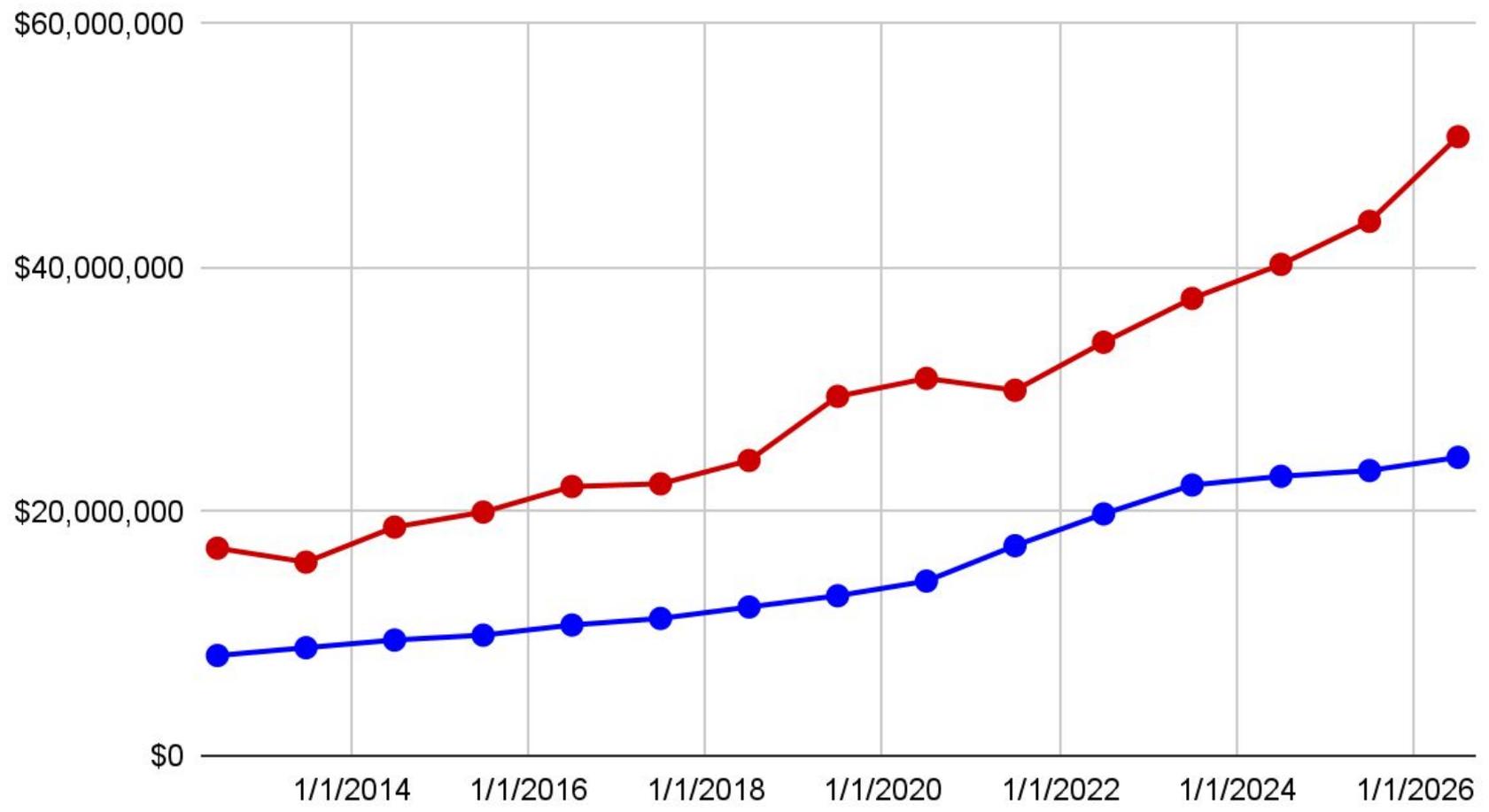
General Fund	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	Growth
Operating Revenue	\$ 36,213,123	\$ 40,878,546	\$ 43,408,858	\$ 45,099,869	\$ 52,738,860	45.63%
Personnel Expenses	\$ 19,012,619	\$ 22,422,888	\$ 25,155,821	\$ 29,105,249	\$ 34,023,341	78.95%
Operating Expenses	\$ 11,344,068	\$ 13,218,643	\$ 13,484,692	\$ 14,098,467	\$ 16,709,154	47.29%
Net Operating Income	\$ 5,856,436	\$ 5,237,015	\$ 4,768,345	\$ 1,896,153	\$ 2,006,365	
Operating Margin	16.17%	12.81%	10.98%	4.20%	3.80%	

Expenses are growing faster than revenues.

This is due to both raises and adding new positions.

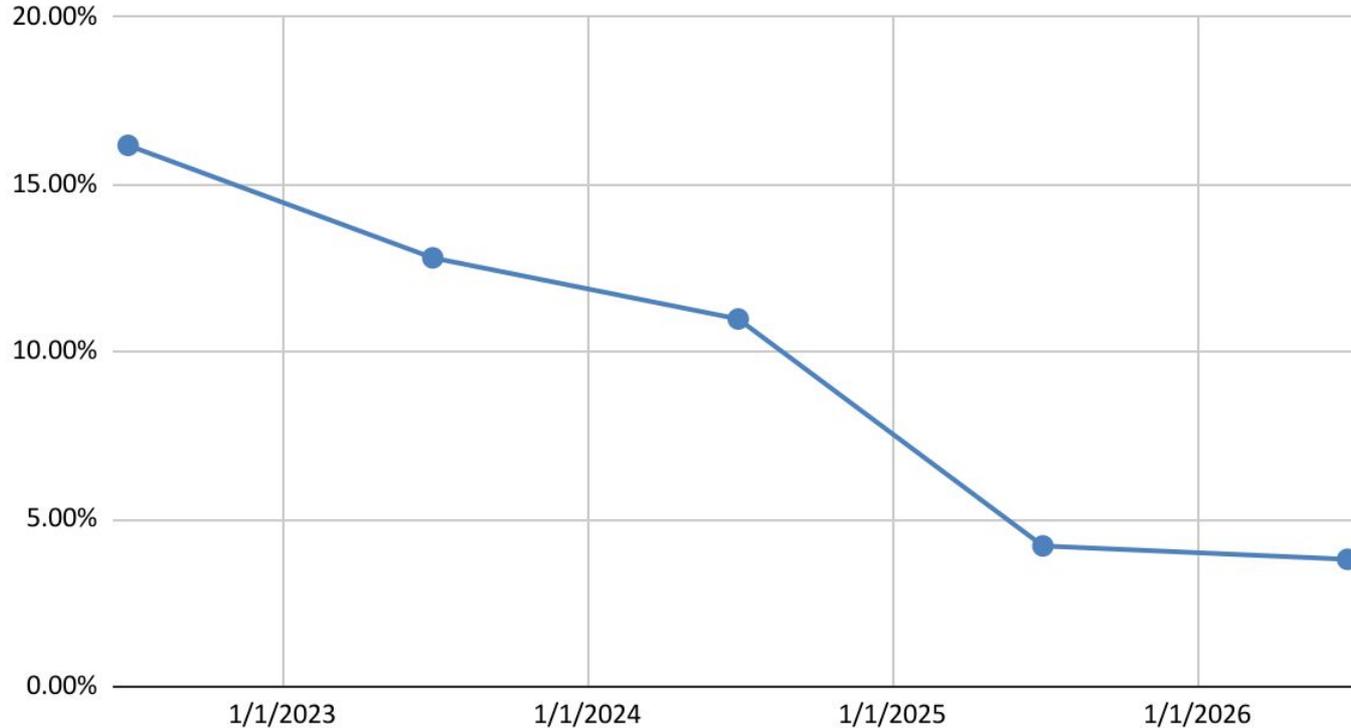


● General Fund Expenses ● General Fund Tax Revenue

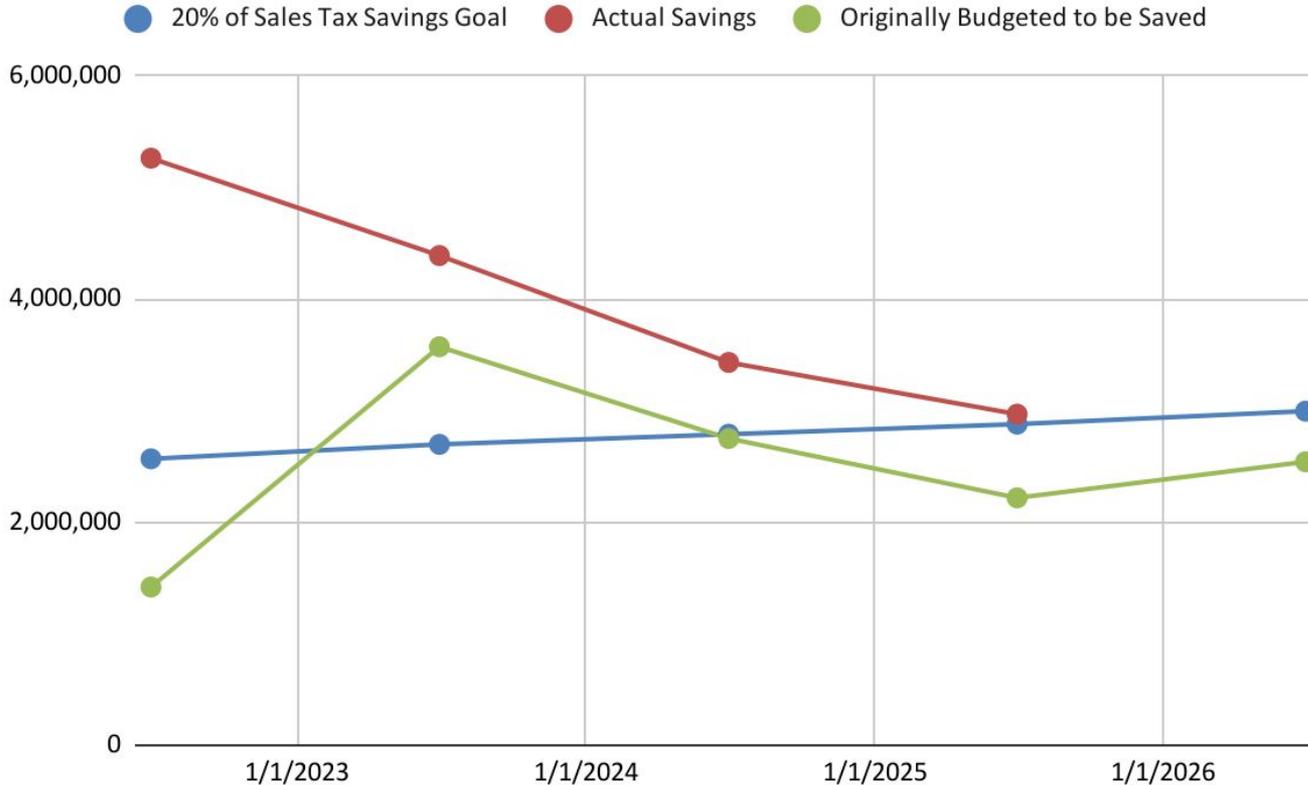


General Fund Operating Margin Percentage

Operating Margin



General Fund Savings to Land Acq and Buildings Fund



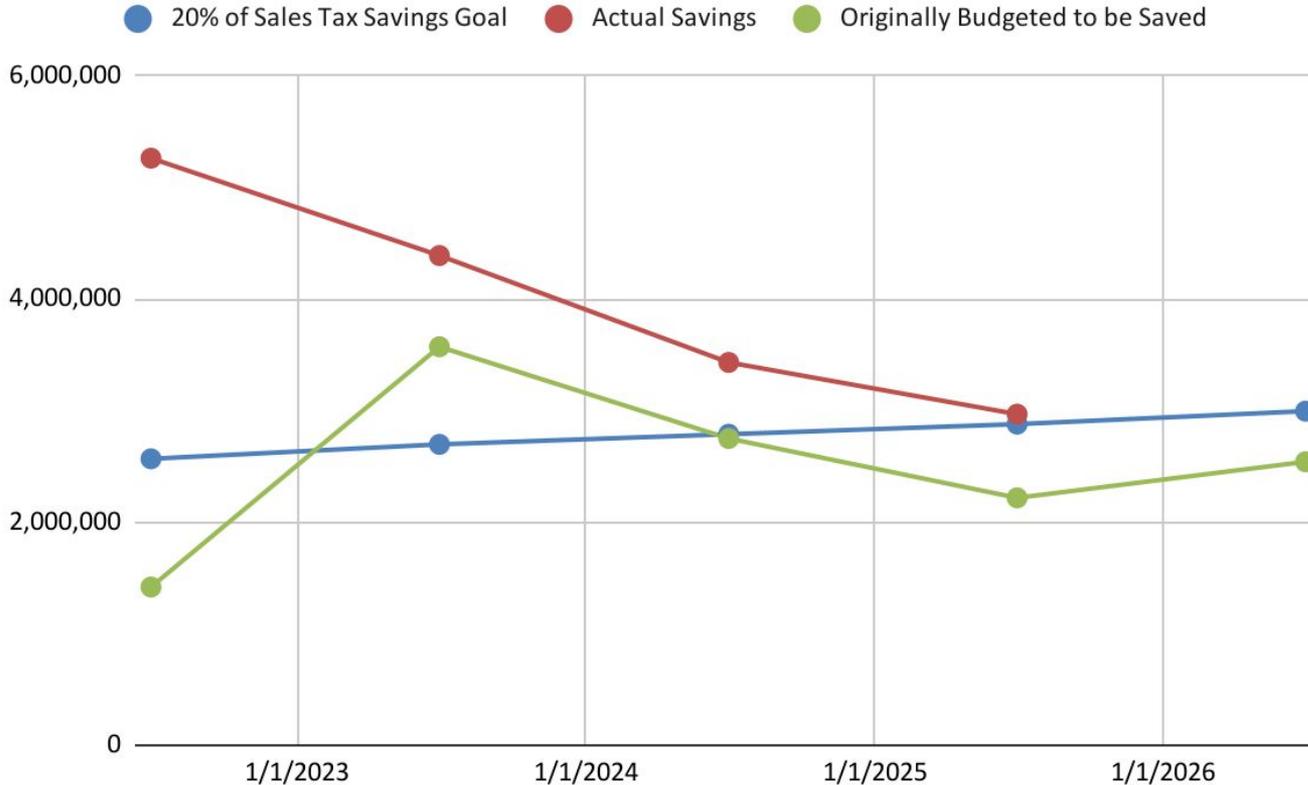
In Fiscal Year 2022 we saved much more than budgeted due to COVID grant money.

We generally save a little more than expected due to conservative budgeting.

The last dot is the projected/budgeted amount we expect for the current fiscal year (FY2026).



General Fund Savings to Land Acq and Buildings Fund



Are we comfortable eating into our 20% savings goal?

Right now we are projecting 15,964,000 in sales tax for FY27.

20% is 3,192,800.

We are projecting to use 1.9 million a year of that on the debt payment for station 61 rebuild.



We are in danger of eating into our 20% sales tax buffer.

What is the purpose of saving 20% of sales tax revenue?

Saving 20% of sales tax revenue accomplishes a few objectives.

- **Provides a way for us to have cash on hand when an opportunity or disaster arises.**
 - Land becomes available for purchase, match donated funds like the all abilities park or rodeo arena projects, pay for river flooding.
- **Mechanism to fund “medium” sized projects.**
 - Our goal is to not have to issue debt for projects less than \$10 million, but we need some cash on hand to achieve this goal.
 - We funded the remodel of the city office and old library, and the construction of a buildings and grounds shop with these savings.
- **Provides an operations buffer.**
 - If sales tax decreases like it did in 2008-10 we could stop the transfer out of the general fund and put those funds towards general fund operations.



Finance Day 2



The Relationship between Cash, Rates, & Debt

Definitions

Cash: The cash balance in a fund.

Debt: Borrowed funds paid back over a period of time

Rates: The amount of money residents & customers pay. This can refer to utility bills or property taxes.

The Relationship between Cash, Rates, & Debt

When Debt goes UP (debt issued)

Cash goes UP (Cash on hand isn't spent and thus preserved)

Rates don't have to go up as much or maybe at all

- When you pay for a capital project with debt you don't need to use up the fund's cash on hand.
- When you pay for a project over decades instead of a couple of years you can raise rates much slower.
 - Average sewer bills right now are \$45 a month. Bills would need to be \$80-90 a month if we had wanted to avoid issuing debt.

The Relationship between Cash, Rates, & Debt

When Rates go UP

Cash goes UP

The need for Debt goes DOWN

- When you raise rates the cash on hand goes up because you are bringing in more revenue each month.
- With more cash on hand you can more easily afford projects without having to bring on debt.
- **The only problem with this scenario is that NO ONE WANTS TO PAY MORE.**

The Relationship between Cash, Rates, & Debt

When Cash goes DOWN

Rates have to go UP

Debt often goes UP

- When you are bleeding cash you have to raise rates or issue debt.
 - If you are bleeding cash for operations, issuing debt won't solve the problem.
 - Debt is a solution for one time projects, not operations.

The Relationship between Cash, Rates, & Debt

Sometimes you may also be able to choose to not do the project. This preserves Cash, Rates, & Debt.

The first question that always has to be answered is “Is this project the right thing for the community?”

The Relationship between Cash, Rates, & Debt

Residents say they hate when the city issues debt, but that is because they believe it will cause their bills to go up. They may not realize that debt is actually helping to keep their bills low.

The sewer rates have gone up because we are building a \$110 million plant, not because we chose to finance the plant with debt.

- Average sewer bills right now are \$45 a month. Bills would need to be \$80-90 a month if we had wanted to avoid issuing debt.

The Relationship between Cash, Rates, & Debt

When considering a project there are three options

- Don't finance the project
- Finance the project with cash on hand
 - This assumes that you have the cash on hand or can get it very quickly.
 - For large projects this often requires large rate increases.
- Finance the project with debt
 - This preserves cash and reduces the need to raise rates.

The Relationship between Cash, Rates, & Debt

What is the goal?

- To provide an awesome level of service as affordably as possible.
 - Jordan defines affordability as low rates. This includes property tax rates and utility rates.

Look at the level of service provided to the customer and compare it to the bill the customer has to pay.