



Notice of Electronic Meeting

One or more City Council members may be physically absent from this meeting but may participate electronically.

The American Fork City Council will meet in a regular session on Tuesday, February 10, 2026, in the American Fork City Hall, 31 North Church Street, commencing at 7:00 p.m. The agenda shall be as follows:

REGULAR SESSION

1. Pledge of Allegiance; Invocation by Council Member Carroll; roll call.
2. Presentation of the Quality Library Award to the American Fork City Library.
3. Twenty-minute public comment period - limited to two minutes per person.
4. City Administrator's Report
5. Council Reports
6. Mayor's Report

COMMON CONSENT AGENDA

(*Common Consent* is that class of Council action that requires no further discussion or which is routine in nature. All items on the Common Consent Agenda are adopted by a single motion unless removed from the Common Consent Agenda.)

1. Approval of the January 13, 2026, city council minutes.
2. Approval of the January 20, 2026, work session minutes.
3. Approval of the January 27, 2026, city council minutes.
4. Ratification of city payments (January 21, 2026, to February 3, 2026) and approval of purchase requests over \$50,000.

ACTION ITEMS

1. Presentation and acceptance of the audited financial statements for fiscal year ending June 30, 2025.
2. Presentation on the findings of the PARC Tax fund audit for fiscal year ending June 30, 2025.
3. Review and action on an ordinance approving the application for a Zone Change, known as Scott Zone Change, located at 672 West 750 North. The Zone Change will be on approximately 2.54 acres and is in the RA-1 Residential Agriculture Zone and is proposed to change to the R1-9000 Residential Zone.

4. Review and action on a resolution approving amendments to the PARC Tax policies and procedures.
5. Review and action on approval of a contract for criminal prosecuting legal services.
6. Adjournment.

Dated this 6th day of February 2026.

/s/Terilyn Lurker
City Recorder

- In accordance with the Americans with Disabilities Act, the City of American Fork will make reasonable accommodations to participate in the meeting. Requests for assistance can be made by contacting the City Recorder at 801-763-3000 at least 48 hours in advance of the meeting.
- The order of agenda items may be changed to accommodate the needs of the City Council, staff, and the public.



**REQUEST FOR COUNCIL ACTION
CITY OF AMERICAN FORK
FEBRUARY 10, 2026**

Department Finance Director Approval Anna Montoya

AGENDA ITEM Presentation and acceptance of audited financial statements for Fiscal Year Ending June 30, 2025.

SUMMARY RECOMMENDATION

The Finance Director recommends acceptance of the fiscal year ended June 30, 2025 Annual Comprehensive Financial Report.

BACKGROUND

The Uniform Fiscal Procedures Act for Utah Cities, UCA 10-6-101 et seq., requires an annual independent audit of the American Fork City's finances. These audits are performed by certified public accountants, Larson & Company.

This audit, including the Auditor's communication with those charged with governance letter as required by professional auditing standards, will be presented by Larson & Company, PC. The audited financial report was submitted to the State Auditor's Office by December 31, as required by the State. The Audit Committee has reviewed the Annual Comprehensive Financial Report (ACFR) and an electronic version of the ACFR is also posted on the City's website.

BUDGET IMPACT

N/A

SUGGESTED MOTION

I move to accept the fiscal year ended June 30, 2025 audited annual financial statements.

SUPPORTING DOCUMENTS

FY2025 Annual Comprehensive Financial Report (PDF)

FY2025 Communciation with governance - American Fork City (PDF)

ANNUAL COMPREHENSIVE FINANCIAL REPORT



**Fiscal Year
2024-2025**



American Fork City, Utah

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

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City of American Fork State of Utah

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2025



Prepared by American Fork City Finance Department

CITY OF AMERICAN FORK

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CITY OF AMERICAN FORK

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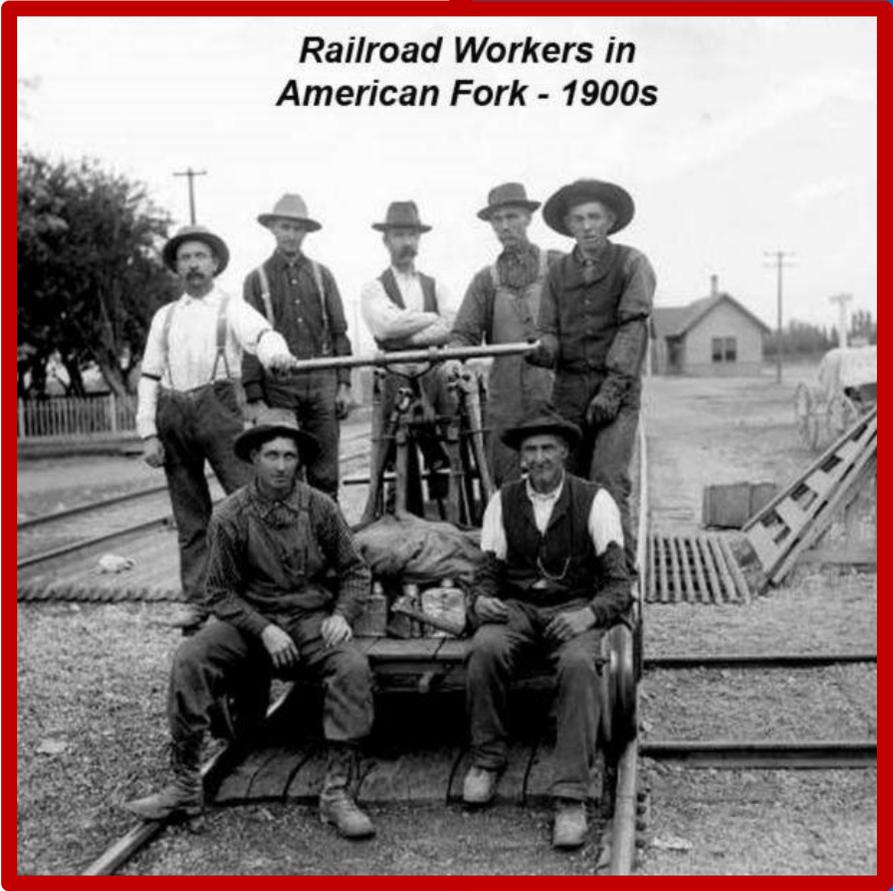
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Introductory Section

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)





December 16, 2025

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FAX: (801) 763-3033
WEB: www.americanfork.gov

51 E. Main St.
 American Fork, UT 84003

To the Honorable Mayor, City Council and Citizens of American Fork City,

The Annual Comprehensive Financial Report (ACFR) of the City of American Fork (the City) for the fiscal year ended June 30, 2025, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the City to issue a report on its financial position and activity, and this report must be annually audited by an independent firm of certified public accountants.

We believe the information, as presented, is accurate in all material aspects, and is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included.

This ACFR has been prepared by the City's Finance Director. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The financial report of the City includes all the funds of the primary government (i.e., the City as legally defined), as well as all its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the American Fork Redevelopment Agency and American Fork Local Building Authority are reported in this ACFR as special revenue fund.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION, AND OUTLOOK

Governmental Structure

The City has operated under the Six-Member Council form of government since incorporation. The powers of municipal government including policy making and legislative authority are vested in a governing council consisting of a mayor and five council members. The governing council is responsible, among other things, for passing ordinances, approving the budget, and providing "advice and consent"

for Mayoral appointments. The City Council is elected on a non-partisan basis. All council members, including the Mayor, serve four-year terms.

The City Administrator, acting as the chief administrative officer, is responsible for carrying out the policies and ordinances of the governing council, managing the internal affairs of the City including submitting an annual budget and capital improvements plan to the Mayor and Council, and for overseeing day-to-day operations of the City.

Economic Condition and Outlook

The City of American Fork, incorporated in 1853, is located in the northern region of Utah County along the Wasatch Front. The City is situated approximately 28 miles from Salt Lake City, the capital of Utah. The City is a growing suburban community encompassing approximately 10.38 square miles. The City's population is estimated at 38,549 (U.S. Census Bureau – July 1, 2023). This represents a 15.5 percent increase since 2020. We anticipate the population in American Fork will continue to increase as the City remains a desirable place to live and businesses are attracted to the technology corridor along I-15 in Utah County.

The added population has placed increased demands on services. However, the City has adopted a conservative approach to the expansion of these services. The general philosophy of the City is that increased revenues from existing taxes and other revenue sources must provide the base for the expansion of public expenditures. As demonstrated over the past several years, the City is committed to this philosophy.

The City has experienced an economic expansion in recent years and many developers have expressed interest in developing in American Fork. In addition, American Fork is located along the "Silicon Slopes," a collection of information technology, software development, hardware manufacturing, and research firms along the Wasatch front. The City also anticipates additional growth along Utah Transit Authority's Frontrunner commuter rail line. In fact, the City approved the amended Patriot Station Redevelopment Project Area Budget during fiscal year 2022 near the front runner station in the Transit Oriented Development (TOD) zoning area, further setting a vision for development of this area, with the first property tax increment revenue beginning in fiscal year 2024.

Despite economic uncertainties and rising inflation during the last several years, American Fork City has successfully overcome challenges anticipated during fiscal year 2025. Notwithstanding these economic pressures, the City experienced a surplus in overall net position in the amount of \$33,013,603. Factors contributing to the surplus are as follows:

Governmental Funds

Net position for governmental funds increased by \$20,550,851. The majority of the increase is due to net additions to capital assets, including a \$10 million investment in land for future park development and completion road improvements and overlays throughout the City. Other factors contributing to the increase in net position include the following:

- Overall tax revenue increased by \$2,253,648 or 7.1 percent. Although the City council adopted the Utah County certified tax rate in 2024, property tax revenue increased due to higher population and the development of more high-density residential units. Sales tax revenue also increased due to higher costs of goods and services.
- Total governmental expenses decreased \$1,488,445 or 3.3%. Although the City is growing in population and services provided, the City had fewer road and redevelopment capital projects outlay compared to prior year.

Proprietary Funds

Net position for proprietary funds increased by \$12,462,752. The majority of the increase is due to additional capital assets, including the completion of \$11.9 million in waterline system improvements throughout the City. Other factors contributing to the increase in proprietary funds net position include the following:

- Total charges for services in the proprietary funds increased by \$3,038,796 or 11.8%. These increases can be attributed to population increases as well as several rate increases to offset higher costs of services. The City increased the sewer rates to offset higher sewer services costs assessed by Timpanogos Special Sewer District. Garbage and recycling rates were also increased to offset the City's sanitation contract increases. In addition, a storm drain fee increase, approved January 1, 2022, the 2nd of 3 scheduled increases to be implemented through fiscal year 2027 to fund ongoing capital needs and compliance to the City's storm water management plan as required by state and federal regulations.

Management will continue to monitor closely the national and local economic indicators that may have an impact on the future financial position of the City. Additional information regarding the City's economic factors can be found on page 29 of the Management Discussion and Analysis.

MAJOR INITIATIVES

City Council Strategic Goals. The City Council prioritized two strategic goals to support the mission of the City. These goals are as follows:

1. Growth Planning – Promote sustainable growth while enhancing quality of life.
 - Develop and implement a City-wide dynamic open access broadband network solution available to all residents and businesses and that provides a robust array of internet service providers.
 - Status – City council approved a public/private partnership with a fiber provider. The fiber network is still in the design phase while a portion of fiber materials have been purchased.
 - Update the City's general plan. This blueprint will shape the community's long-term vision and development goals for the future.
 - Status – City council approved a professional services contract to update the general plan. The update is nearly complete with scheduled adoption in January 2026.
 - Identify the project scope of a new fire station south of I-15 (Station 5-3). Commence an initial feasibility study to determine the design and financing needs along with strategic milestones necessary to advance station development in future years.

- Status – a feasibility study is still underway with a temporary fire station location identified and land purchased until financing can be secured for the construction of a new station.
 - Prepare and develop a master conceptual plan for American Fork Downtown Revitalization. Identify essential elements of the plan and primary parcels key to the success of the revitalization plan.
 - Status – a concept design is underway with the City strategically exploring the purchase of property as it becomes available.
 - Develop plans for the expansion and redevelopment of the American Fork Fitness Center. Identify options for consideration which include renovation and/or replacement.
 - Status – staff is currently exploring community interest through resident outreach before project scope is defined.
 - Develop plans for the reconfiguration of the Public Works Facility which houses the water, sewer, storm drain, engineering, planning & zoning, streets, water and parks divisions. Complete a build-out needs assessment with engineering estimates for the construction of new facilities.
 - Status – concept designs have been prepared with financing for the project proposed to be issued in early 2026.
2. Water Preservation - Develop ways to preserve and protect our water supply and infrastructure.
- Continue implementation of a pressurized irrigation metering plan, including smart metering, to promote water conservation throughout the City.
 - Status – The meter installation project will be complete in fall 2025. Large meters and AMI tower installations are being installed. Irrigation usage rates are under study and expected to be implemented during the 2026 watering season.
 - Continue the design and approval process for tertiary water reuse. Coordinate with the State of Utah in developing and receiving approval for the City’s water recycling program.
 - Status – The water reuse plan has been submitted to the State. The project is in the design phase while the City is working with partnering agencies to get permitting approvals.

Capital Projects. City staff, following specific directives of the City Council and Mayor, have been involved in a variety of projects throughout the year. These projects reflect the City’s commitment to ensure the citizens of American Fork can live and work in a desirable environment. During fiscal year 2025, the City had several significant new and ongoing projects. Some of these projects are listed below:

1. Road Projects. Several road improvement projects were completed as part of the infrastructure improvement plan.
- Phase 1 of the 200 South Improvement project was completed during fiscal year 2025. The project included road reconstruction from 570 West to 300 West and portions of Frontage Road from 200 South to Storrs Avenue. Total infrastructure costs, including water, roadway, sidewalk, storm water and pressurized irrigation totaled \$4,127,736.
 - The Segment III Road Rehabilitation project was completed along 300 North and 200 East with total project costs totaling \$4,566,868 in roadway improvements, \$1,907,659 in storm water improvements, \$1,307,979 in culinary water improvements, and \$374,655 in sewer improvements.

- An overlay project was completed totaling \$2,564,744. This project consisted of 880,000 square feet of 2” overlays with reconstruction of sidewalk, curb and gutter and replacement of ADA ramps throughout the City.
2. Park Projects. As the City’s population increases, additional park space is needed in the southern portion of the City.
 - A 30-acre parcel of land was purchased for future park development along 1100 South. This parcel is a strategic location for providing essential open space for residents in that area.
 - Boat Harbor improvements began during fiscal year 2025. This project includes new asphalt and striping, new restroom, playground, jetty slope restoration, pavilions, new sand and landscaped beach area. The project is estimated to cost \$4 million and will be funded entirely through grants.
 3. Water Projects. The City continues to replace aging waterlines throughout the City.
 - The segment IV waterline project was completed with improvements totaling \$6,655,289. This project added 6,137 linear feet of 18” pipe along 800 East and 550 East.
 - Waterline was also replaced along 100 East. This project replaced 4,335 linear feet of 8” and 12” waterline pipe along with 802 linear feet of 8” sewer pipe. Total project costs were \$2,738,671.

Economic Development. The Mayor, City Council, and administration recognize the need to develop the City’s economic base to provide the necessary services, i.e., recreation, roads, public safety, etc., to its citizens. Efforts are being made by the City to attract new businesses and to promote the type of activities that will enhance the quality of life in the community. These businesses include restaurants, office buildings, retail, and industrial space.

American Fork currently has a mix of retail, light manufacturing, professional office, and commercial space, and has successfully used its Redevelopment Agencies to expand this base. Located along Interstate 15, “The Meadows,” a large shopping and entertainment center located in American Fork, provides a large sales tax base for the City, and has become a destination retail hub in northern Utah County. The City is also home to several automobile dealerships and repair facilities.

North Pointe Business Park, located in American Fork, is a 100-acre business park offering high image, class A industrial space and has become a very attractive location due to its proximity to I-15 and American Fork’s well-educated workforce. Many large businesses and government entities, such as Alpine School District, Utah State Developmental Center, Domo, and American Fork Hospital, to name a few, have significant operations in American Fork.

The City has tax abatement agreements with two businesses located within primary commercial corridors of American Fork. As a result of these agreements, the businesses have made improvements to their facilities which have in turn generated additional tax revenues to the City. The City entered into the agreements to enhance its retail competitive advantage and ensure long-term sustainability of its commercial tax base through incentivizing development to its highest and best use. Additional information can be found on page 84, Note 15.

The City's success in recruiting a diverse commercial base demonstrates the City's dedication to the establishment of long-term, sustained economic growth. The City will continue to encourage development using redevelopment areas when appropriate.

FINANCIAL INFORMATION

American Fork's financial statements reflect a robust and growing City. In the last five years from fiscal year 2021 to 2025, the City's total governmental funds revenues increased from \$50,097,514 to \$60,653,581, and expenditures increased from \$38,658,912 to \$61,017,344. In the last five years, the city's General Fund's revenues increased from \$32,116,411 to \$40,163,846 while General Fund expenditures increased from \$23,752,674 to \$33,296,107. In recent years, the City has been continuing efforts to control costs in an effort to fund the City's strategic priorities. It is also important to note that much of the revenue increase is due to sales tax increases. Property tax revenue also increased during fiscal year 2025 due to population and development growth. However, a property tax rate increase was not adopted.

Proprietary fund operating revenues have increased as well, rising from \$18,236,464 to \$26,696,462, while operating expenses increased from \$15,752,888 to \$19,106,199 from 2021 to 2025. Much of the operating expense increase is due to providing more services to the City's expanding population and due to contract increases from our sewer and sanitation providers. Consequently, the City increased rates for sewer and sanitation to cover higher costs of services. The expense increases are also due to addressing deferred capital infrastructure repairs and increased maintenance costs due to aging infrastructure.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring an adequate internal control structure and for documenting compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluations. The audit for the fiscal year ended June 30, 2025, disclosed no instances of internal control weaknesses.

The City's budget serves as the foundation for its financial planning and control. The City Administrator, in conjunction with City staff, prepares and submits a proposed annual budget which is presented to the City Council for review no later than the first council meeting in May. The council is required to hold a public hearing on the proposed budget and to adopt the final budget prior to June 30, unless the City proposes a property tax rate in excess of the certified tax rate as calculated by Utah County. In that case, a tentative budget is adopted and is in force until a public hearing is held to approve the increase. The certified rate as set by Utah County was adopted for fiscal year 2025.

A budget is prepared for each fund, and the General Fund is further divided into departments. Transfers of appropriations between funds or increases in revenues and expenditures require the approval of the City Council. Activities of the General Fund, special revenue funds, debt service fund, capital project funds, and proprietary funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level where expenditures cannot legally exceed the appropriated amount) is at the department level within the General Fund and the fund level for all other funds.

As demonstrated by the Statement of Net Position included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit be performed by independent certified public accountants. The firm of Larson & Company, PC was selected in 2025 by the City Council to perform this external audit. This audit was designed to meet the requirements set forth in the Utah state statutes. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current ACFR continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

I would like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

The preparation of the ACFR on a timely basis could not have been accomplished without the efforts and dedication of City staff, in particular City department directors. I would like to express my appreciation to them and other personnel from various agencies and authorities who assisted in its preparation.

Respectfully submitted,



Anna Montoya
Finance Director

CITY OF AMERICAN FORK
List of Elected and Appointed Officials
Fiscal Year Ended June 30, 2025



Mayor
Brad Frost



Councilman
Staci Carroll



Councilman
Tim Holley



Councilman
Ryan Hunter



Councilman
Ernie John



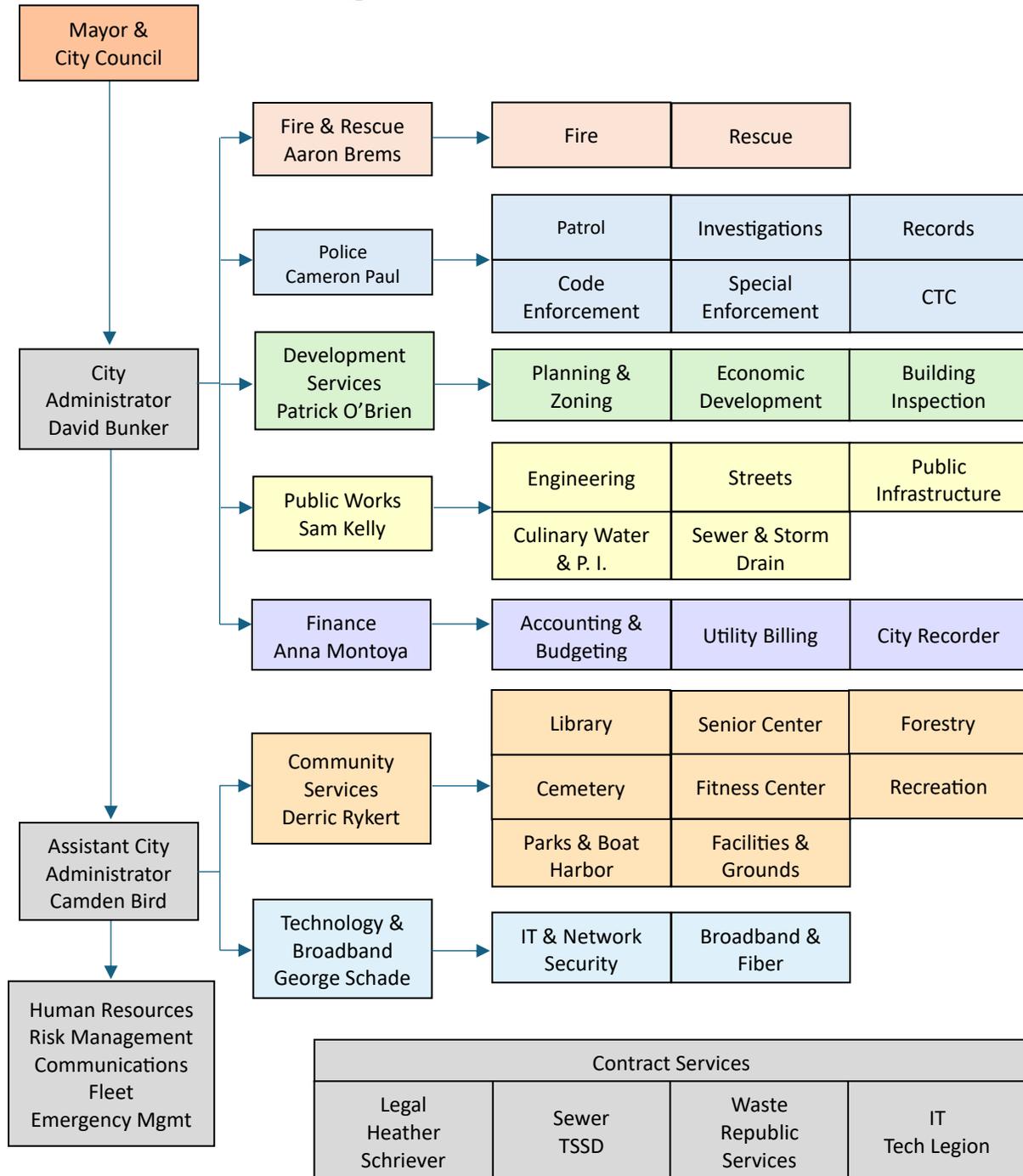
Councilman
Clark Taylor

Appointed Officials:

- David H. Bunker City Administrator
- Terilyn Lurker City Recorder
- Amanda Durrant City Treasurer
- Aaron Brems Fire Chief
- Cameron Paul Police Chief

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Organizational Chart
 Fiscal Year Ended June 30, 2025



Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of American Fork
Utah**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

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Financial Section

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)



Main Street & 100 West 1884



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
American Fork City

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 American Fork City ("the City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of American Fork City, 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (GAS), 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 American Fork City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS (and GAS), we:

- Exercise professional judgement 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 American Fork City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Fork City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and the auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025 on our consideration of American Fork City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 American Fork City'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 American Fork City's internal control over financial reporting and compliance.



Larson & Company, PC

Spanish Fork, Utah
December 16, 2025

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

As management of the City of American Fork, we offer readers of the city's financial statements this narrative overview and analysis of the financial activities of the city for fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 2 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the city exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2025 by \$404,038,483 (net position). Of this amount, \$73,669,499 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position of the City of American Fork increased by \$33,013,603. Of this increase, \$20,550,851 (62 percent) is attributable to governmental activities, mainly from addition to capital assets, unspent impact fee collections, and an increase in sales tax revenues. Business-type activities provided an \$12,462,752 increase to the city's net position primarily due to donated infrastructure and assets.
- As of the close of fiscal year 2025, the city's governmental funds reported combined ending fund balances of \$102,592,048, an increase of \$1,074,437 (1 percent). Although expenditures exceeded revenues by \$363,763, the increase is largely due to grant funding being transferred from the water fund to the capital projects fund. Of the total fund balance, \$65,852,073 (62.2 percent) is restricted or committed for certain projects.
- At the end of fiscal year 2025, assigned and unassigned fund balance of the General Fund was \$10,463,180 or 26 percent of General Fund revenues (excluding other financing sources). This is an increase of 3.2 percent compared to fiscal year 2024. Utah state law allows any balance of unrestricted funds (committed, assigned and unassigned fund balance) between 5 to 35 percent of the total revenues to be utilized for budget purposes. The city's total general fund balance is \$14,079,751, or 35 percent of general fund revenues.
- The city's total long-term obligations decreased by \$3,955,219 (4.2 percent). This decrease was due the payment of annual debt service on all city obligations.
- At the end of fiscal year 2025, the city recognized total net pension assets of \$518,320 (decrease of 27.4 percent) and total net pension liabilities of \$3,678,893, an increase of 18 percent. Much of this increase is due to salary increases and lower than expected investment returns as reported by the Utah Retirement System. More information regarding the city's retirement plans can be found in Note 9 beginning on page 71 and in the Required Supplementary Information beginning on page 91.

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

REPORT OVERVIEW

This discussion and analysis are intended to serve as an introduction to the city's basic financial statements. The city's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information on all of the city's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating. However, other non-financial factors should also be considered.

The Statement of Activities presents information showing how the city's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the city include general government, community services, public safety, public works, recreation, culture, and other. The business-type activities of the city include public utilities (water, sewer, Storm Water, sanitation) and a broadband network.

The government-wide financial statements can be found on pages 33-34 of this report.

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 city also uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the city's funds can be divided into two categories: Governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year end that are available for spending. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare information presented for governmental 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 governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental funds report the difference between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balance, which is divided into non-spendable, restricted, committed, assigned, and unassigned portions.

- *Non-spendable* balances include inventories and prepaid expenditures that are not expected to be converted to cash.
- *Restricted* balances include net fund resources of the city that are subject to external constraints due to state or federal laws or externally imposed conditions by grantors or creditors. Restrictions include debt service cash held in trust, bond proceeds, donations, grant proceeds, impact fees collected, redevelopment agency funds, and perpetual care.
- *Committed* balances reflect the city's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Committed balances include cemetery plot sale revenue allocated for cemetery expansion.
- *Assigned* balances in the General Fund and other governmental funds are those that do not meet the requirements of restricted or committed but are intended to be used for specific purposes. In addition, fund balances appropriated in a subsequent fiscal year are also recorded as assigned fund balance.
- *Unassigned* balances in the General Fund are all other available net resources.

On June 30, 2025, the city's combined governmental fund balance is \$102,592,048 (\$1,481,305 in non-spendable, \$63,343,718 in restricted, \$580,355 in committed, \$26,810,560 in assigned, with the remaining \$10,448,109 in unassigned fund balances). There are no significant restrictions, commitments, or limitations that affect the availability of fund resources for future use. Additional details regarding governmental fund balances can be found on the governmental funds balance sheet located on page 36 of this report.

Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets readily convertible to cash. The governmental fund statements provide a detailed short-term view of the city's general government operations and the basic services it provides. Governmental fund information helps users determine the financial resources that can be spent in the near future to finance the city's programs. The relationship (or differences) between governmental activities and governmental funds is detailed in a reconciliation included with the fund financial statements.

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

The city maintains the following ten individual governmental funds:

- General
- Capital Projects
- Debt Service
- Fitness Center
- Celebration
- Redevelopment Agency
- Downtown Redevelopment
- PARC Tax
- Building Authority
- Cemetery Care

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Redevelopment Agency Special Revenue Fund, and Capital Projects Funds, which are classified as major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are presented as supplementary information.

The basic governmental fund financial statements can be found on pages 36-39 of this report.

Proprietary Funds – The city maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its water, sewer, Storm Water, sanitation, and broadband funds. In limited circumstances and subject to code requirements, enterprise funds may be transferred to another fund in accordance with the Utah State Code Title 10 Chapter 6 Section 135.5.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the city's various functions. The city uses an internal service fund to account for its fleet of vehicles. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for the water, sewer, and storm water services, which are considered major funds of the city. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 41-43 of this report.

Notes to the financial statements – The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 45 of this report.

Required Supplementary Information (RSI) – This section contains budget to actual comparison statements for the city's General Fund. This section also contains required supplementary information for the city's pension program. The RSI section begins on page 88.

Other Information – In addition to the above-mentioned statements and reports, this report also presents other supplementary information and a statistical section which give additional and more

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

detailed information to the reader. The supplemental section includes individual fund financial statements for the city's nonmajor funds, as well as budget to actual statements for major funds not reported as RSI. The statistical section gives various financial and demographic data of the city, including trend analysis for certain financial data. The supplementary section begins on page 98, and the statistical section begins on page 120.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of American Fork, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$404,038,483 as of June 30, 2025.

The largest portion of the city's net position (62.1 percent) reflects its investments in capital assets (e.g., land, water shares, buildings and structure, machinery and equipment, improvements, construction in progress, and right of way), less any related debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the city's investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the city's net position:

CITY OF AMERICAN FORK
Summary of Net Position
 For the Year Ended June 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 125,983,359	\$ 123,083,459	\$ 57,624,950	\$ 56,033,184	\$ 183,608,309	\$ 179,116,643
Capital Assets	157,208,745	138,506,731	177,091,631	170,351,272	334,300,376	308,858,003
Total Assets	283,192,104	261,590,190	234,716,581	226,384,456	517,908,685	487,974,646
Total Deferred Outflows of Resources	4,776,173	4,768,937	2,122,619	2,272,610	6,898,792	7,041,547
Current Liabilities Outstanding	8,158,077	10,235,484	7,418,628	5,990,659	15,576,705	16,226,143
Long Term Liabilities	42,808,687	44,056,362	47,448,240	50,155,784	90,256,927	94,212,146
Total Liabilities	50,966,764	54,291,846	54,866,868	56,146,443	105,833,632	110,438,289
Total Deferred Inflows of Resources	14,329,932	9,946,551	605,430	606,473	14,935,362	10,553,024
Net Investment in Capital Assets:						
Restricted	119,279,602	98,680,292	131,740,833	131,632,337	251,020,435	230,312,629
Unrestricted	61,711,701	77,035,674	17,636,848	18,209,636	79,348,549	95,245,310
	41,680,278	39,614,560	31,989,221	22,062,177	73,669,499	61,676,737
Total Net Position	\$ 222,671,581	\$ 202,120,730	\$ 181,366,902	\$ 171,904,150	\$ 404,038,483	\$ 374,024,880

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

An additional portion of the city's net position (18.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$73,669,499 may be used to meet the government's ongoing obligations to citizens and creditors.

For fiscal year ending June 30, 2025, the city can report positive balances in all three categories of net position for the government as a whole. Positive balances for all three categories are also reported for the water, sewer, Storm Water, and sanitation funds. The Broadband Fund reports negative unrestricted fund balance. The city is evaluating long-term options for this fund and continues to subsidize current year operations from the General Fund in fiscal year 2025.

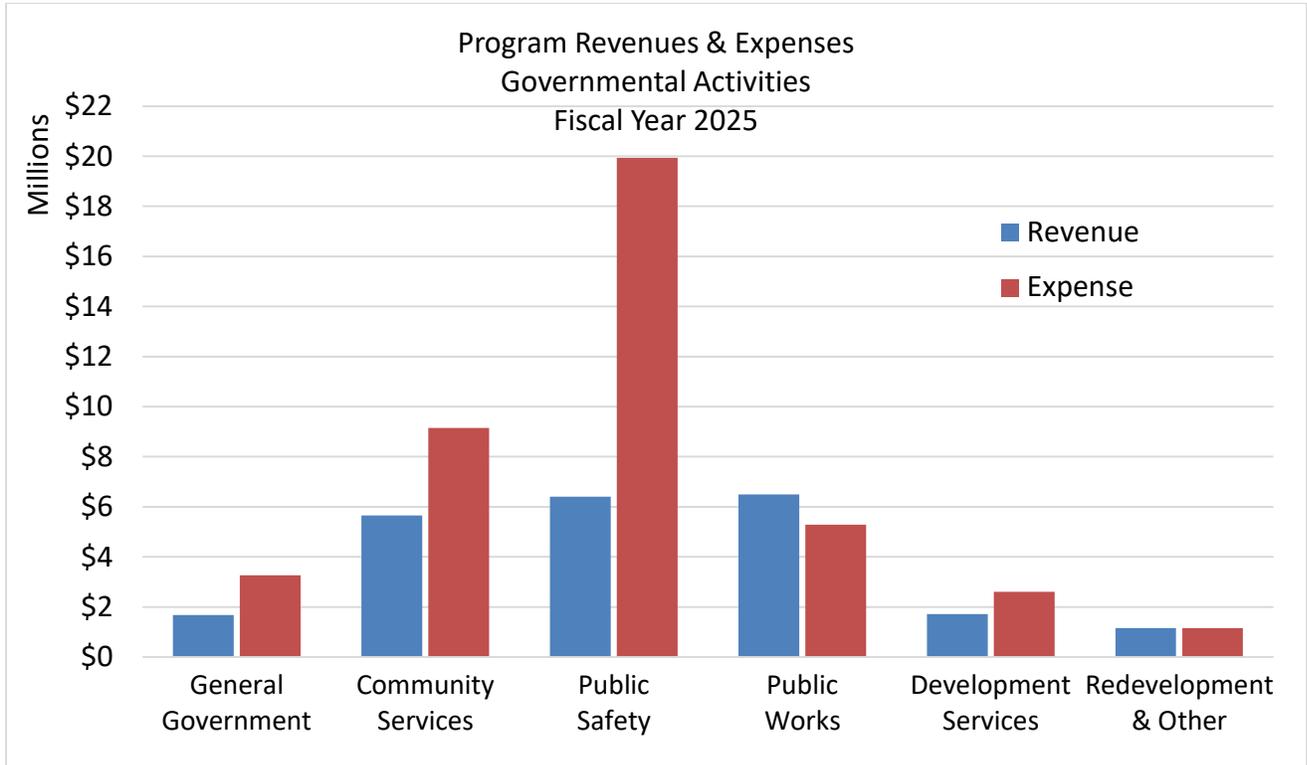
Analysis of the City's Operations – The following table provides a summary of the city's operations for the year ended June 30, 2025:

CITY OF AMERICAN FORK						
Summary of Changes in Net Position						
For the Period Ended June 30, 2025						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for Services	\$ 16,480,896	\$ 16,485,053	\$ 28,684,341	\$ 25,645,545	\$ 45,165,237	\$ 42,130,598
Operating Grants and Contributions	464,408	584,768	-	-	464,408	584,768
Capital Grants and Contributions	6,142,037	5,631,116	5,695,886	8,973,979	11,837,923	14,605,095
General Revenues:						
Property Taxes	11,863,668	11,051,826	-	-	11,863,668	11,051,826
Other Taxes	21,946,571	20,504,765	-	-	21,946,571	20,504,765
Other	4,905,224	5,467,200	-	-	4,905,224	5,467,200
Total Revenues	61,802,804	59,724,728	34,380,227	34,619,524	96,183,031	94,344,252
Expenses:						
General Government	3,260,902	2,863,073	-	-	3,260,902	2,863,073
Community Services	9,153,810	10,561,730	-	-	9,153,810	10,561,730
Public Safety	19,943,264	17,773,698	-	-	19,943,264	17,773,698
Public Works	5,282,880	6,207,383	-	-	5,282,880	6,207,383
Development Services	2,599,673	2,620,731	-	-	2,599,673	2,620,731
Redevelopment/Public Improvements	587,334	2,493,556	-	-	587,334	2,493,556
Other	333,645	327,042	-	-	333,645	327,042
Interest on Long-Term Debt	1,739,366	1,542,106	-	-	1,739,366	1,542,106
Water	-	-	8,921,970	7,777,205	8,921,970	7,777,205
Sewer	-	-	6,416,507	5,096,579	6,416,507	5,096,579
Storm Drain	-	-	2,160,242	2,252,591	2,160,242	2,252,591
Sanitation	-	-	2,359,907	2,232,314	2,359,907	2,232,314
Broadband	-	-	409,928	436,515	409,928	436,515
Total Expenses	42,900,874	44,389,319	20,268,554	17,795,204	63,169,428	62,184,523
Increase (Decrease) in Net Position Before Transfers						
Position Before Transfers	18,901,930	15,335,409	14,111,673	16,824,320	33,013,603	32,159,729
Transfers	1,648,921	(501,967)	(1,648,921)	501,967	-	-
Increase in Net Position	20,550,851	14,833,442	12,462,752	17,326,287	33,013,603	32,159,729
Net Position - Beginning	202,120,730	187,287,288	168,904,150	151,577,863	371,024,880	338,865,151
Net Position - Ending	\$ 222,671,581	\$ 202,120,730	\$ 181,366,902	\$ 168,904,150	\$ 404,038,483	\$ 371,024,880

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

Governmental Activities – Governmental activities increased the city’s net position by \$20,550,851. Key elements affecting governmental activities net position are as follows:

- General Fund revenues exceeded expenditures by \$6,867,739 during fiscal year 2025. The increase can be attributed to the city receiving more revenues than anticipated, including tax revenue exceeding budgeted estimates by \$1,429,313, and General Fund expenditures coming in below budget by \$3,558,183.

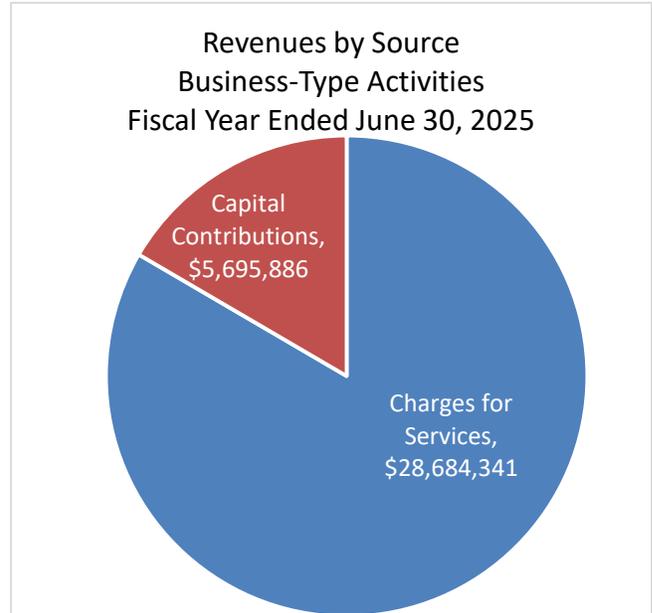


- The city’s governmental funds capital projects funds decreased net position by \$8,929,948. Capital projects fund highlights are as follows:
 - During fiscal year 2025, the city’s governmental funds expended \$19,347,264 of capital outlay. Several multi-year road and parks projects were completed or near completion during the fiscal year. These projects include the purchase of 30 acres or future park land and road improvements on both 100 West and Automall Drive. Construction in progress in governmental activities at the end of fiscal year 2024 totaled \$12,383,818.
 - The city began construction on boat harbor improvements during the current fiscal year. The \$4 million improvement project includes new restrooms, playground area, entrance booth replacement, improved parking, jetty slope restoration, pavilions, and new sand and landscaped beach area.

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

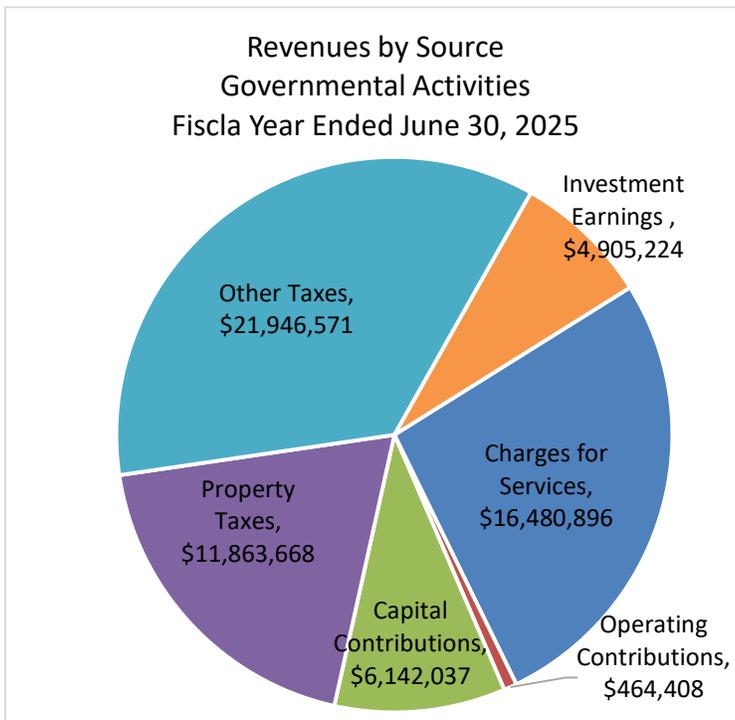
Business-Type Activities – Business-type activities increased the city’s net position by \$12,462,752, which represents a decrease of \$4,863,535 over the previous year’s change. Key elements of the increase for fiscal year 2025 in business-type net position are as follows:

- During fiscal year 2025, the city’s utility funds received \$4,137,586 of capital contributions from developers which includes water, sewer, and Storm Water lines and donated water rights.
- Impact fee revenue of \$1,274,461 was received. This revenue offsets previous negative impact fee balances in the Water Fund and is being accumulated in the Sewer and Storm Water Funds for future projects identified in the Impact Fee Facilities Plans (IFFP).
- Operating income was \$7,590,263 in the utility funds during the year, which adds to the net position to be used for future capital purposes.



FUND FINANCIAL ANALYSIS

Governmental Funds - The focus of the City’s governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.



As of June 30, 2025, the city’s governmental funds (general, capital projects, redevelopment agency, and nonmajor funds) reported combined fund balances of \$102,592,048. This represents an increase of \$1,074,437 from last year’s ending balances. Although the capital projects funds had a net decrease of \$3.5 million due to park and road improvement projects during the year, the other governmental funds, including the general fund, all had net increases due to higher than anticipated sales tax and investment revenue.

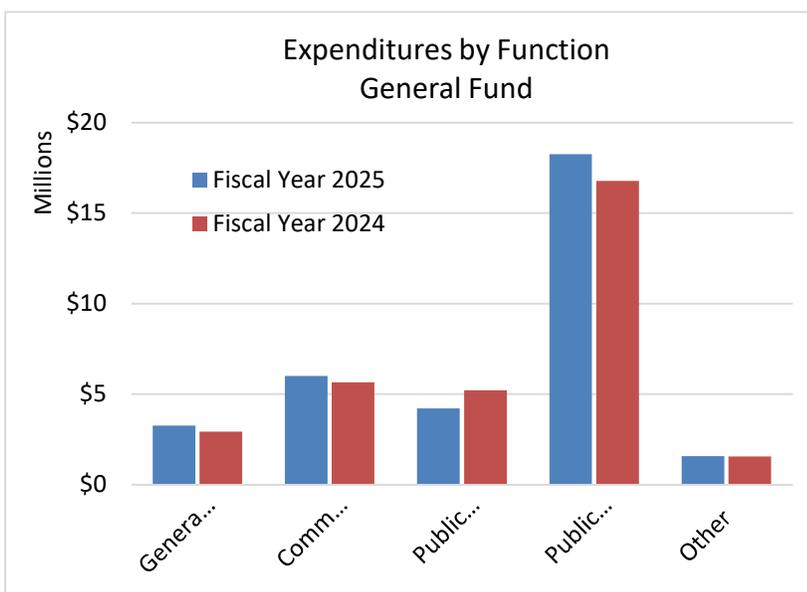
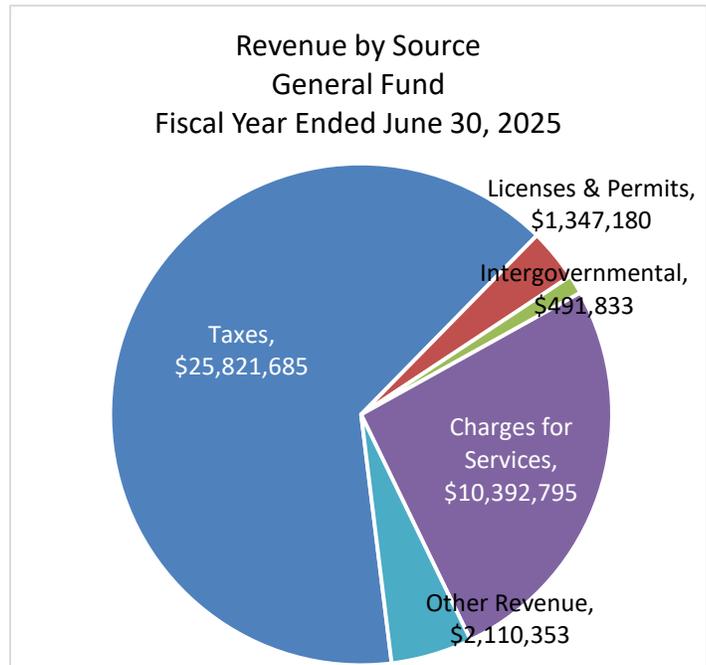
Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

The total *unassigned fund balance* of the governmental funds totaled \$10,448,109 and is available for spending at the city’s discretion. *Committed* fund balance totals \$508,355, 0.5 percent, of fund balance. This balance is committed for cemetery expansion projects. *Assigned fund* balance totals \$26,810,560 (26.1 percent), meaning the city intends to use this amount for specific purposes which may include capital projects, PARC tax grant awards, downtown redevelopment, municipal building authority, and/or subsequent year appropriations. Fund balance of \$63,343,718 (61.7 percent) is *restricted* to indicate it is not available for new spending because it has already been committed to pay for debt service, impact fee eligible capital projects, redevelopment, and refunding developer construction bonds. The city also has prepaid items, inventory, and cemetery perpetual care balances in the amount of \$1,481,305, which is classified as *non-spendable* fund balance.

General Fund

The General Fund is the chief operating fund of the city. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund. Revenues exceeded expenditures (excluding other financing sources and uses) in the General Fund by \$6,867,739 during the year. Total general fund balance on June 30, 2025, is \$14,079,751, or 35 percent of general fund revenues, the maximum allowed by state law.



Taxes continue to be the largest source of revenue in the General Fund and represent 64.3 percent of total General Fund revenues. The largest component of tax revenue is sales tax, which represents 56.7 percent of total tax revenues and 36.4 percent of total General Fund revenues. This compares with 35.3 percent of total General Fund revenues in the prior fiscal year ended June 30, 2024.

General Fund expenditures increased during fiscal year 2025, going from \$31,126,085 in 2024 to \$33,296,107 in 2025, an increase of 6.9 percent. Public

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

safety accounted for much of the increase due to increased wages and the addition of fire and police personnel. Vehicle replacement charges, merit raises for eligible employees, and health insurance increases, also contributed to the higher expenditures.

Other Governmental Funds

Fund balance in the Capital Projects Fund decreased \$3,548,849 to \$43,636,545 for fiscal year ending June 30, 2025. Restricted fund balance includes \$16,816,989, or 38.5 percent, for impact fee eligible capital projects, and \$720,599, or 1.7 percent, is restricted PARC tax projects awarded to the city for parks, recreation and library projects. In addition, \$25,590,601 is assigned for projects to be completed in the fiscal year 2025-2026.

Property tax collections from redevelopment areas increased 15.3 percent compared with fiscal year 2024 to a total of \$3,135,041. This increase is due to higher property valuations resulting in more tax increment revenue collected for the Patriot Station Project Area. The Redevelopment Agency (RDA) Fund balance increased by \$3,841,340 to a total of \$41,912,166, a 10.0 percent increase. The increase is due to delays in 200 South Road reconstruction in the Patriot Station Project Area. This is a multiyear capital project which will continue into next fiscal year. Redevelopment fund balance is set aside for future housing and planned infrastructure projects, as outlined in the project area plans.

PARC (Parks, Arts, Recreation, and Culture) Tax Fund balance increased \$218,293 during the fiscal year 2025. This increase was due to PARC tax revenue exceeding anticipated revenue. The current year 2025 fund balance is \$1,106,511.

Fitness Center Fund balance remained a \$0 for the current year. Any operational deficit is subsidized by the general fund each year.

Debt service fund balance increased by \$24,719. All debt service is funded through ad valorem property tax and a transfer from public safety impact fees.

Proprietary Funds - The city's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In summary, unrestricted net position for the Water Fund is \$4,552,155, \$24,571,590 for the Sewer Fund, \$3,613,503 for the Storm Water Fund, \$734,297 for the Sanitation Fund, and (\$1,785,021) for the Broadband Fund. Unrestricted net position is accumulated for current and future capital projects, along with funding target operating reserves (20 percent of revenues).

The Water Fund's net position increased by \$3,852,993 during fiscal year 2025. The net increase is due partially to capital contributions from development infrastructure in the amount of \$2,472,270. Of the total net position of \$121,820,790, \$102,546,944 is restricted for investment in capital assets, with \$4,987,612 being restricted for impact fees capital improvements and \$9,734,079 restricted for debt service. Also, during fiscal year 2025, net position in the Sewer Fund increased by \$5,581,528, which will be used in part to fund capital projects in future fiscal years.

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

During fiscal year 2025 the Storm Water Fund saw an increase in unrestricted net position of \$2,631,811, which will be used for future capital projects and management of an continued implementation of a mandated Storm Water Pollution Prevention Plan. The Sanitation Fund saw the net position increase by \$174,614, which funds operating costs assessed by the city's third-party sanitation treatment provider. Finally, the Broadband Fund saw an increase in unrestricted net position of \$11,915. The city is currently evaluating long-term opportunities for the Broadband Fund to address the net position deficit the fund is currently experiencing. Current deficits are being subsidized by a transfer from the General Fund.

Internal service funds are used to manage services provided to city departments. These services include fleet and information technology. Unrestricted net position in the Information Technology Fund is \$429,788 on June 30, 2025, which will be used for future equipment replacement. Unrestricted net position in the Fleet Fund increased \$219,325 during fiscal year 2025. The increase will help fund future purchase of replacement vehicles.

Additional factors concerning the finances of these funds have already been addressed in the discussion of the city's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, General Fund budgeted expenditures were amended from an original budget total of \$34,181,498 to a final budget total of \$35,141,548, a 2.8 percent difference. All departments monitor their budgets closely and are required to stay within their approved appropriations. Budget adjustments made during the year can be summarized as follows:

- Community Services increased by \$460,746. The parks and cemetery departments received an additional \$234,700 for higher utility and maintenance costs for city facilities. The library, senior center, parks, and cemetery had combined increases of \$214,546 in programming costs with additional staffing and support services.
- General Services increased by \$140,000 due to higher than anticipated insurance premiums and consulting fees for the school district split.
- Public Safety increased by \$549,604 with unanticipated overtime and higher fuel and vehicle repair costs for both police and fire departments.

General Fund budgeted revenues were amended from \$36,046,588 to \$38,451,104, an increase of \$2,404,516, or 6.7 percent. Highlights of this increase include:

- Sales tax was budgeted conservatively due to economic uncertainties. A budget adjustment was made in the amount of \$1,775,500 to additional sales tax received in fiscal year 2025.
- Investment earnings were higher than anticipated. A budget amendment of \$344,598 was made to reflect the additional revenue.

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

- Charges for services was amended by \$203,193 to reflect increased revenue for police services, and usage for cemetery and parks fees.

During the year, actual revenues were more than budgeted revenues by \$1,712,742. Total tax revenue received was higher than anticipated, including property tax higher than anticipated by \$254,116, sales and use tax in the amount of \$543,450 and energy sales and use tax of \$469,602. Property taxes received were higher than anticipated due to higher growth and payment of delinquent property tax revenue. Energy sales and use tax was also higher due to higher use, population growth, and increased energy rates.

Actual expenditures were less than budgeted expenditures by \$1,845,441. Public works had savings of \$843,088 from several vacancies in engineering as well as unspent budget in street and sidewalk repair. In addition, the development services department had savings of \$498,700 due to plan check services expense being less than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The City of American Fork's capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$334,300,376 (net of accumulated depreciation). Capital assets include land, water shares, buildings, improvements, machinery & equipment, right of way, and construction in progress. The city's capital assets for the current year increased by \$25,442,373 or 8.2 percent (a 11.4 percent increase for governmental activities and a 1.0 percent increase for business-type activities).

CITY OF AMERICAN FORK
Capital Assets, Net of Depreciation
 June 30, 2025

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 41,662,107	\$ 30,152,750	\$ 3,580,129	\$ 2,793,217	\$ 45,242,236	\$ 32,945,967
Water Shares			40,671,798	40,549,758	40,671,798	40,549,758
Buildings	24,788,300	25,335,963	605,383	626,274	25,393,683	25,962,237
Improvements	70,730,901	60,776,855	120,559,796	105,855,273	191,290,697	166,632,128
Machinery and Equip.	6,916,690	7,238,638	1,025,078	998,218	7,941,768	8,236,856
Const. in Progress	12,383,818	14,275,596	10,649,447	19,528,532	23,033,265	33,804,128
Right of Way	726,929	726,929	-	-	726,929	726,929
Total Capital Assets	\$ 157,208,745	\$ 138,506,731	\$ 177,091,631	\$ 170,351,272	\$ 334,300,376	\$ 308,858,003

Major capital asset events during fiscal year 2025 include the following:

- Land purchases totaled \$11,509,357 for future park improvements, including a 30-acre parcel in the southwest portion of the city.

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

- The majority of \$9,954,047 increases to improvements was due to several street improvement projects. Improvements were made to 200 South, overlays throughout the city, and road rehabilitation on 300 North and 200 East.
- Improvements in business-type activities totaled \$14,704,388. Waterline improvements accounted for the majority of the increase. These waterline improvements were located at 100 East, 200 South, 300 West and other locations throughout the city. 21,740 linear feet of 8 inch to 18-inch size pipe was replaced.
- Construction in progress was decreased as projects were completed this fiscal year and included in additions for both governmental and business type capital asset additions.

Additional information on the city's capital assets can be found in Note 7 on page 64-65 of this report.

Long-term debt - As of June 30, 2025, the city had total long-term debt outstanding of \$90,256,927, including unamortized bond premium of \$4,080,775, \$632,922 in financed purchases outstanding, net pension liability of \$3,678,893, and \$1,619,337 compensated absences obligations. The outstanding bonded debt represents both general obligation bonds and revenue bonds secured solely by specified revenue sources.

CITY OF AMERICAN FORK
Outstanding Debt
 June 30, 2025

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 6,320,000	\$ 6,695,000	\$24,725,000	\$26,725,000	\$31,045,000	\$33,420,000
Revenue Bonds	28,933,000	30,048,000	20,267,000	20,855,000	49,200,000	50,903,000
Unamortized Bond Premium	2,043,222	2,152,318	2,037,553	2,241,308	4,080,775	4,393,626
Net Pension Liability	3,375,165	2,908,494	303,728	208,491	3,678,893	3,116,985
Financed Purchases	632,922	931,121	-	-	632,922	931,121
Compensated Absences	1,504,378	1,321,429	114,959	125,985	1,619,337	1,447,414
Total Debt	\$42,808,687	\$44,056,362	\$47,448,240	\$50,155,784	\$90,256,927	\$94,212,146

The city's total long-term bonded and financed purchased debt outstanding decreased by \$3,955,219 during the fiscal year, a decrease of 4.2 percent. The decreases during fiscal year 2025 are due to the reduction of debt through annual debt service payments and decreases of unamortized bond premiums.

The city has an "Aa2" rating for its general obligation debt from Moody's Investor Service and an AA+ rating from Standard & Poor's Financial Services Inc for the Redevelopment Agency Subordinated Sales Tax and Tax Increment Bonds Series 2022.

Additional information on the city's long-term debt can be found in Note 8 on pages 65-71 of this report.

CITY OF AMERICAN FORK
Management Discussion and Analysis
 Fiscal Year Ended June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The June 2025 unemployment rate for Utah County was 3.9 percent, no change from last year. This compares with a national unemployment rate of 4.1 percent and a state of Utah unemployment rate of 3.2 percent. (Source: U.S Bureau of Labor Statistics). With low unemployment, the competitive labor market affects the city's ability to hire and retain employees, especially in the public safety and engineering sectors.
- The city has experienced a smaller increase in the cost of goods and services over the last twelve months compared to previous years. The consumer price index for the West Region increased 2.7 percent last year (June 2025). However, the index has increased 22.9 percent since June 2021. (Source: U.S Bureau of Labor Statistics). The increase in prices continue to affect the budget for several ongoing and future capital projects.
- General Fund revenues (excluding transfers in) of \$40,163,846 for the fiscal year ending June 30, 2025 reflect an increase of \$1,147,714. Most of this increase is due to an increase in sales tax revenue due to higher growth and higher costs of goods and services. Sales tax revenues exceeded revenue estimates due to conservative budgeting. Estimates will be evaluated throughout the next fiscal year to determine if revenues will continue to see the same growth in coming years. Property tax has also increased due to population growth and development of high-density housing.
- A revised fee schedule was passed during the fiscal year 2025, with only minor changes. Facility rental, fitness center, and cemetery lot fees for nonresidents increased. In addition, minor changes to planning and zoning fees were revised and punitive fees for building permit noncompliance were added.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of American Fork's finances for all those with an interest in the city's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: City of American Fork, Anna Montoya - Finance Director, 51 E Main St, American Fork, UT 84003-2381, or call (801) 763-3000, or e-mail amontoya@americanfork.gov.

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Basic Financial Statements

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

Presbyterian Church 1880s



1877 Rev George Bird arrived in American Fork to begin activities for the Presbyterian Church. Construction began with the cornerstone for the completed building laid in September 1881 by Rev Thomas Day. The building has been used continuously as a Presbyterian Church since its construction as well as a school until 1909. It was restored in 1980 and is prominently featured in the movie Footloose.



**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**



Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 103,142,622	\$ 48,903,840	\$ 152,046,462
Receivables	22,676,305	7,770,581	30,446,886
Internal Balances	(605,657)	605,657	-
Inventories	16,983	-	16,983
Prepaid Expenses	234,786	344,872	579,658
Net Pension Asset	518,320	-	518,320
Capital Assets Net of Depreciation:			
Land	41,662,107	3,580,129	45,242,236
Water Shares and Rights	-	40,671,798	40,671,798
Buildings and Structures	24,788,300	605,383	25,393,683
Bridges	-	1,327,465	1,327,465
Improvements	70,730,901	119,232,331	189,963,232
Machinery and Equipment	6,916,690	1,025,078	7,941,768
Construction in Progress	12,383,818	10,649,447	23,033,265
Right of Way	726,929	-	726,929
Total Assets	<u>283,192,104</u>	<u>234,716,581</u>	<u>517,908,685</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	1,678,754	1,678,754
Resources Related to Pensions	4,243,554	443,865	4,687,419
Total Deferred Outflows of Resources	<u>4,243,554</u>	<u>2,122,619</u>	<u>6,366,173</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	4,373,664	7,131,006	11,504,670
Construction Bonds and Deposits	3,483,591	22,475	3,506,066
Accrued Interest Payable	300,822	265,147	565,969
Long-term Liabilities			
Due Within One Year	2,969,562	2,777,786	5,747,348
Due in More Than One Year	39,839,125	44,670,454	84,509,579
Total Liabilities	<u>50,966,764</u>	<u>54,866,868</u>	<u>105,833,632</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	14,329,932	-	14,329,932
Resources Related to Pensions	(532,619)	605,430	72,811
Total Deferred Inflows of Resources	<u>13,797,313</u>	<u>605,430</u>	<u>14,402,743</u>
NET POSITION			
Net Investment in Capital Assets	119,279,602	131,740,833	251,020,435
Restricted For:			
Expendable			
Net Pension Asset	518,320	-	518,320
Debt Service	410,373	9,734,079	10,144,452
Capital Improvements-Impact Fees	16,816,989	7,902,769	24,719,758
Grants and Donations	720,599	-	720,599
Redevelopment	41,912,166	-	41,912,166
Nonexpendable - Perpetual Care	1,333,254	-	1,333,254
Unrestricted (Deficit)	41,680,278	31,989,221	73,669,499
Total Net Position	<u>\$ 222,671,581</u>	<u>\$ 181,366,902</u>	<u>\$ 404,038,483</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF AMERICAN FORK
Statement of Activities

Fiscal Year Ended June 30, 2025

Functions/Programs: Primary Government	Program Revenues						Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Capital		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Grants and Contributions					
Governmental:									
General Government	\$ 3,260,902	\$ 1,650,883	\$ 21,262	\$ -	\$ -	\$ (1,588,757)	\$ -	\$ (1,588,757)	
Community Services	9,153,810	3,516,649	166,572	1,966,413	-	(3,504,176)	-	(3,504,176)	
Public Safety	19,943,264	5,831,522	276,574	301,628	-	(13,533,540)	-	(13,533,540)	
Public Works	5,282,880	2,622,638	-	3,873,996	-	1,213,754	-	1,213,754	
Development Services	2,599,673	1,709,172	-	-	-	(890,501)	-	(890,501)	
Redevelopment/Public Improvement	587,334	-	-	-	-	(587,334)	-	(587,334)	
Other	333,645	1,150,032	-	-	-	816,387	-	816,387	
Interest on Long-Term Debt	1,739,366	-	-	-	-	(1,739,366)	-	(1,739,366)	
Total Governmental Activities	42,900,874	16,480,896	464,408	6,142,037	-	(19,813,533)	-	(19,813,533)	
Business-Type:									
Water	8,921,970	10,912,159	-	3,384,601	-	-	5,374,790	5,374,790	
Sewer	6,416,507	11,525,839	-	903,952	-	-	6,013,284	6,013,284	
Storm Drain	2,160,242	3,492,870	-	1,407,333	-	-	2,739,961	2,739,961	
Sanitation & Recycling	2,359,907	2,541,664	-	-	-	-	181,757	181,757	
Broadband	409,928	211,809	-	-	-	-	(198,119)	(198,119)	
Total Business-Type Activities	20,268,554	28,684,341	-	5,695,886	-	-	14,111,673	14,111,673	
Total Primary Government	\$ 63,169,428	\$ 45,165,237	\$ 464,408	\$ 11,837,923	\$ -	(19,813,533)	\$ 14,111,673	(5,701,860)	
General Revenues:									
Property Taxes						11,863,668	-	11,863,668	
Sales and Use Tax						18,399,825	-	18,399,825	
Energy Sales and Use Tax						2,669,602	-	2,669,602	
Other Taxes						877,144	-	877,144	
Unrestricted Investment Earnings						4,905,224	-	4,905,224	
Transfers						1,648,921	(1,648,921)	-	
Total General Revenues and Transfers						40,364,384	(1,648,921)	38,715,463	
Change in Net Position						20,550,851	12,462,752	33,013,603	
Net Position - Beginning, as previously reported						202,120,730	171,904,150	374,024,880	
Error Correction						-	(3,000,000)	(3,000,000)	
Net Position - Beginning, as restated						202,120,730	168,904,150	371,024,880	
Net Position - Ending						\$ 222,671,581	\$ 181,366,902	\$ 404,038,483	

The notes to the basic financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

The General Fund is used to account for resources traditionally associated with a government which are not required legally or by sound financial management to be accounted for in another fund.

Capital Projects Fund

The Capital Projects Fund is used to account for the construction of budgeted capital projects of the City. Impact fees, intergovernmental grants, transfers from the General Fund, and interest earnings are the principal sources of funding for these projects.

Redevelopment Fund

The Redevelopment Fund is used to account for activities of the Redevelopment Agency. The Agency is an entity established to further public purposes in the redevelopment of specific city areas.

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 93.



CITY OF AMERICAN FORK

Balance Sheet

Governmental Funds

June 30, 2025

	General	Capital Projects	Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 13,865,831	\$ 42,842,138	\$ 9,975,669	\$ 3,155,402	\$ 69,839,040
Restricted Cash	-	-	31,988,118	-	31,988,118
Receivables	12,996,413	6,061,746	2,703,329	914,817	22,676,305
Inventories	3,051	-	-	13,932	16,983
Prepaid Items	129,929	-	-	1,139	131,068
Due From Other Funds	-	-	-	241,640	241,640
Total Assets	<u>\$ 26,995,224</u>	<u>\$ 48,903,884</u>	<u>\$ 44,667,116</u>	<u>\$ 4,326,930</u>	<u>\$ 124,893,154</u>
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 2,218,992	\$ 1,182,093	\$ 51,621	\$ 793,237	\$ 4,245,943
Construction Bonds and Refunds	3,483,591	-	-	-	3,483,591
Due to Other Funds	-	241,640	-	-	241,640
Total Liabilities	<u>5,702,583</u>	<u>1,423,733</u>	<u>51,621</u>	<u>793,237</u>	<u>7,971,174</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	7,212,890	3,843,606	2,703,329	570,107	14,329,932
FUND BALANCES					
Nonspendable					
Inventories	3,051	-	-	13,932	16,983
Prepaid Items	129,929	-	-	1,139	131,068
Perpetual Care	-	-	-	1,333,254	1,333,254
Restricted					
Debt Service	-	-	-	410,373	410,373
Impact Fees	-	16,816,989	-	-	16,816,989
PARC Tax Distribution	-	720,599	-	-	720,599
Redevelopment	-	-	41,912,166	-	41,912,166
Developer Deposits	3,483,591	-	-	-	3,483,591
Committed - Cemetery Expansion	-	508,355	-	-	508,355
Assigned					
Capital Projects	-	25,590,601	-	-	25,590,601
PARC Tax	-	-	-	1,106,511	1,106,511
Downtown Redevelopment	-	-	-	112,827	112,827
Municipal Building Authority	-	-	-	621	621
Unassigned	10,463,180	-	-	(15,071)	10,448,109
Total Fund Balances	<u>14,079,751</u>	<u>43,636,545</u>	<u>41,912,166</u>	<u>2,963,586</u>	<u>102,592,048</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,995,224</u>	<u>\$ 48,903,884</u>	<u>\$ 44,667,116</u>	<u>\$ 4,326,930</u>	<u>\$ 124,893,154</u>

The notes to the basic financial statements are an integral part of this statement.

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Reconciliation of The Governmental Funds Balance Sheet
to the Statement of Net Position
 June 30, 2025

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

Total Fund Balances - Governmental Funds	<u>\$ 102,592,048</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	152,825,193
Other items, including resources related to pensions, are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.	518,320
Internal service funds are used by the City to charge the costs of the fleet operations to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	5,066,537
A portion of the excess expenses incurred by the internal service funds must be collected from the business-type activities.	(605,660)
Other items, including net pension liabilities, are not due and payable in the current period and, therefore, are either deferred or not reported in the funds.	1,401,008
Long-term liabilities, including bonds payable, are not due and payable in the current period, and accordingly, are not reported in the funds, but rather as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.	<u>(39,125,865)</u>
Net Position of Governmental Activities	<u><u>\$ 222,671,581</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF AMERICAN FORK

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

	General	Capital Projects	Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 25,821,685	\$ 2,542,610	\$ 3,135,041	\$ 2,310,902	\$ 33,810,238
Licenses and Permits	1,347,180	-	-	-	1,347,180
Intergovernmental	491,833	4,244,147	-	350,000	5,085,980
Charges for Services	10,392,795	-	-	2,091,231	12,484,026
Fines and Forfeitures	428,159	-	-	-	428,159
Interest Earnings	781,265	1,986,497	1,942,045	196,258	4,906,065
Impact Fees	-	1,320,484	-	-	1,320,484
Capital Contributions	-	280,376	-	-	280,376
Miscellaneous	900,929	43,202	-	46,942	991,073
Total Revenues	40,163,846	10,417,316	5,077,086	4,995,333	60,653,581
EXPENDITURES					
Current					
General Government	3,256,882	-	34,367	27,400	3,318,649
Community Services	6,006,701	-	-	4,386,237	10,392,938
Public Works	4,207,784	-	-	-	4,207,784
Public Safety	18,254,560	-	-	-	18,254,560
Development Services	1,570,180	-	-	-	1,570,180
Redevelopment	-	-	(59,724)	647,058	587,334
Other	-	-	-	275,562	275,562
Capital Outlay	-	19,347,264	-	-	19,347,264
Debt Service					
Principal	-	-	700,000	790,000	1,490,000
Interest and Fees	-	-	1,310,600	262,473	1,573,073
Total Expenditures	33,296,107	19,347,264	1,985,243	6,388,730	61,017,344
Excess (Deficiency) of Revenues					
Over Expenditures	6,867,739	(8,929,948)	3,091,843	(1,393,397)	(363,763)
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	1,600	-	-	-	1,600
Transfers In	52,694	8,797,285	949,497	2,564,465	12,363,941
Transfers Out	(6,502,627)	(3,416,186)	(200,000)	(808,528)	(10,927,341)
Total Other Financing Sources (Uses)	(6,448,333)	5,381,099	749,497	1,755,937	1,438,200
Net Change in Fund Balances	419,406	(3,548,849)	3,841,340	362,540	1,074,437
Fund Balances - July 1	13,660,345	47,185,394	38,070,826	2,601,046	101,517,611
Fund Balances - June 30	\$ 14,079,751	\$ 43,636,545	\$ 41,912,166	\$ 2,963,586	\$ 102,592,048

The notes to the basic financial statements are an integral part of this statement.

CITY OF AMERICAN FORK
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

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

Net Change in Fund Balance - Total Governmental Funds	<u>\$ 1,074,437</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	19,054,327
The Statement of Activities reports net pension expense from the application of GASB 68 which is not shown in the fund statements.	(655,278)
Bond proceeds and financed purchases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the statement of net position. Repayments of bond and financed purchases principal are expenditures in the governmental funds but reduce liabilities in the statement of net position.	1,622,622
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(442,830)
Internal service funds are used by the City to charge the costs of various activities to individual funds. A portion of the internal service funds net revenues is reported with governmental activities.	<u>(102,427)</u>
Change in net position of governmental activities	<u><u>\$ 20,550,851</u></u>

The notes to the basic financial statements are an integral part of this statement.

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund

The Water Fund is used to account for the activities of the City's culinary and secondary water systems.

Sewer Fund

The Sewer Fund is used to account for the activities of the City's sewer system.

Storm Water Fund

The Storm Water Fund is used to account for the activities of the City's storm drain system and operations related to the storm water management plan.

Nonmajor Proprietary Funds

Nonmajor proprietary funds include the Sanitation and Broadband fund and are presented by fund type beginning on page 105.

Internal Service Funds

The Fleet Fund and Broadband Fund are used to account for citywide services provided to various departments.

CITY OF AMERICAN FORK

Statement of Net Position

Proprietary Funds

June 30, 2025

	Business-Type Activities-Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Storm Water Fund	Nonmajor Funds	Total	Activities - Internal Service Funds
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 7,129,522	\$ 27,647,655	\$ 3,692,981	\$ 699,603	\$ 39,169,761	\$ 1,315,464
Accounts Receivable Net of Allowance	5,799,109	959,236	558,105	254,666	7,571,116	-
Prepaid Expenses	337,784	3,544	3,544	-	344,872	103,718
Note Receivable	199,465	-	-	-	199,465	-
Due From Other Funds	1,969,631	-	-	-	1,969,631	-
Total Current Assets	15,435,511	28,610,435	4,254,630	954,269	49,254,845	1,419,182
Noncurrent Assets						
Restricted Cash	9,734,079	-	-	-	9,734,079	-
Capital Assets						
Land	2,346,613	608,978	624,538	-	3,580,129	-
Water Shares and Rights	40,671,798	-	-	-	40,671,798	-
Bridges	-	-	1,327,465	-	1,327,465	-
Buildings and Structures	1,473,429	18,198	368,960	-	1,860,587	-
Improvements - Other than Buildings	134,084,453	18,639,846	17,565,300	1,200,542	171,490,141	-
Machinery and Equipment	1,121,687	550,085	197,608	135,124	2,004,504	14,914,034
Construction in Progress	9,608,720	112,885	927,842	-	10,649,447	-
Less Accumulated Depreciation	(41,408,958)	(7,746,283)	(4,304,493)	(1,032,706)	(54,492,440)	(10,530,481)
Capital Assets (Net of Accum Depreciation)	147,897,742	12,183,709	16,707,220	302,960	177,091,631	4,383,553
Total Noncurrent Assets	157,631,821	12,183,709	16,707,220	302,960	186,825,710	4,383,553
Total Assets	173,067,332	40,794,144	20,961,850	1,257,229	236,080,555	5,802,735
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charge on Debt Issuance	1,678,754	-	-	-	1,678,754	-
Resources Related to Pensions	204,212	66,386	76,981	96,286	443,865	-
Total Deferred Outflows of Resources	1,882,966	66,386	76,981	96,286	2,122,619	-
LIABILITIES						
Current Liabilities						
Accounts Payable	833,517	1,007,574	497,095	190,835	2,529,021	127,721
Accrued Liabilities	4,529,828	36,203	27,220	8,734	4,601,985	-
Interest Payable	265,147	-	-	-	265,147	-
Deposits Payable	22,475	-	-	-	22,475	-
Compensated Absences	36,589	13,304	15,858	23,035	88,786	-
Bonds and Leases Payable	2,689,000	-	-	-	2,689,000	280,377
Due to Other Funds	-	-	-	1,969,631	1,969,631	-
Total Current Liabilities	8,376,556	1,057,081	540,173	2,192,235	12,166,045	408,098
Noncurrent Liabilities						
Compensated Absences	9,586	5,695	5,695	5,197	26,173	-
Bonds and Leases Payable	44,340,552	-	-	-	44,340,552	328,100
Net Pension Liability	129,571	46,281	56,719	71,158	303,729	-
Total Noncurrent Liabilities	44,479,709	51,976	62,414	76,355	44,670,454	328,100
Total Liabilities	52,856,265	1,109,057	602,587	2,268,590	56,836,499	736,198
DEFERRED INFLOWS OF RESOURCES						
Resources Related to Pensions	273,243	81,017	115,521	135,649	605,430	-
NET POSITION						
Net Investment in Capital Assets	102,546,944	12,183,709	16,707,220	302,960	131,740,833	3,775,076
Restricted for:						
Capital Improvements-Impact Fees	4,987,612	2,915,157	-	-	7,902,769	-
Debt Service	9,734,079	-	-	-	9,734,079	-
Unrestricted	4,552,155	24,571,590	3,613,503	(1,353,684)	31,383,564	1,291,461
Total Net Position	\$ 121,820,790	\$ 39,670,456	\$ 20,320,723	\$ (1,050,724)	\$ 180,761,245	\$ 5,066,537
Adjustments to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds					605,657	
Net Position of Business-Type Activities (Page 31)					\$ 181,366,902	

The notes to the basic financial statements are an integral part of this statement.

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2025

	Business-Type Activities-Enterprise Funds				Total	Governmental
	Water Fund	Sewer Fund	Storm Water Fund	Nonmajor Funds		Activities - Internal Service Funds
OPERATING REVENUES						
Charges for Services	\$ 10,100,148	\$ 10,284,028	\$ 3,210,434	\$ 2,723,206	\$ 26,317,816	\$ 2,201,412
Intergovernmental			283,839		283,839	
Miscellaneous	60,948	-	33,859	-	94,807	5,097
Total Operating Revenues	<u>10,161,096</u>	<u>10,284,028</u>	<u>3,528,132</u>	<u>2,723,206</u>	<u>26,696,462</u>	<u>2,206,509</u>
OPERATING EXPENSES						
Salaries and Wages	966,053	433,172	492,295	317,360	2,208,880	-
Supplies and Materials	578,096	53,204	119,755	14,876	765,931	-
Professional and Technical	357,332	214,740	406,306	22,461	1,000,839	61,145
Contracted Services	-	-	-	2,207,749	2,207,749	-
Interfund Charges	1,135,838	713,683	621,263	152,604	2,623,388	44,100
Depreciation	3,197,791	481,673	358,326	49,686	4,087,476	1,082,283
Other	1,349,896	4,569,645	270,956	21,439	6,211,936	1,151,103
Total Operating Expenses	<u>7,585,006</u>	<u>6,466,117</u>	<u>2,268,901</u>	<u>2,786,175</u>	<u>19,106,199</u>	<u>2,338,631</u>
Operating Income (Loss)	<u>2,576,090</u>	<u>3,817,911</u>	<u>1,259,231</u>	<u>(62,969)</u>	<u>7,590,263</u>	<u>(132,122)</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest Earnings	700,838	1,086,964	180,763	26,634	1,995,199	16,563
Gain (Loss) on Fair Value of Investments	50,225	154,847	67,814	3,633	276,519	7,630
Gain (Loss) on Sale of Capital Assets	(246,435)	-	-	-	(246,435)	18,574
Interest and Fees	(1,125,811)	-	-	-	(1,125,811)	(15,507)
Total Non-Operating Revenue (Expenses)	<u>(621,183)</u>	<u>1,241,811</u>	<u>248,577</u>	<u>30,267</u>	<u>899,472</u>	<u>27,260</u>
Income (Loss) Before Contributions and Transfers	<u>1,954,907</u>	<u>5,059,722</u>	<u>1,507,808</u>	<u>(32,702)</u>	<u>8,489,735</u>	<u>(104,862)</u>
CONTRIBUTIONS AND TRANSFERS						
Impact Fees	912,331	249,536	112,594	-	1,274,461	-
Capital Contributions	2,472,270	654,416	1,010,900	-	4,137,586	-
Transfers In	2,438,364	-	509	219,231	2,658,104	212,323
Transfers Out	(3,924,879)	(382,146)	-	-	(4,307,025)	-
Total Contributions and Transfers	<u>1,898,086</u>	<u>521,806</u>	<u>1,124,003</u>	<u>219,231</u>	<u>3,763,126</u>	<u>212,323</u>
Change in Net Position	3,852,993	5,581,528	2,631,811	186,529	12,252,861	107,461
Net Position June 30, 2024,						
As previously Reported	120,967,797	34,088,928	17,688,912	(1,237,253)	171,508,384	4,959,076
Error Correction	(3,000,000)	-	-	-	(3,000,000)	-
Net Position June 30, 2024, as Restated	<u>117,967,797</u>	<u>34,088,928</u>	<u>17,688,912</u>	<u>(1,237,253)</u>	<u>168,508,384</u>	<u>4,959,076</u>
Net Position - Ending	<u>\$ 121,820,790</u>	<u>\$ 39,670,456</u>	<u>\$ 20,320,723</u>	<u>\$ (1,050,724)</u>	<u>180,761,245</u>	<u>\$ 5,066,537</u>
Adjustments to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds					209,891	
Change in Net Position of Business-Type Activities (Page 34)					<u>\$ 12,462,752</u>	

Basic financial statements are an integral part of this statement.

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Statement of Cash Flows
 Proprietary Funds
 For The Year Ended June 30, 2025

	Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Nonmajor Proprietary Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers and Users	\$ 9,682,644	\$ 10,196,087	\$ 3,231,968	\$ 2,640,524	\$ 25,751,224	\$ 28,761
Payments to Suppliers	(1,649,601)	(4,640,693)	(745,891)	(2,262,577)	(9,298,762)	(1,235,728)
Interfund Services	(1,010,734)	(685,090)	(571,744)	(48,053)	(2,315,622)	2,161,409
Payments to Employees	(935,962)	(418,530)	(472,929)	(303,425)	(2,130,846)	-
Net Cash Provided (Used) by Operating Activities	6,086,347	4,451,774	1,441,404	26,470	12,005,994	954,443
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers In	(1,486,516)	(382,146)	509	219,231	(1,648,922)	212,323
Interfund Loans	92,271	-	-	(92,271)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,394,245)	(382,146)	509	126,960	(1,648,922)	212,323
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Impact Fees	912,330	249,536	112,594	-	1,274,460	-
Capital Grants	2,313,650	-	29,138	-	2,342,788	-
Purchase of Capital Assets	(5,130,497)	(405,250)	(1,850,339)	-	(7,386,086)	(711,395)
Principal Paid on Capital Debt	(2,588,000)	-	-	-	(2,588,000)	(274,672)
Interest and Fees Paid on Capital Debt	(1,186,438)	-	-	-	(1,186,438)	(15,507)
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,678,955)	(155,714)	(1,708,606)	-	(7,543,276)	(1,001,574)
CASH FLOW FROM INVESTING ACTIVITIES						
Interest Income	751,063	1,241,812	248,577	30,266	2,271,719	24,194
Net Cash Used by Investing Activities	751,063	1,241,812	248,577	30,266	2,271,719	24,194
Net Increase (Decrease) in Cash and Cash Equivalents	(235,789)	5,155,726	(18,116)	183,696	5,085,516	189,385
Cash and Cash Equivalents - Beginning of Year	17,099,391	22,491,929	3,711,097	515,907	43,818,324	1,126,079
Cash and Cash Equivalents - End of Year	\$ 16,863,602	\$ 27,647,655	\$ 3,692,981	\$ 699,603	\$ 48,903,840	\$ 1,315,464
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 2,576,090	\$ 3,817,911	\$ 1,259,231	\$ (62,969)	\$ 7,590,263	\$ (132,122)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	3,197,792	481,673	358,326	49,686	4,087,476	1,082,283
(Increase) Decrease in Receivables	(367,703)	(59,348)	(217,507)	21,870	(622,687)	28,763
(Increase) Decrease in Prepaid Assets	(331,034)	(169)	(169)	-	(331,371)	(21,880)
(Increase) Decrease in Deferred Outflows Related to Pensions	(7,746)	218	(1,752)	(346)	(9,625)	-
Increase (Decrease) in Accounts Payable	981,109	195,297	20,882	3,948	1,201,236	(2,601)
Increase (Decrease) in Accrued Liabilities	2,166	1,359	2,743	1,266	7,534	-
Increase (Decrease) in Accrued Vacation and Sick Leave	(13,695)	4,731	2,175	(4,237)	(11,026)	-
Increase (Decrease) in Net Pension Liability	49,811	10,260	17,669	17,496	95,237	-
Increase (Decrease) in Deferred Inflows Related to Pensions	(445)	(159)	(195)	(244)	(1,042)	-
Total Adjustments	3,510,256	633,863	182,173	89,439	4,415,731	1,086,565
Net Cash Provided by Operating Activities	\$ 6,086,346	\$ 4,451,774	\$ 1,441,404	\$ 26,470	\$ 12,005,994	\$ 954,443
Noncash Investing, Capital, and Financing Activities:						
Contributions of Capital Assets From Developers	\$ 1,776,431	\$ 654,416	\$ 1,010,900	\$ -	\$ 3,441,747	\$ -
Gain (Loss) on Fair Value of Investments	50,225	154,847	67,814	3,633	276,519	7,630
Gain (Loss) on Sale of Capital Assets	(246,435)	-	-	-	(246,435)	18,574

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS



CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The City of American Fork was incorporated under the laws of the Territory of Utah in 1853. Under the present council-mayor form of government, administrative and legislative powers are vested in a governing body, consisting of the Mayor and a five-member City Council. They are assisted by a City Administrator. The city offers a wide range of services to its citizens: General administrative services, public safety (police and fire), highways and streets, sanitation, recreation and parks, public improvements, and planning and zoning. It also operates water, sewer, storm drain, and sanitation utilities, and provides a digital service network.

The Annual Comprehensive Financial Report of the city includes the financial statements for all activities of the city based upon the criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14, as amended. The primary criterion for including a board or an agency in this report is financial accountability, which determines whether an entity is a component unit of the financial reporting entity. Blended component units, although legally separate entities, are in substance, part of the government's operations, and so data from these units are combined with data of the primary government. Discretely presented component units, if any, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the city.

Blended Component Units

The Municipal Building Authority was created by the city and is governed by the city's Mayor and Council. The Authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of general capital assets for the city. The bonds are secured by a lease agreement with the city and will be retired through lease payments from the city. The financial statements of the Municipal Building Authority are included in the accompanying financial statements as a blended component unit.

The Redevelopment Agency is governed by a separate governing board, who are the City's Mayor and Council. The financial statements of the Redevelopment Agency are included in the accompanying financial statements as a blended component unit.

The Municipal Building Authority and Redevelopment Agency are considered blended component units because the governing board in each case is the same governing board of the city. In addition, the primary government has operational responsibility for both the Municipal Building Authority and the

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Redevelopment Agency. There is also a direct financial benefit/burden relationship between the Municipal Building Authority and the Redevelopment Agency with the primary government.

Both the Municipal Building Authority and Redevelopment Agency are presented as special revenue funds. Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices at 51 E Main Street American, American Fork, UT 84003 or online at www.americanfork.gov.

Other Component Units

The Fox Hollow Golf Course and Timpanogos Special Service District (TSSD) are excluded from the accompanying financial statements because the entities are autonomous and have a self-elected board of directors responsible for their operations and the hiring of management personnel. The city pays TSSD for its share of services received. TSSD also receives payments from other cities receiving these same services. Fox Hollow Golf Course was established in 1973 by American Fork City, Pleasant Grove City, and Lehi City. The city has representation on the board. The city has guaranteed one third of a \$3,315,000 bond which retires in 2027.

Government-Wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting and Presentation

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

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (*i.e.*, when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt as well as expenditures related to compensated absences, claims, and judgments, which are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

- **General Fund** is the general operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Capital Projects Fund** accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).
- **Special Revenue Funds (Redevelopment Agency)** are used to account for project areas funded through the use of a tax increment financing for the purpose of incentivizing commercial, industrial, and/or transit-oriented development throughout American Fork City.

Additionally, the City reports the following nonmajor governmental fund types:

- **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. While this fund does not meet the financial tests to be classified as a major fund, the city elects to report this fund as a major fund due to its importance to financial statement users.

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- **Special Revenue Funds** are used to account for proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Funds

The focus of proprietary fund measurement is upon the determination of net income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The city's proprietary funds consist of both enterprise and internal service funds.

- **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The government reports the following major Enterprise funds:
 - *Water Fund* accounts for the operations of the city's culinary and secondary water utility services.
 - *Sewer Fund* accounts for the operations of the city's sewer utility.
 - *Storm Drain Fund* accounts for the operation of the city's storm drain utility and storm water management plan.

Activities of these funds include administration, operations, and maintenance of the water, sewer, and storm drain systems, which include billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt and capital improvements. The majority of costs are financed through charges to utility customers.

Other non-major enterprise funds include the following:

- *Sanitation Fund* accounts for the utility fee and related sanitation contracts for garbage and recycling services.
- *Broadband Fund* accounts for operating the network operations center (NOC) and services related to leasing fiber lines to private parties.
- **Internal service funds** are used to account for the city's fleet maintenance and information technology services. Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the city on a cost reimbursement basis. The city operates a fleet internal service fund, which is used to account for the acquisition and maintenance of city vehicles and an information technology internal service fund, which is used to account for the acquisition and maintenance of city-wide hardware, software and technology contract services.

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The internal service fund activities have been combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided with the combining data elsewhere in this report.

Interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the general fund by the various enterprise funds for providing administrative services for such funds. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Cash & Cash Equivalents and Investments

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement, and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to or due from other funds". Legally authorized transfers are treated as interfund transfers and are included in the results of operations in both governmental and proprietary funds.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased (consumption method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenditures are recorded as expenditures when purchased using the purchases method.

Restricted Assets/Restricted Net Position

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service. It is the policy of the city to use restricted assets first and then use unrestricted assets. Restricted net position represents resources that are subject to external restrictions on how they may be used. Of

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

the \$79,348,549 reported as restricted net position in the statement of net position, \$78,015,295 is restricted due to enabling legislation.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art (and similar items), and capital assets received in a service concession arrangement are reported at acquisition value. The costs of normal maintenance and repairs that do not add to the functionality of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the assets constructed. In the governmental funds, \$19,347,264 has been capitalized during the construction period on property, plant, and equipment. Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	10-50
Infrastructure	40-60
Improvements other than buildings	5-50
Machinery and equipment	5-20
Furniture and fixtures	5-20

Subscription-based information technology arrangements (SBITA) are defined as a contract that conveys control of the right to use another party's software. This type of asset is recorded as an intangible asset and amortized over the shorter of the subscription term or the assets useful life. The City has no material SBITA contracts at the end of the current fiscal year.

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net assets that applies to a future period(s) and so *will not* be recognized as an outflow of resources (expense/expenditure) until then. The city has two items that qualify for reporting in this category – a deferred charge on refunding and resources related to pensions, both of which are reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pensions results from the difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net assets that applies to a future period(s) and so *will not* be recognized as an inflow of resources (revenue) until that time. The city has one item, *deferred revenue*, which qualifies for reporting in this category on both the government-wide statement of net position and governmental funds balance sheet. Both statements report unavailable revenue due to property taxes. In addition, the statement of net position reports *resources related to pensions*, which relates to the differences between expected and actual experience along with changes in assumptions for the city's pensions. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Compensated Absences

City employees accrue earned vacation and sick leave throughout the year. They are allowed to carry forward into the next calendar year accrued vacation up to 240 hours and all sick leave but are encouraged to take their vacation leave within the calendar year in which it is earned. Upon termination of employment, an employee will be compensated for all unused vacation leave and may be compensated for 50 percent of sick leave hours in excess of 320 hours, up to a maximum of 160 hours.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental funds, any compensated absence liability has typically been liquidated by the General Fund.

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Taxes

In Utah, county governments assess, levy, collect and disburse two principal types of tax: (1) personal, which is assessed on business assets other than real estate, and (2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on all business personal property on January 1st, and real estate and improvement taxes are levied on January 1st and are payable by November 30th. The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by a deferred inflow.

The City Council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council must set a tax rate by June 22nd each year. The County Treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

Fund Balance

The city implemented GASB Statement 54, *Fund Balance Reporting in Governmental Fund Types Definitions*, in fiscal year 2011. The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the city is bound to honor them. The city first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- **Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories and prepaid expenditures are classified as nonspendable.
- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include debt service, bond proceeds, impact fees, grant revenue, state liquor fund allotment, donations, Redevelopment Agency fund balance, and perpetual care.
- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action (resolution) of the City Council. Fund balance commitments can only be removed or changed by the same type of action of the City Council. Per Resolution 2014-11-42R, \$400 of each cemetery lot sale is to be used for expansion of the city's cemetery.
- **Assigned.** This category includes fund balance appropriated in the subsequent year's budget through City Council resolution. This category also includes the remaining positive fund balances for other governmental funds. The city has assigned debt service, municipal building authority, PARC tax, downtown redevelopment, celebration, and capital projects. Currently, there is no body or official authorized to assign amounts for a specific purpose.
- **Unassigned.** Residual balances in the general fund are classified as unassigned. The General Fund is the only fund that reports a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for which amounts from both restricted and unrestricted resources could be used, it is the city's policy to use restricted resources first before using unrestricted resources. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, then assigned, and finally unassigned. The city's fund balance policy follows state code § 10-6-116(4) in regard to minimum fund balance required. Utah Code requires a minimum fund balance of 5 percent and a maximum value of 35 percent of total revenues to be maintained in the General Fund. For fiscal year 2025, the minimum required amount is \$2,008,272. The city's fund balance is at 35% of revenues for the fiscal year ending 2025.

Use of Estimates

Presenting financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Pensions

For purposes of measuring 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' 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.

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

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

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$152,825,193 adjustment is as follows:

Cost of capital assets	\$202,788,524
Accumulated depreciation	<u>(49,963,331)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$152,825,193</u>

Another element of the reconciliation explains that “other items, including resources related to pensions, are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to the funds.” The details of the \$518,320 difference are as follows:

Resources related to pensions	\$714,162
Net pension asset	<u>(195,842)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$518,320</u>

Another element of the reconciliation states “other items, including net pension liabilities, are not due and payable in the current period and, therefore, are either deferred or not reported in the funds.” The details of the \$1,401,008 difference is as follows:

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

Deferred inflows related to pensions	\$4,776,173
Net pension liability	<u>(3,375,165)</u>
Net adjustment to reduce <i>fund balance – total governmental funds to arrive at net position – governmental activities</i>	<u>\$1,401,008</u>

The final element of the reconciliation states that “long term liabilities, including bonds payable, are not due and payable in the current period, and accordingly, are not reported in the funds, but rather as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.” The details of this \$39,125,865 difference are as follows:

Bonds payable and financed purchases	\$(36,598,873)
Deferred bond premium (to be amortized over life of original debt)	(2,043,221)
Accrued interest payable	(300,822)
Compensated absences	<u>(182,949)</u>
Net adjustment to reduce <i>fund balance – total governmental funds to arrive at net position – governmental activities</i>	<u>\$(39,125,865)</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

Capital outlay	\$19,347,264
Gain from Sale/Disposal of Assets	3,396,477
Depreciation expense	<u>(3,689,414)</u>
Net adjustment to reduce <i>net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$19,054,327</u>

Another element of that reconciliation states that “Bond proceeds and financed purchases provide current financial resources to governmental funds by issuing debt, which increases long-term liabilities in the statement of net position. Repayments of bond and financed purchases principal are expenditures in the governmental funds but reduce liabilities in the statement of net position.” Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

Bond and financed purchases principal payments	\$1,513,527
Deferred Interest on bond premium	<u>109,095</u>
Net adjustments to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$1,622,622</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.”

Compensated absences	\$(182,949)
Accrued interest	<u>(259,881)</u>
Net adjustment to decrease <i>net changes in fund balances– total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(422,830)</u>

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the state of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of the adopted budget, they are not a valid or enforceable claim against the city. Budgets are adopted on a basis consistent with generally accepted accounting principles. All funds of the city have legally adopted budgets.

The city adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. On or before the first regularly scheduled meeting of the City Council in May, the city Administrator submits a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held at which time the taxpayers’ comments are heard. Notice of the hearing is given at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 30th, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1st.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING – Continued

- D. Control of budgeted expenditures is exercised, under state law, at the departmental level. The Finance Director has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The City Council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.
- E. Budget appropriations for any department may be reduced by resolution.
- F. A public hearing, as required in B.) above, must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.
- G. Encumbrances lapse at year end. Encumbered amounts do not carry over to the following year and are subject to re-appropriation. The city has no significant encumbrances at year end.

During the budget year, the city modified the budget on several occasions using the above procedures.

NOTE 4 – DEPOSITS AND INVESTMENTS

The city maintains a cash and investment pool that is available for use by all funds. On June 30, 2025, the city's cash balance consisted of the following:

	Total Cash from <u>All Fund Types</u>
Cash	\$ 13,448,400
Cash Equivalents and Investments	<u>138,598,062</u>
Total Cash and Cash Equivalents	<u>\$152,046,462</u>

While the city's carrying amount of deposits was \$152,046,462 the balance in the city's bank account and cash on hand was \$152,555,870, with the difference being due to outstanding checks and deposits in transit.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the city's deposits may not be recovered. The city's policy for managing custodial credit risk is to adhere to the Utah Money Management Act. The Act requires all deposits of the city to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2025, the deposits are as follows:

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 4 – DEPOSITS AND INVESTMENTS - Continued

<u>Depository Account</u>	<u>Custodial Risk</u>	<u>Total Cash from All Fund Types</u>
Checking and Cash on Hand	Insured	\$13,448,400
Checking and Cash on Hand	Uninsured	<u>0</u>
Total Checking and Cash on Hand		<u>\$13,448,400</u>

Investments

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

American Fork City follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of American Fork City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for American Fork City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, certified investment advisors, or directly with issuers of the investment securities.

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

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council, which

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

Fair Value of Investments

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

- *Level 1:* Valuations based on quoted prices in active markets for identical assets or liabilities that the city has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail any significant degree of judgment. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign governments obligations.
- *Level 2:* Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include corporate and municipal bonds, and "brokered" or securitized certificates of deposit.
- *Level 3:* Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

As of June 30, 2025, the city had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurement Classification		
		Level 1	Level 2	Level 3
Utah's Public Treasurer's Investment Fund	\$ 41,266,374	\$ -	\$ 41,266,374	\$ -
Corporate Debt Securities	16,723,759	-	16,723,759	-
Certificates of Deposit	26,222,263	-	26,222,263	-
U.S. Government Securities	4,220,448	4,220,448	-	-
Yankee Bonds	1,505,548	1,505,548	-	-
Commercial Paper	-	-	-	-
Agency Bonds	6,302,612	6,302,612	-	-
Money Market Funds	42,357,058	-	42,357,058	-
	<u>\$ 138,598,062</u>	<u>\$ 12,028,608</u>	<u>\$ 126,569,454</u>	<u>\$ -</u>

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 4 – DEPOSITS AND INVESTMENTS - Continued

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

For securities that generally have market prices from multiple sources, it can be challenging to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a weighted average price for each security. American Fork City receives market prices for these securities from a variety of industry-standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, American Fork City uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

- U.S. Treasuries, Money Markets, U.S. Agencies: quoted prices for identical securities in markets that are active

Debt securities classified in Level 2 are valued using the following approaches:

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities’ relationship to benchmark quoted prices
- Bond Mutual Funds: published fair value per share (unit) for each fund
- Utah Public Treasurers’ Investment Fund: application of the June 30, 2025, fair value factor, as calculated by the Utah State Treasurer, to American Fork City’s average daily balance in the fund
- Donated Real Estate: recent appraisals of real estate value.

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. American Fork City’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State’s Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, fixed-rate negotiable certificates of deposits, and fixed-rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury, obligations issued by U.S. government-sponsored enterprises, and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate corporate note securities may not have a remaining term to final maturity exceeding three years.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 4 – DEPOSITS AND INVESTMENTS - Continued

As of June 30, 2025, American Fork City's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	3-5
Utah's Public Treasurer's				
Investment Fund	\$ 41,266,374	\$ 41,266,374	\$ -	\$ -
Corporate Debt Securities	16,723,759	1,591,571	15,132,188	-
Certificates of Deposit	26,222,263	9,809,544	13,106,069	3,306,651
U.S. Government Securities	4,220,448	2,733,223	977,548	509,677
Yankee Bonds	1,505,548	501,970	1,003,578	-
Commercial Paper	-	-	-	-
Agency Bonds	6,302,612	-	300,700	6,001,912
Money Market Funds	42,357,058	42,357,058	-	-
	<u>\$ 138,598,062</u>	<u>\$ 98,259,741</u>	<u>\$ 30,520,082</u>	<u>\$ 9,818,240</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. American Fork City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

As of June 30, 2025, American Fork City's investments had the following quality ratings:

Investment Type	AAA	Rating			
		AA	A	BBB	Unrated
Utah's Public Treasurer's					
Investment Fund	\$ -	\$ -	\$ -	\$ -	\$41,266,374
Corporate Debt Securities	1,525,839	3,694,711	11,001,393	-	501,815
Certificates of Deposit	-	1,548,925	2,398,138	476,183	21,799,018
U.S. Government Securities	4,220,448	-	-	-	-
Yankee Bonds	-	-	1,505,548	-	-
Commercial Paper	-	-	-	-	-
Agency Bonds	5,798,386	504,226	-	-	-
Money Market Funds	624,229	-	-	-	41,732,829
	<u>\$ 12,168,902</u>	<u>\$ 5,747,862</u>	<u>\$ 14,905,079</u>	<u>\$ 476,183</u>	<u>\$105,300,036</u>

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 4 – DEPOSITS AND INVESTMENTS - Continued

Concentration of Credit Risk – Investments

The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. American Fork City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, American Fork City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. American Fork City does have a formal policy for custodial credit risk. All investments other than bank deposits or funds invested in the state treasurers fund are to be held by a third party with securities delivered on delivery vs. purchase basis. As of June 30, 2025, American Fork City safe-kept all investments with custodian counterparty US Bank, and all investments which was/were held by the counterparty's trust department or agent are registered in American Fork City's name.

NOTE 5 – RECEIVABLES

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	Governmental Activities			
	General	Capital Projects	Redevelopment Agency	Nonmajor Governmental
Accounts	\$ 2,809,540	\$ 635,911	\$ -	\$ 19,617
Property Tax	7,290,388	489,246	2,703,329	570,107
Other Taxes	2,724,323	357,873	-	309,056
Intergovernmental	-	-	-	-
Other	323,516	4,578,716	-	16,037
Less: Allowance for Uncollectible Accounts	(151,354)	-	-	-
	<u>\$ 12,996,413</u>	<u>\$ 6,061,746</u>	<u>\$ 2,703,329</u>	<u>\$ 914,817</u>

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 5 – RECEIVABLES - Continued

Receivables	Business-type Activities				Total
	Water	Sewer	Storm Water	Nonmajor Proprietary	
Accounts	\$ 898,188	\$ 959,618	\$ 306,774	\$ 254,716	\$ 5,884,363
Property Tax	-	-	-	-	11,053,070
Other Taxes	-	-	-	-	3,391,252
Intergovernmental	-	-	-	-	-
Other	5,100,764	-	251,446	-	10,270,479
Less: Allowance for Uncollectible Accounts	(378)	(381)	(115)	(50)	(152,278)
	<u>\$ 5,998,574</u>	<u>\$ 959,236</u>	<u>\$ 558,105</u>	<u>\$ 254,666</u>	<u>\$ 30,446,886</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

The city transferred monies between funds to support debt service payments in the debt service fund and fleet fund, and to support related capital expenditures in the capital projects fund. In addition, transfers were completed to support general operations in the fitness center fund and broadband fund.

Transfer In	Transfer Out				Total
	General	Capital Projects	Redevelopment Agency	Nonmajor Governmental	
General	\$ -	\$ -	\$ -	\$52,694	\$52,694
Capital Projects	4,116,827	-	-	755,833	4,872,660
Redevelopment Agency	949,497	-	-	-	949,497
Nonmajor Governmental	1,217,073	1,347,391	-	-	2,564,464
Major Proprietary	-	1,856,472	200,000	-	2,056,472
Nonmajor Proprietary	219,231	-	-	-	219,231
Internal Service	-	212,323	-	-	212,323
Total Transfer Out	<u>\$6,502,628</u>	<u>\$3,416,186</u>	<u>\$200,000</u>	<u>\$808,527</u>	<u>\$10,927,341</u>

Interfund Receivables / Payables

During fiscal year 2014, the capital projects fund acquired a note with the cemetery perpetual care fund in the amount of \$530,000 to expand the current cemetery. The note will be repaid with \$250 per lot sale. Payments are estimated to continue through fiscal year 2032. The note carries an interest rate of 2.35 percent. The current balance on the loan is \$259,369.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – Continued

Due to a negative cash balance, the water fund advanced the broadband fund \$1,969,631 to eliminate the negative cash balance. Cash will be repaid to the water fund during fiscal year 2025.

NOTE 7 – CAPITAL ASSETS

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 30,152,750	\$ 11,509,357	\$ -	\$ 41,662,107
Land Right of Way	726,929	-	-	726,929
Construction in Progress	14,275,596	9,488,843	11,380,621	12,383,818
Total capital assets not being depreciated	45,155,276	20,998,200	11,380,621	54,772,854
Capital assets being depreciated:				
Buildings	39,998,751	323,459	-	40,322,210
Improvements	90,025,682	12,350,416	1,327,993	101,048,105
Machinery and Equipment	20,731,647	1,255,799	428,057	21,559,389
Total capital assets being depreciated	150,756,080	13,929,674	1,756,050	162,929,705
Less accumulated depreciation for:				
Buildings	14,662,788	871,122	-	15,533,910
Improvements	29,248,826	2,396,371	1,327,993	30,317,204
Machinery and Equipment	13,493,009	1,504,203	354,513	14,642,699
Total accumulated depreciation	57,404,623	4,771,696	1,682,506	60,493,813
Total capital assets, being depreciated, net	93,351,457	9,157,978	73,544	102,435,891
Governmental activities capital assets, net	\$ 138,506,733	\$ 30,156,178	\$ 11,454,165	\$ 157,208,746

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,793,216	\$ 786,913	\$ -	\$ 3,580,129
Construction in Progress	19,528,532	5,470,504	14,349,589	10,649,447
Water Shares	40,549,758	122,040	-	40,671,798
Total capital assets not being depreciated	62,871,506	6,379,457	14,349,589	54,901,374
Capital assets being depreciated:				
Buildings	1,860,587	-	-	1,860,587
Improvements	157,629,506	18,901,846	3,713,746	172,817,606
Machinery and Equipment	1,862,133	142,371	-	2,004,504
Total capital assets being depreciated	161,352,227	19,044,217	3,713,746	176,682,697
Less accumulated depreciation for:				
Buildings	1,234,313	20,892	-	1,255,205
Improvements	51,774,184	3,951,073	3,467,448	52,257,809
Machinery and Equipment	863,915	115,511	-	979,426
Total accumulated depreciation	53,872,412	4,087,476	3,467,448	54,492,440
Total capital assets, being depreciated, net	107,479,815	14,956,741	7,181,194	122,190,257
Business-type activities capital assets, net	\$ 170,351,321	\$ 21,336,198	21,530,783	\$ 177,091,631

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 7 – CAPITAL ASSETS – Continued

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

Governmental Activities:	
General Government	\$ 17,005
Public Works	1,790,962
Public Safety	162,501
Community Services	1,718,946
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,082,282</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,771,696</u>
Business-Type Activities:	
Water	\$ 3,197,791
Sewer	481,673
Storm Drain	358,326
Broadband	<u>49,686</u>
Total Depreciation Expense - Business-Type Activities	<u>4,087,476</u>
Total Depreciation Expense	<u>\$ 8,859,172</u>

NOTE 8 - LONG-TERM OBLIGATIONS

A Summary of long-term obligation activity for the year ended June 30, 2025 is as follows:

Governmental Activities	July 1, 2024	Additions	Reductions	June 30, 2025	Due in One Year
Bonds Payable:					
2018 Sales Tax Revenue Refunding Bonds	1,738,000	-	415,000	1,323,000	428,000
2020 General Obligation Bonds	6,695,000	-	375,000	6,320,000	390,000
2022 Tax Increment Revenue Bonds	28,310,000	-	700,000	27,610,000	735,000
Unamortized Bond Premium	<u>2,152,318</u>	-	<u>109,096</u>	<u>2,043,222</u>	-
Total Bonds Payable	38,895,318	-	1,599,096	37,296,222	1,553,000
Net Pension Liability	2,908,494	466,671	-	3,375,165	-
Financed Purchases	931,121	-	298,199	632,922	304,821
Compensated Absences	<u>1,321,429</u>	<u>1,785,543</u>	<u>1,602,594</u>	<u>1,504,378</u>	<u>1,111,741</u>
Governmental Long-Term Obligations	<u>44,056,362</u>	<u>2,252,214</u>	<u>3,499,889</u>	<u>42,808,687</u>	<u>2,969,562</u>

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

Business-Type Activities	July 1, 2024	Additions	Reductions	June 30, 2025	Due in One Year
Bonds Payable:					
2015 General Obligation Bonds	\$ 4,740,000	\$ -	\$ 365,000	\$ 4,375,000	\$ 380,000
2016 General Obligation Bonds	21,985,000	-	1,635,000	20,350,000	1,715,000
2020 Water Revenue Bonds	20,855,000	-	588,000	20,267,000	594,000
Unamortized Bond Premium	2,241,308	-	203,755	2,037,553	-
Total Bonds Payable	49,821,308	-	2,791,755	47,029,553	2,689,000
Net Pension Liability	208,491	95,237	-	303,728	-
Compensated Absences	125,985	-	11,026	114,959	88,786
Business-Type Long-Term Obligations	50,155,784	221,386	2,928,930	47,448,240	2,767,623
Total Government-Wide Long-Term Obligations	<u>\$ 92,059,828</u>	<u>\$ 2,473,599</u>	<u>\$ 6,428,819</u>	<u>\$ 90,256,927</u>	<u>\$ 5,747,348</u>

Note: The Change in the compensated absence liability is presented as a net change.

State statutes (Utah State Constitution, Article XIV, Section 4) limit the amount of general obligation debt a governmental entity may issue to 12 percent of the “reasonable fair cash value” of property within the city. Of this percent, a maximum of 4 percent may be used for general purposes, with the remaining 8 percent (and any remaining portion of the 4 percent for general purposes) may be used for water and/or sewer purposes. The current limitation of the city is \$913,308,522, with the total general obligation debt of the city at \$31,045,000, excluding bond premium, or 3.4 percent of the current year limit.

General Obligation Bonds payable at June 30, 2025, are comprised of the following:

Fiscal Year	Governmental		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 390,000	\$ 192,638	\$ 2,095,000	\$ 881,538
2027	405,000	177,038	2,200,000	787,238
2028	420,000	160,838	2,240,000	741,238
2029	435,000	144,038	2,330,000	655,638
2030	460,000	122,288	2,420,000	566,588
2031-2035	2,540,000	358,190	13,440,000	1,481,575
2036-2038	1,670,000	75,713	-	-
Total	<u>\$ 6,320,000</u>	<u>\$ 1,230,743</u>	<u>\$ 24,725,000</u>	<u>\$ 5,113,815</u>

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

Details of General Obligation Bonds – Governmental Activities

2020 General Obligation Bonds:

\$8,035,000 General Obligation Bonds due in annual principal and semi-annual interest payments through May 2038 – Interest is at 1.55%. Interest is at a varying rate of 2.25% to 5.00%. Proceeds are used to construct a fire station. \$6,320,000

In fiscal year 2020 the city issued \$8,035,000 in general obligation bonds with an interest rate of 2.25 to 5.00 percent. The proceeds were used for the purpose of paying the costs of purchasing real property, acquiring, constructing, and equipping a new fire station and related Improvements. The net proceeds of \$8,598,061 (with premium of \$713,745 and after payment of \$150,684 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for construction of the new fire station. The Bonds are general obligations of the city, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the city, fully sufficient to pay the Bonds as to both principal and interest.

Details of General Obligation Bonds – Business-Type Activities

2015 General Obligation Refunding Bonds:

\$7,020,000 General Obligation Refunding Bonds due in annual principal and semi-annual interest payments through May 2035 – Interest is at a varying rate of 2.25% to 4.00%. Proceeds were used to advance refund the 2007 GO Bonds, which partially financed the city’s pressurized irrigation system. \$4,375,000

In fiscal year 2015 the city issued \$7,020,000 in general obligation bonds with an interest rate of 2.74 percent. The proceeds were used to advance refund \$6,745,000 of the outstanding 2007 general obligation bonds, with interest rates ranging from 2.00 percent to 4.00 percent. The net proceeds of \$7,270,728 (after payment of \$79,748 in issuance costs and \$46,112 in underwriter fees) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2007 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$376,588. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 2007 general obligation bonds to reduce its total debt service payments over twenty years by \$244,434 and to obtain an economic gain (i.e., the difference between the present values of the debt service payments on the old and new debt) of \$957,571. As of June 30, 2025, the outstanding principal balance of the defeased debt is \$4,375,000.

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

2016 General Obligation Refunding Bonds:

\$30,285,000 General Obligation Refunding Bonds due in annual Principal and semi-annual interest payments through May 2035 – Interest is at a varying rate of 2.00% to 5.00%. Proceeds were used to advance refund the 2008 GO Bonds, which partially financed the city’s pressurized irrigation system.	\$20,350,000
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In fiscal year 2016 the city issued \$30,285,000 in general obligation bonds with an interest rate of 3.00 to 5.00 percent. The proceeds were used to advance refund \$31,200,000 of the outstanding 2008 general obligation bonds with interest rates ranging from 2.00 to 4.00 percent. The net proceeds of \$34,397,083 (after payment of \$122,640 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payments on the refunded bonds. As a result, the 2008 general obligation bonds are partially considered defeased and the liability for those bonds have been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,435,384. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The city advance refunded the 2008 general obligation bonds to reduce its total debt service payments over twenty years by \$4,884,058 and to obtain an economic gain (i.e., the difference between the present values of the debt service payments on the old and new debt) of \$3,818,377. As of June 30, 2024, the outstanding principal balance of the defeased debt is \$20,350,000.

The 2015 and 2016 general obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the city. The general revenues of the city are contingently liable for the general obligation bonds that are currently outstanding and recorded as obligations of the business-type activities. The full faith and credit of the City is pledged to redeem these bonds if revenues from the proprietary funds are insufficient to meet the obligations. There are several covenants and restrictions contained in the general obligation bonds. The City is in compliance with all significant covenants and restrictions related to the bonds at June 30, 2025.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

Revenue Bonds payable at June 30, 2025, are comprised of the following:

Fiscal Year	Revenue Bonds			
	Governmental		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	1,163,000	1,315,819	594,000	202,670
2027	1,210,000	1,266,058	600,000	196,730
2028	1,250,000	1,229,582	606,000	190,730
2029	835,000	1,176,000	612,000	184,670
2030	875,000	1,134,250	618,000	178,550
2031-2035	5,085,000	4,969,000	3,455,000	796,070
2036-2040	6,490,000	3,563,500	3,814,000	613,570
2041-2045	8,230,000	1,821,700	4,010,000	419,000
2046-2050	3,795,000	229,200	4,213,000	214,470
2051-2052	-	-	1,745,000	26,220
Total	<u>\$ 28,933,000</u>	<u>\$ 16,705,109</u>	<u>\$ 20,267,000</u>	<u>\$ 3,022,680</u>

Details of Revenue Bonds – Governmental Activities

2018 Sales Tax Revenue and Refunding Bonds:

\$4,000,000 Sales Tax Revenue and Refunding Bonds due in annual Principal and semi-annual interest payments through May 2028 – Interest is at a rate of 3.04%. Proceeds will be used expand Art Dye park and to refinance the 2012 Sales Tax Revenue Bonds.

\$1,323,000

The city has pledged sales tax revenues in the amount of \$4,690,100 to fund debt service payments on the sales tax revenue bonds. The 2018 bonds were used to refund the 2012 Series Sales Tax Revenue Bonds and to finance the acquisition and construction of recreation improvements, including improvements at Art Dye Park. Sales tax in the current year was \$18,399,825 and debt service for the sales tax bonds was \$467,835.

CITY OF AMERICAN FORK
Notes to the Financial Statements
 June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

2022 Redevelopment Agency Subordinate Sales Tax and Tax Increment Revenue Bonds:

\$30,000,000 Subordinate Sales Tax Revenue and Tax Increment Bonds due in annual Principal and semi-annual interest payments through May 2042. Interest is at a varying rate of 2.35% to 3.84%. Proceeds will be used finance a portion of the costs of the acquisition and construction of project area improvements, including upgrading 200 South. \$27,610,000

The redevelopment agency has pledged tax increment revenues for the Patriot Station project area and subordinating sales taxes received from an agreement with the City of American Fork for the repayment of the bonds.

Details of Revenue Bonds – Business-Type Activities

2020 Water Revenue Bonds:

\$22,015,000 Water Revenue Bonds due in annual principal and interest payments through January 2051 – Interest is fixed at 1%. Proceeds were used to improve the City’s water infrastructure. The City issued \$12,750,000 of proceeds during fiscal year 2021 and will draw additional proceeds during fiscal year 2023 in the amount of \$9,265,000. \$20,267,000

The city has pledged culinary water revenue for the 2020 Water Revenue Bonds. The remaining principal and interest payments total \$23,289,680. For the current year, principal and interest paid were \$796,550 compared to water charges for services revenue of \$6,740,828. It is estimated that annual principal and interest payments on the bonds will require an average of 1.3 percent of pledged revenues. In the event of default, the bondholder (the state of Utah) may require the city to pay an interest penalty equal to 18 percent per annum of the outstanding principal amount and interest on the bonds, with interest accruing until payment by the city.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

The future annual requirements for all outstanding bond obligations as of June 30, 2025, are as follows:

Fiscal Year	All Bonds and Notes		
	Principal	Interest	Total
2026	\$ 4,242,000	\$ 2,592,665	\$ 6,834,665
2027	4,415,000	2,427,064	6,842,064
2028	4,516,000	2,322,388	6,838,388
2029	4,212,000	2,160,346	6,372,346
2030	4,373,000	2,001,676	6,374,676
2031-2035	24,520,000	7,604,835	32,124,835
2036-2040	11,974,000	4,252,783	16,226,783
2041-2045	12,240,000	2,240,700	14,480,700
2046-2050	8,008,000	443,670	8,451,670
2051-2052	1,745,000	26,220	1,771,220
Total	<u>\$ 80,245,000</u>	<u>\$ 26,072,347</u>	<u>\$ 96,094,457</u>

NOTE 9 - RETIREMENT PLAN

General Information about the Pension Plan

Plan Description. Eligible plan participants are provided with pensions through the Utah Retirement Systems (URS). URS is composed of the following pension trust funds:

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

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 Utah State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLAN - Continued

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 may be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website www.urs.org/general/publications.

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

Summary of Benefits by System

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent per Year of Service	COLA**
Noncontributory System	Highest 3 Years	30 Years any age 25 Years any age* 20 Years age 60* 10 Years age 62 4 Years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 Years	20 Years Any Age 10 Years Age 60 4 Years Age 65	2.5% Per Year Up to 20 Years; 2.0% Per year Over 20 Years	Up to 2.5% or 4% Depending Upon Employer
Firefighters System	Highest 3 Years	20 Years Any Age 10 Years Age 60 4 Years Age 65	2.5% Per Year Up to 20 Years; 2.0% Per Year Over 20 Years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 Years Any Age 20 Years Any Age 60* 10 Years Age 62* 4 Years Age 65	1.5% Per Year All Years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 Years Any Age 20 Years Any Age 60* 10 Years Age 62* 4 Years Age 65	1.5% Per Year All Years; 2.0% Per Year July 2020 to Present	Up to 2.5%

* With actuarial reductions

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

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLAN - Continued

Contributions

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

	<u>Employee</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
Contributory System			
111 – Local Government Division Tier 2 Noncontributory System	0.70%	15.19%	0.00%
15 – Local Government Division Tier 1	0.00%	16.97%	0.00%
Public Safety Retirement System			
122 – Contributory Tier 2 DB Hybrid	4.73%	25.33%	0.00%
43 – Noncontributory Other Division A With 2.5% COLA	0.00%	33.54%	0.00%
Firefighters System			
31 – Other Division A	15.05%	1.61%	0.00%
132 – Tier 2 DB Hybrid	4.73%	14.08%	0.00%
Tier 2 DC Only			
211 Local Government	0.00%	5.19%	10.00%
222 Public Safety	0.00%	11.33%	14.00%
232 Firefighters	0.00%	0.08%	14.00%

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

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

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory	\$605,417	N/A
Public Safety	430,372	N/A
Firefighters	21,091	197,153
Tier 2 Public Employees	439,362	20,247
Tier 2 Public Safety and Firefighter	973,962	228,201
Tier 2 DC Only System	59,178	N/A
Tier 2 DC Public Safety and Firefighter System	19,067	N/A
Total Contributions	\$2,548,448	\$445,601

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLAN - Continued

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, the city reported a net pension asset of \$518,320 and a net pension liability of \$3,678,893:

	Measurement Date: December 31, 2024				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/23	Change (Decrease)
Noncontributory System	\$ -	\$ 1,280,626	40.3840800%	40.7725400%	-0.3884600%
Public Safety System	-	1,666,864	1.0772719%	1.0812225%	-0.0039506%
Firefighters System	518,320	-	2.9508299%	3.0429465%	-0.0921166%
Tier 2 Public Employees System	-	279,082	0.0935766%	0.0955417%	-0.0019651%
Tier 2 Public Safety & Firefighter	-	452,321	1.0000717%	1.1652817%	-0.1652100%
	<u>\$ 518,320</u>	<u>\$ 3,678,893</u>			

The net pension asset and liability were 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 net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2025, the city recognized pension expense of \$3,286,366. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$1,903,174	\$25,687
Changes in Assumptions	494,385	7,132
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	869,539	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	162,096	39,992
Contributions Subsequent to the Measurement Date	1,258,225	-
Total	<u>\$4,687,419</u>	<u>\$72,811</u>

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLAN - Continued

\$1,258,225 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, subsequent to the measurement date of December 31, 2024.

These contributions, typically made from the general fund, 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>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$1,275,848
2026	1,668,101
2027	(138,107)
2028	33,461
2029	161,508
Thereafter	355,572

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the city recognized pension expense of \$1,158,508. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 763,069	\$ -
Changes in Assumptions	105,931	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	385,745	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	6,259
Contributions Subsequent to the Measurement Date	291,079	-
Total	<u>\$1,545,824</u>	<u>\$6,259</u>

\$2914,079 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, 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:

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLAN – Continued

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$729,274
2026	704,317
2027	(156,523)
2028	(28,582)
2029	-
Thereafter	-

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

For the year ended June 30, 2025, the city recognized pension expense of \$1,063,251. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$176,139	\$ -
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	288,485	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	4,030
Contributions Subsequent to the Measurement Date	204,238	-
Total	<u>\$668,863</u>	<u>\$4,030</u>

\$204,238 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, 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>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$189,529
2026	409,484
2027	(117,177)
2028	(21,241)
2029	-
Thereafter	-

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLAN – Continued

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the city recognized pension expense of \$103,904. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$569,476	\$ -
Changes in Assumptions	41,574	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	148,153	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	48,727	17,137
Contributions Subsequent to the Measurement Date	10,545	-
Total	<u>\$818,476</u>	<u>\$17,137</u>

\$10,545 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$271,253
2026	422,761
2027	82,516
2028	14,264
2029	-
Thereafter	-

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

For the year ended June 30, 2025, the city recognized pension expense of \$304,346. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLAN – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$120,649	\$1,923
Changes in Assumptions	93,210	29
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	17,838	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	40,031	3,156
Contributions Subsequent to the Measurement Date	249,097	-
Total	\$520,825	\$5,107

\$249,097 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$31,710
2026	49,213
2027	20,892
2028	25,728
2029	61,834
Thereafter	77,242

Tier 2 Public Safety and Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the city recognized pension expense of \$656,356. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLAN – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$273,842	\$23,766
Changes in Assumptions	253,670	7,103
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	29,318	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	73,339	9,412
Contributions Subsequent to the Measurement Date	503,265	-
Total	\$1,133,434	\$40,280

\$503,265 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$54,081
2026	82,327
2027	32,184
2028	43,293
2029	99,674
Thereafter	278,330

Actuarial Assumptions

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

- Inflation 2.50 percent
- Salary Increases 3.5 – 9.5 percent, average, including inflation
- Investment Rate of Return 6.85 percent, net of pension plan investment expense, Including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 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 assumption using a base year of 2020. The mortality assumption for active members is

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLAN – Continued

the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively. The actuarial assumptions used in the January 1, 2024, valuation were based on an experience study for the period ending December 31, 2023.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term Expected Portfolio Real Rate of Return
Equity Securities	35.00%	7.01%	2.45%
Debt Securities	20.00%	2.54%	0.51%
Real Assets	18.00%	5.45%	0.98%
Private Equity	12.00%	10.05%	1.21%
Absolute Return	15.00%	4.36%	0.65%
Cash and Cash Equivalents	-%	0.49%	-%
Totals	100.00%		5.80%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		8.30%

The 6.85 percent assumed investment rate of return is comprised of an inflation rate of 2.50 percent and a real return of 4.35 percent 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.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLAN – Continued

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate. The following table presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as the proportionate share of the net pension liability if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$5,415,997	\$1,280,626	\$(2,187,612)
Public Safety System	5,120,848	1,666,864	(1,151,532)
Firefighters System	1,128,009	(518,320)	(1,860,709)
Tier 2 Public Employees System	833,549	279,082	(152,239)
Tier 2 Public Safety and Firefighter	1,542,373	452,321	(419,192)
Total	\$14,040,777	3,160,573	(5,771,285)

Defined Contribution Savings Plans

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

The city participates in the following defined contribution savings plans with Utah Retirement Systems:

- 401(k) plan
- 457(b) plan
- Roth IRA plan
- Traditional IRA plan

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

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLAN – Continued

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$159,072	\$119,273	\$102,297
Employee Contributions	120,419	108,155	94,739
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	41,048	30,073	15,120
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	81,215	83,148	75,991
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	75	1,875	1,800

The city has also established a voluntary deferred compensation program pursuant to Section 457 of the Internal Revenue Code for Public Safety (Fire) employees. In accordance with Governmental Accounting Standards Board Statement 32 (GASB No. 32), the assets and income of the Plan are held in trust for the exclusive benefit of the participants or their beneficiaries.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The city is a defendant in certain legal actions and pending actions, or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the final outcome of the cases will not have an adverse material effect on the city's financial statements.

In the normal course of operations, the city receives grant funds from various federal agencies. The grant operations are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of audits of grant funds is not believed to be material.

The city has various construction projects and agreements as of June 30, 2025, with commitments to contractors and vendors as follows:

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 10 - COMMITMENTS AND CONTINGENCIES – Continued

<u>Purpose</u>	<u>Amount</u>
Road Projects	\$4,498,770
Water Projects	2,234,324
Fiber Projects	2,108,126
Community Services Projects	106,931
Sewer and Storm Drain Projects	1,647,531
Public Safety	1,016,277
General Projects and Other	64,175
Total Commitments	<u>\$11,676,134</u>

NOTE 11 - RISK MANAGEMENT

The city is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. It is the policy of the city to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damage, and other losses. A minimal deductible applies to these policies, which the city pays in the event of any loss. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The city also maintains a worker's compensation policy through a commercial vendor.

NOTE 12 - REDEVELOPMENT AGENCY

The Redevelopment Agency of American Fork City is established to further public purposes in the redevelopment of certain city areas. For the year ended June 30, 2025, the following activity occurred in the city's Redevelopment Agency:

Tax increment collection from other taxing agencies for various project areas	\$3,135,041
Amounts expended for installation of capital improvements, other public improvements, and housing donations	0
Amounts expended for administrative costs	34,367

NOTE 13 – DEFICIT NET POSITION

For the year ended June 30, 2025, the city had negative net position in the broadband fund. During fiscal year 2003, an existing high-speed broadband system was purchased from a private company. The city began providing wholesale services to internet providers during fiscal year 2003. A significant portion of the broadband assets were sold to UTOPIA and a private company in 2008. The City has since issued more IRUs (Irrevocable Rights of Use) that extend beyond the useful life of the asset and are treated in

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 13 – DEFICIT NET POSITION – Continued

the financial statements as a sale of assets. The city is currently in the process of conducting a feasibility study to determine long-term options for the broadband system, and in fiscal year 2025 the general fund subsidized the current year's deficit.

NOTE 14 – LEASE ARRANGEMENTS

The city renegotiated an agreement with the State of Utah to lease office and court space to the Fourth Judicial District and Juvenile Courts, beginning January 1, 2023 through September 30, 2032, with a portion of the leased building expiring September 30, 2025. The base rent, including operating and maintenance costs is \$65,963 per month, with a 3% escalation per square foot rate each year. Per the terms of the agreement, the city reserves the right to terminate the lease agreement if the Utah State Legislature fails to appropriate funds for the lease. The State of Utah can terminate the lease with 60 days advance notice to the City. Future lease payments are as follows:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2026	637,669
2027	559,034
2028	574,125
2029	589,583
2030	605,614
2031-3033	<u>1,421,796</u>
Total	<u>\$4,387,822</u>

NOTE 15 – TAX ABATEMENT AGREEMENTS

On December 9, 2014, the city entered into a development agreement with AFCC Limited, the developer of the Meadows shopping center. Under this agreement, AFCC Limited is allowed to share in future sales and property tax increment revenues subject to several terms and conditions, which include:

- A fifteen-year maximum term.
- The first \$70,000 of tax increment generated during each year is not subject to the agreement.
- After the first \$70,000, the city will reimburse AFCC Limited 75 percent of the tax increment revenues generated.
- \$2,000,000 maximum reimbursement cap.

During fiscal year ending June 30, 2025, AFCC Limited did not exceed the thresholds under the terms and conditions of the agreement to receive a tax increment share.

On December 23, 2019, the city entered into a development agreement with National Buick GMC. Under this agreement, National Buick GMC can share in future sales and property tax increment revenues subject to a number of terms and conditions, which include:

- The first \$100,000 of tax increment generated during each year is not subject to the agreement.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 15 – TAX ABATEMENT AGREEMENTS – Continued

- After the first \$100,000, the city will reimburse National Buick GMC a tiered percentage of tax increment generated above the baseline amount of \$100,000.
- \$1,000,000 maximum reimbursement cap.

During fiscal year ending June 30, 2025 National Buick GMC received \$210,316 in tax increment reimbursements.

On August 24, 2021, the city entered into a development agreement with Doug Smith Auto. Under this agreement, Doug Smith Auto can share in future sales and property tax increment revenues subject to a number of terms and conditions, which include:

- The first \$775,000 of tax increment generated during each year is not subject to the agreement.
- After the first \$775,000, the city will reimburse Doug Smith Auto a tiered percentage of tax increment generated above the baseline amount of \$775,000.
- \$2,000,000 maximum reimbursement cap.

During fiscal year ending June 30, 2025 Doug Smith received \$226,881 in tax increment reimbursements.

NOTE 16 – CORRECTION OF AN ERROR

During fiscal year 2025, the city identified an error in the previously issued financial statements for the fiscal year ending June 30, 2024. The error related to the accrual of grant revenue in the amount of \$3,000,000 in the city's Water Fund. This error resulted in recognizing grant revenue within the availability period for reimbursement of project improvements for a capital project that has since been delayed. In accordance with GASB Statement No. 100, the error has been corrected by restating the beginning net position/fund balance for the fiscal year ended June 30, 2025. The correction is reflected as an adjustment to beginning balances rather than as a change to the current period's activity.

The adjustment reflects a correction of overstated revenues and understated deferred revenue that should have been recorded in prior periods. The effect of correcting this error on previously issued financial statements is summarized below:

Government-Wide Financial Statements – Statement of Activities	
Net position, July 1, 2024, as previously reported	\$171,904,150
Adjustment for error correction	<u>(3,000,000)</u>
Net position, July 1, 2024, as restated	168,904,150
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Net Position	
Fund balance, July 1, 2024, as previously reported	\$120,967,797
Adjustment for error correction	<u>(3,000,000)</u>
Fund balance, July 1, 2024, as restated	117,967,797

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued. There are no subsequent events as of the report date.

Required Supplementary Information

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)



Main St., looking east, American Fork
Main Street 1912



CITY OF AMERICAN FORK**General Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2025

(continued)

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes				
Property Tax - Current	\$ 7,081,872	\$ 7,081,872	\$ 7,202,305	\$ 120,433
Property Tax - Delinquent	300,000	300,000	397,357	97,357
Motor Vehicle Tax	400,000	400,000	497,103	97,103
Sales and Use Tax	12,310,000	14,085,500	14,628,950	543,450
Penalties and Interest	10,000	10,000	46,326	36,326
Transient Room Tax	30,000	30,000	47,868	17,868
Telecommunications Tax	160,000	160,000	218,156	58,156
Energy Sales and Use Tax	2,200,000	2,200,000	2,669,602	469,602
Cable TV Franchise Tax	125,000	125,000	114,018	(10,982)
Total Taxes	<u>22,616,872</u>	<u>24,392,372</u>	<u>25,821,685</u>	<u>1,429,313</u>
Licenses and Permits				
Building Permits	1,000,000	1,000,000	907,080	(92,920)
Business Licenses	90,000	90,000	113,734	23,734
Other Licenses and Permits	132,000	132,000	326,366	194,366
Total Licenses and Permits	<u>1,222,000</u>	<u>1,222,000</u>	<u>1,347,180</u>	<u>125,180</u>
Intergovernmental Revenues				
Federal Grants	-	-	80,624	80,624
State Grants	73,000	118,225	239,604	121,379
County, Local, and Other Grants	30,000	30,000	95,861	65,861
Liquor Fund Allotment	50,000	86,000	75,744	(10,256)
Total Intergovernmental Revenues	<u>153,000</u>	<u>234,225</u>	<u>491,833</u>	<u>257,608</u>
Charges for Services				
Fire Services	1,406,184	1,406,184	1,213,805	(192,379)
Police Services	1,125,000	1,241,000	1,236,688	(4,312)
Ambulance Fees	2,975,000	2,975,000	2,977,467	2,467
Development Fees	400,000	400,000	342,783	(57,217)
Plan Check Fees	356,000	356,000	444,106	88,106
Recreation Fees	522,000	522,000	600,407	78,407
Cemetery Fees	195,500	236,693	238,340	1,647
Administrative Charge	2,647,914	2,647,914	2,647,914	-
Other Fees	620,000	666,000	691,285	25,285
Total Charges for Services	<u>10,247,598</u>	<u>10,450,791</u>	<u>10,392,795</u>	<u>(57,996)</u>
Fines and Forfeitures	<u>330,000</u>	<u>330,000</u>	<u>428,159</u>	<u>98,159</u>
Miscellaneous Revenue				
Investment Earnings	283,547	628,145	653,139	24,994
Gain (Loss) on Fair Value of Investments	-	-	128,126	128,126
Rental Income	561,098	561,098	612,624	51,526
Donations	-	-	54,131	54,131
Miscellaneous	632,473	632,473	234,174	(398,299)
Total Miscellaneous Revenue	<u>1,477,118</u>	<u>1,821,716</u>	<u>1,682,194</u>	<u>(139,522)</u>
Total Revenue	<u>\$ 36,046,588</u>	<u>\$ 38,451,104</u>	<u>\$ 40,163,846</u>	<u>\$ 1,712,742</u>

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK**General Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
EXPENDITURES				
General Government				
Administration and Finance	\$ 2,445,063	\$ 2,575,063	\$ 2,512,015	\$ 63,048
Legislative and Executive	239,532	249,532	239,672	9,860
Legal	546,159	546,159	505,195	40,964
Total General Government	<u>3,230,754</u>	<u>3,370,754</u>	<u>3,256,882</u>	<u>113,872</u>
Community Services				
Administration	298,222	298,222	286,087	12,135
Boat Harbor	53,718	53,718	24,969	28,749
Building Maintenance	1,262,225	1,265,725	1,204,236	61,489
Cemetery	595,498	656,691	637,122	19,569
Library	1,215,043	1,298,648	1,241,825	56,823
Parks	1,497,608	1,756,056	1,694,180	61,876
Recreation	718,851	718,851	694,712	24,139
Senior Citizens & Citizen Committees	202,350	256,350	223,570	32,780
Total Community Services	<u>5,843,515</u>	<u>6,304,261</u>	<u>6,006,701</u>	<u>297,560</u>
Public Works				
Administration	313,283	328,283	316,335	11,948
Engineering	1,353,901	1,353,901	1,020,449	333,452
Streets	2,966,891	2,756,891	2,353,737	403,154
Public Infrastructure	607,097	611,797	517,263	94,534
Total Public Works	<u>5,241,172</u>	<u>5,050,872</u>	<u>4,207,784</u>	<u>843,088</u>
Public Safety				
Fire	7,990,351	8,133,755	8,106,654	27,101
Police & Animal Control	9,806,826	10,213,026	10,147,906	65,120
Total Public Safety	<u>17,797,177</u>	<u>18,346,781</u>	<u>18,254,560</u>	<u>92,221</u>
Development Services				
Building Inspection	1,422,751	1,422,751	1,254,977	167,774
Planning	646,129	646,129	315,203	330,926
Total Other	<u>2,068,880</u>	<u>2,068,880</u>	<u>1,570,180</u>	<u>498,700</u>
Total Expenditures	<u>34,181,498</u>	<u>35,141,548</u>	<u>33,296,107</u>	<u>1,845,441</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,865,090</u>	<u>3,309,556</u>	<u>6,867,739</u>	<u>3,558,183</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	77,500	77,500	52,694	(24,806)
Transfers Out	(1,942,590)	(3,387,056)	(6,502,627)	3,115,571
Sale of Capital Assets	-	-	1,600	1,600
Total Other Financing Sources (Uses)	<u>(1,865,090)</u>	<u>(3,309,556)</u>	<u>(6,448,333)</u>	<u>3,092,365</u>
Net Change in Fund Balance	-	-	419,406	419,406
Fund Balance - July 1			<u>13,660,345</u>	
Fund Balance - June 30			<u>\$ 14,079,751</u>	

The notes to the required supplementary information are an integral part of this schedule.

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Redevelopment Agency Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes	\$ 2,638,163	\$ 2,703,329	\$ 3,135,041	\$ 431,712
Interest Earnings	541,000	541,000	1,905,718	1,364,718
Gain (Loss) on Fair Value of Investments	-	-	36,327	36,327
Total Revenues	<u>3,179,163</u>	<u>3,244,329</u>	<u>5,077,086</u>	<u>1,796,430</u>
EXPENDITURES				
General Government	529,508	529,508	34,367	495,141
Affordable Housing	260,666	260,666	-	260,666
Capital Outlay and Projects	29,839,445	29,839,445	(59,724)	29,899,169
Debt Service				
Principal	700,000	1,310,600	700,000	610,600
Interest and Fees	700,000	700,000	1,310,600	(610,600)
Total Expenditures	<u>32,029,619</u>	<u>32,640,219</u>	<u>1,985,243</u>	<u>30,654,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(28,850,456)</u>	<u>(29,395,890)</u>	<u>3,091,843</u>	<u>32,487,733</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	950,000	949,497	503
Transfers Out	(200,000)	(200,000)	(200,000)	-
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>750,000</u>	<u>749,497</u>	<u>503</u>
Net Change in Fund Balance	(29,050,456)	(28,645,890)	3,841,340	32,487,230
Fund Balance - July 1			38,070,826	
Fund Balance - June 30			<u>\$ 41,912,166</u>	

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK

Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability

June 30, 2025

Last 10 Fiscal Years*

Year Ended 12/31	Noncontributory Retirement System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Proportion of the net pension liability (asset)					
2015	0.4671654%	1.0209030%	1.5158354%	0.0912367%	1.5001408%
2016	0.4489326%	0.9700784%	1.4418841%	0.0985332%	1.3686609%
2017	0.4739740%	0.9866520%	1.9399640%	0.0947120%	1.3857400%
2018	0.4440602%	1.0127761%	2.4297297%	0.0748773%	1.1694804%
2019	0.4438457%	0.9604843%	2.5826386%	0.0746911%	1.1486931%
2020	0.4342667%	0.9078040%	2.7819512%	0.0712204%	1.1994706%
2021	0.4334302%	0.9615900%	3.1023319%	0.0754374%	1.1883430%
2022	0.3978124%	1.0091230%	3.1168623%	0.0800700%	1.1499815%
2023	0.4077254%	1.0812225%	3.0429465%	0.0955417%	1.1652817%
2024	0.4084080%	1.0772719%	2.9508299%	0.0935766%	1.0000717%
Proportionate share of the net pension liability (asset)					
2015	5,643,449	1,828,694	(27,455)	(199)	(21,918)
2016	2,882,697	1,968,557	(11,367)	10,991	(11,881)
2017	2,076,622	1,547,719	(121,161)	8,351	(16,009)
2018	3,269,937	2,605,453	315,494	32,068	29,302
2019	1,672,796	1,542,171	(320,299)	16,799	108,051
2020	222,754	753,677	(777,889)	10,243	107,586
2021	(2,482,301)	(780,948)	(1,809,331)	(31,928)	(60,062)
2022	681,353	1,304,872	(806,462)	87,188	95,937
2023	945,746	1,546,326	(714,162)	185,961	438,952
2024	1,280,626	1,666,864	(518,320)	279,082	452,321
Covered payroll					
2015	3,969,893	1,450,621	498,165	589,511	892,642
2016	3,851,408	1,342,582	501,290	808,052	1,130,820
2017	4,032,289	1,319,371	571,039	928,254	1,460,525
2018	3,812,874	1,314,953	752,118	874,153	1,565,601
2019	3,844,971	1,168,425	826,886	1,038,379	1,893,108
2020	3,741,354	1,018,453	907,583	1,138,325	2,383,992
2021	3,761,541	1,026,331	1,034,300	1,399,796	2,841,775
2022	3,475,846	1,106,814	1,120,423	1,745,170	3,538,244
2023	3,574,835	1,244,621	1,161,842	2,470,076	4,415,304
2024	3,568,626	1,302,243	1,237,579	2,772,165	4,565,041

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK**Required Supplementary Information**

Schedule of the Proportionate Share of the Net Pension Liability

June 30, 2025

Last 10 Fiscal Years*

Year Ended 12/31	Noncontributory Retirement System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll					
2015	66.59%	126.06%	-5.51%	0.03%	-2.46%
2016	74.85%	146.62%	-2.27%	1.36%	-1.05%
2017	51.50%	117.31%	-21.22%	0.90%	-1.10%
2018	85.76%	198.14%	41.95%	3.67%	1.87%
2019	43.51%	131.99%	-38.74%	1.62%	5.71%
2020	5.95%	74.00%	-85.71%	0.90%	4.51%
2021	-65.99%	-76.09%	-174.93%	-2.28%	-2.11%
2022	19.60%	117.89%	-72.25%	5.00%	2.71%
2023	26.46%	124.24%	-61.47%	7.53%	9.94%
2024	35.89%	128.00%	-41.88%	10.07%	9.91%
Plan fiduciary net position as a percentage of its covered payroll					
2015	87.80%	87.10%	101.00%	100.20%	100.70%
2016	87.30%	86.50%	100.40%	95.10%	103.60%
2017	91.90%	90.20%	103.00%	97.40%	103.00%
2018	87.00%	84.70%	94.30%	90.80%	95.60%
2019	93.70%	90.90%	105.00%	96.50%	89.60%
2020	99.20%	95.50%	110.50%	98.30%	93.10%
2021	108.70%	104.20%	120.10%	103.80%	102.80%
2022	97.50%	93.60%	108.40%	92.30%	96.40%
2023	96.90%	93.44%	106.79%	89.58%	89.10%
2024	96.02%	93.30%	104.64%	87.44%	90.10%

* The amounts presented for each fiscal year were determined as of December 31.

The notes to the required supplementary information are an integral part of this schedule.

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK

Required Supplementary Information

Schedule of Contributions - Utah Retirement Systems

June 30, 2024

Last 10 Fiscal Years*

Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System					
2015	\$ 698,745	\$ 698,745	\$ -	\$ 3,814,719	18.32%
2016	715,449	715,449	-	3,911,858	18.29%
2017	724,783	724,783	-	3,972,181	18.25%
2018	720,585	720,585	-	3,952,823	18.23%
2019	688,195	688,195	-	3,779,491	18.21%
2020	692,913	692,913	-	3,804,571	18.21%
2021	695,453	695,453	-	3,780,068	18.40%
2022	661,522	661,522	-	3,596,226	18.39%
2023	617,410	617,410	-	3,445,839	17.92%
2024	646,817	646,817	-	3,613,984	17.90%
Public Safety System					
2015	493,954	493,954	-	1,451,099	34.04%
2016	477,217	477,217	-	1,401,928	34.04%
2017	452,796	452,796	-	1,330,187	34.04%
2018	451,848	451,848	-	1,327,402	34.04%
2019	421,884	421,884	-	1,239,375	34.04%
2020	366,460	366,460	-	1,076,555	34.04%
2021	348,171	348,171	-	1,022,828	34.04%
2022	356,410	356,410	-	1,047,034	34.04%
2023	391,210	391,210	-	1,149,267	34.04%
2024	441,352	441,352	-	1,296,569	34.04%
Firefighters System					
2015	15,660	15,660	-	454,136	3.45%
2016	15,749	15,749	-	487,783	3.23%
2017	17,957	17,957	-	514,525	3.49%
2018	26,696	26,696	-	679,298	3.93%
2019	36,437	36,437	-	790,388	4.61%
2020	39,218	39,218	-	850,699	4.61%
2021	45,043	45,043	-	977,053	4.61%
2022	49,526	49,526	-	1,074,316	4.61%
2023	40,566	40,566	-	1,123,704	3.61%
2024	43,540	43,540	-	1,206,108	3.61%

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

Required Supplementary Information

Schedule of Contributions - Utah Retirement Systems (continued)

June 30, 2024

Last 10 Fiscal Years*

Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
Tier 2 Public Employees System**					
2015	71,827	71,827	-	480,771	14.94%
2016	105,774	105,774	-	709,416	14.91%
2017	137,044	137,044	-	919,145	14.91%
2018	128,787	128,787	-	852,329	15.11%
2019	153,055	153,055	-	984,911	15.54%
2020	164,060	164,060	-	1,047,639	15.66%
2021	198,731	198,731	-	1,257,791	15.80%
2022	248,866	248,866	-	1,548,638	16.07%
2023	326,824	326,824	-	2,041,370	16.01%
2024	435,310	435,310	-	2,718,988	16.01%
Tier 2 Public Safety and Firefighter System**					
2015	114,413	114,413	-	797,630	14.34%
2016	140,767	140,767	-	997,412	14.11%
2017	198,201	198,201	-	1,306,481	15.17%
2018	243,354	243,354	-	1,521,388	16.00%
2019	288,715	288,715	-	1,645,804	17.54%
2020	388,407	388,407	-	2,201,991	17.64%
2021	531,029	531,029	-	2,563,626	20.71%
2022	643,544	643,544	-	3,159,089	20.37%
2023	807,959	807,959	-	3,909,693	20.67%
2024	939,476	939,476	-	4,587,848	20.48%
Tier 2 Public Employees DC Only System**					
2015	2,293	2,293	-	34,122	6.72%
2016	4,993	4,993	-	74,629	6.69%
2017	13,612	13,612	-	203,471	6.69%
2018	19,449	19,449	-	290,718	6.69%
2019	29,082	29,082	-	434,702	6.69%
2020	35,008	35,008	-	523,288	6.69%
2021	34,764	34,764	-	519,648	6.69%
2022	35,486	35,486	-	530,429	6.69%
2023	47,118	47,118	-	761,197	6.19%
2024	56,878	56,878	-	918,876	6.19%

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK**Required Supplementary Information**

Schedule of Contributions - Utah Retirement Systems (continued)

June 30, 2023

Last 10 Fiscal Years*

Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
Tier 2 Public Safety and Firefighter DC Only System**					
2015	171	171	-	1,448	11.81%
2016	4,694	4,694	-	39,680	11.83%
2017	4,999	4,999	-	42,254	11.83%
2018	5,505	5,505	-	46,537	11.83%
2019	6,896	6,896	-	90,011	7.66%
2020	11,385	11,385	-	156,491	7.28%
2021	11,578	11,578	-	204,019	5.67%
2022	16,815	16,815	-	239,224	7.03%
2023	10,567	10,567	-	140,646	7.51%
2024	12,406	12,406	-	140,571	8.83%

* The amounts presented for each fiscal year were determined as of December 31. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

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

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK**Notes to Required Supplementary Information**For the Year Ended June 30, 2025

1. BUDGETARY COMPARISON SCHEDULES

The Budgetary Comparison Schedule presented in this section of the report is for the city's major funds, which includes the General Fund and Redevelopment Agency Fund.

2. BUDGETING AND BUDGETARY CONTROLS

Budgets for the major funds are adopted and presented on a basis consistent with generally accepted accounting principles.

Original budgets represent the revenue estimates and spending authority authorized by the City 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.

3. CHANGES IN ASSUMPTIONS

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

Supplementary Information

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

Star Flour Mill 1900



out 1900. Established in 1888 by James Chipman, the mill continued to produce Star Flour until 1979, when
Parduhn, after three generations of family ownership, filled the last bag.



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes.

- 1) **Fitness Center** – This fund is used to account for fees charged to users and expenditures dealing with operation and maintenance of the City’s fitness center.
- 2) **PARC Tax** – This fund is used to account for the revenues received by the City from the Utah State Tax Commission and expenditures (mainly grants) relating to the City’s Parks, Arts, Recreation, and Culture tax.
- 3) **Celebration** – This fund is used to account for the activities of Steel Days, the City’s annual celebration.
- 4) **Downtown Redevelopment** – The downtown redevelopment fund is used to enhance and promote the City’s core downtown area and to account for small business revolving loans issued by the city.
- 5) **Building Authority** – The building authority fund is used to account for the construction of capital facilities within the City.

DEBT SERVICE FUNDS

Debt service funds are used to account for the revenues, other financing sources, other financing uses, and the related expenditures for long-term debt.

- 1) **Debt Service Fund** – This fund is used to accumulate resources for and payment of bond principal and interest for governmental funds.

PERMANENT FUND

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City’s program.

- 1) **Perpetual Care Fund** – This fund is used to account for the funds received for the perpetual care of the cemetery.



CITY OF AMERICAN FORK
Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

(continued)

	Special Revenue			
	Fitness Center	PARC Tax	Celebration	Downtown Redevelopment
ASSETS				
Cash and Cash Equivalents	\$ 139,578	\$ 1,409,512	\$ 6,414	\$ 96,790
Receivables	19,617	309,056	-	16,037
Inventories	13,932	-	-	-
Prepaid Items	1,139	-	-	-
Due From Other Funds	-	-	-	-
Total Assets	<u>174,266</u>	<u>1,718,568</u>	<u>6,414</u>	<u>112,827</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	<u>174,266</u>	<u>612,057</u>	<u>6,414</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable				
Inventories	13,932	-	-	-
Prepaid Items	1,139	-	-	-
Restricted				
Debt Service	-	-	-	-
Perpetual Care	-	-	-	-
Assigned				
PARC Tax	-	1,106,511	-	-
Downtown Redevelopment	-	-	-	112,827
Municipal Building Authority	-	-	-	-
Unrestricted	<u>(15,071)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>1,106,511</u>	<u>-</u>	<u>112,827</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 174,266</u>	<u>\$ 1,718,568</u>	<u>\$ 6,414</u>	<u>\$ 112,827</u>

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK
Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

	Special Revenue Building Authority	Debt Service Debt Service	Permanent Cemetery Care	Total
ASSETS				
Cash and Cash Equivalents	\$ 1,121	\$ 410,373	\$ 1,091,614	\$ 3,155,402
Receivables	-	570,107	-	914,817
Inventories	-	-	-	13,932
Prepaid Items	-	-	-	1,139
Due From Other Funds	-	-	241,640	241,640
Total Assets	<u>1,121</u>	<u>980,480</u>	<u>1,333,254</u>	<u>4,326,930</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	500	-	-	793,237
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	570,107	-	570,107
FUND BALANCES				
Nonspendable				
Inventories	-	-	-	13,932
Prepaid Items	-	-	-	1,139
Restricted				
Debt Service	-	410,373	-	410,373
Perpetual Care	-	-	1,333,254	1,333,254
Assigned				
PARC Tax	-	-	-	1,106,511
Downtown Redevelopment	-	-	-	112,827
Municipal Building Authority	621	-	-	621
Unrestricted	-	-	-	(15,071)
Total Fund Balances	<u>621</u>	<u>410,373</u>	<u>1,333,254</u>	<u>2,963,586</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,121</u>	<u>\$ 980,480</u>	<u>\$ 1,333,254</u>	<u>\$ 4,326,930</u>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2025

(continued)

	Special Revenue			
	Fitness Center	PARC Tax	Celebration	Downtown Redevelopment
REVENUES				
Charges for Services	\$ 2,040,240	\$ -	\$ 18,691	\$ -
Taxes	-	1,728,264	-	-
Intergovernmental	-	-	-	-
Interest Earnings	-	73,747	-	4,841
Gain (Loss) on Fair Value of Investments	-	8,424	-	602
Miscellaneous	6,317	20,088	20,537	-
Total Revenues	<u>2,046,557</u>	<u>1,830,523</u>	<u>39,228</u>	<u>5,443</u>
EXPENDITURES				
Community Services	2,796,138	1,508,886	81,213	-
Redevelopment and Public Improvements	-	-	-	-
Interfund Charges	252,312	23,250	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fees	-	-	-	-
Total Expenditures	<u>3,048,450</u>	<u>1,559,536</u>	<u>81,213</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,001,893)</u>	<u>270,987</u>	<u>(41,985)</u>	<u>5,443</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,175,089	-	41,985	-
Transfers Out	(173,196)	(52,694)	-	-
Total Other Financing Sources (Uses)	<u>1,001,893</u>	<u>(52,694)</u>	<u>41,985</u>	<u>-</u>
Net Change in Fund Balances	-	218,293	-	5,443
Fund Balances - Beginning	-	888,218	-	107,384
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 1,106,511</u>	<u>\$ -</u>	<u>\$ 112,827</u>

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

Nonmajor Governmental Funds

For the Year Ended June 30, 2025

	<u>Special Revenue</u> Building Authority	<u>Debt Service</u> Debt Service	<u>Permanent</u> Cemetery Care	Total
REVENUES				
Charges for Services	\$ -	\$ -	\$ 32,300	\$ 2,091,231
Taxes	-	582,638	-	2,310,902
Intergovernmental	-	350,000	-	350,000
Interest Earnings	-	24,175	81,925	184,688
Gain (Loss) on Fair Value of Investments	-	2,544	-	11,570
Miscellaneous	-	-	-	46,942
Total Revenues	<u>-</u>	<u>959,357</u>	<u>114,225</u>	<u>4,995,333</u>
EXPENDITURES				
Community Services	-	-	-	4,386,237
Redevelopment and Public Improvements	647,058	-	-	647,058
Interfund Charges	-	-	-	275,562
Debt Service				
Principal	-	790,000	-	790,000
Interest and Fees	-	262,473	-	262,473
Total Expenditures	<u>647,058</u>	<u>1,052,473</u>	<u>-</u>	<u>6,388,730</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(647,058)</u>	<u>(93,116)</u>	<u>114,225</u>	<u>(1,393,397)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	646,918	700,473	-	2,564,465
Transfers Out	-	(582,638)	-	(808,528)
Total Other Financing Sources (Uses)	<u>646,918</u>	<u>117,835</u>	<u>-</u>	<u>1,755,937</u>
Net Change in Fund Balances	(140)	24,719	114,225	362,540
Fund Balances - Beginning	761	385,654	1,219,029	2,601,046
Fund Balances - Ending	<u>\$ 621</u>	<u>\$ 410,373</u>	<u>\$ 1,333,254</u>	<u>\$ 2,963,586</u>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK**Capital Projects Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes	\$ 2,050,000	\$ 2,050,000	\$ 2,542,610	\$ 492,610
Intergovernmental	10,689,278	12,703,409	4,244,147	(8,459,262)
Interest Earnings	300,000	300,000	1,749,532	1,449,532
Gain (Loss) on Fair Value of Investments	-	-	236,965	236,965
Impact Fees	3,350,000	3,350,000	1,320,484	(2,029,516)
Capital Contributions	189,497	189,497	280,376	90,879
Miscellaneous	56,000	56,000	43,202	(12,798)
Total Revenues	<u>16,634,775</u>	<u>18,648,906</u>	<u>10,417,316</u>	<u>(8,231,590)</u>
EXPENDITURES				
Capital Outlay				
Public Works	12,707,999	21,326,113	3,281,554	18,044,559
Public Safety	484,562	538,562	127,159	411,403
Parks	8,599,759	19,302,094	15,326,415	3,975,679
Fitness Center	182,000	196,006	139,840	56,166
Cemetery	174,520	174,520	114,816	59,704
Buildings	473,731	594,177	77,081	517,096
Other Projects	2,140,000	1,563,000	280,399	1,282,601
Total Expenditures	<u>24,762,571</u>	<u>43,694,472</u>	<u>19,347,264</u>	<u>24,347,208</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,127,796)</u>	<u>(25,045,566)</u>	<u>(8,929,948)</u>	<u>16,115,618</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,364,011	5,667,043	8,797,285	3,130,242
Transfers Out	(912,363)	(3,418,708)	(3,416,186)	2,522
Total Other Financing Sources (Uses)	<u>451,648</u>	<u>2,248,335</u>	<u>5,381,099</u>	<u>3,132,764</u>
Net Change in Fund Balance	<u>(7,676,148)</u>	<u>(22,797,231)</u>	<u>(3,548,849)</u>	<u>19,248,382</u>
Fund Balance - July 1			<u>47,185,394</u>	
Fund Balance - June 30			<u><u>\$ 43,636,545</u></u>	

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK**Fitness Center Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Charges for Services	\$ 2,064,650	\$ 2,064,650	\$ 2,040,240	\$ (24,410)
Miscellaneous	-	-	6,317	6,317
Total Revenues	2,064,650	2,064,650	2,046,557	(18,093)
EXPENDITURES				
Salaries and Benefits	1,724,845	1,800,345	1,771,908	28,437
Materials and Supplies	463,200	463,200	476,403	(13,203)
Contracted Services	139,500	139,500	140,487	(987)
Utilities	278,900	308,900	310,649	(1,749)
Cost of Goods Sold	31,000	31,000	26,889	4,111
Interfund Charges	252,222	252,222	252,312	(90)
Other	52,969	66,570	69,644	(3,074)
Total Expenditures	2,942,636	3,061,737	3,048,450	13,287
Excess (Deficiency) of Revenues Over Expenditures	(877,986)	(997,087)	(1,001,893)	(4,806)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,041,986	1,175,093	1,175,089	4
Transfers Out	(164,000)	(178,006)	(173,196)	(4,810)
Total Other Financing Sources (Uses)	877,986	997,087	1,001,893	(4,806)
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1			-	
Fund Balance - June 30			\$ -	

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK**Parks, Arts, Recreation, and Culture (PARC) Tax Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Sales Tax	\$ 1,550,000	\$ 1,550,000	\$ 1,728,264	\$ 178,264
Interest Earnings	15,000	15,000	73,747	58,747
Gain (Loss) on Fair Value of Investments	-	-	8,424	8,424
Miscellaneous	-	-	20,088	20,088
Total Revenues	<u>1,565,000</u>	<u>1,565,000</u>	<u>1,830,523</u>	<u>265,523</u>
EXPENDITURES				
General Government	-	27,400	27,400	-
Grants Awarded	1,850,000	1,508,886	1,508,886	-
Interfund Charges	23,250	23,250	23,250	-
Total Expenditures	<u>1,873,250</u>	<u>1,559,536</u>	<u>1,559,536</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(77,500)	(77,500)	(52,694)	(24,806)
Total Other Financing Sources (Uses)	<u>(77,500)</u>	<u>(77,500)</u>	<u>(52,694)</u>	<u>(24,806)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(385,750)</u>	<u>(72,036)</u>	<u>218,293</u>	<u>240,717</u>
Fund Balance - July 1			<u>888,218</u>	
Fund Balance - June 30			<u>\$ 1,106,511</u>	

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Celebration Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Charges for Sales and Services	-	25,900	\$ 18,691	\$ (7,209)
Contributions and Donations	-	21,000	20,537	(463)
Total Revenues	-	46,900	39,228	(7,672)
EXPENDITURES				
Materials and Supplies	18,000	64,900	61,213	3,687
Contracted Services	20,000	20,000	20,000	-
Total Expenditures	38,000	84,900	81,213	3,687
Excess (Deficiency) of Revenues Over Expenditures	(38,000)	(38,000)	(41,985)	(3,985)
OTHER FINANCING SOURCES (USES)				
Transfers In	38,000	38,000	41,985	3,985
Total Other Financing Sources (Uses)	38,000	38,000	41,985	3,985
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1			-	
Fund Balance - June 30			\$ -	

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Downtown Redevelopment Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Interest Earnings	\$ 500	\$ 500	\$ 4,841	\$ 4,341
Gain (Loss) on Fair Value of Investments	-	-	602	602
Total Revenues	<u>500</u>	<u>500</u>	<u>5,443</u>	<u>4,943</u>
EXPENDITURES				
Professional and Technical	<u>80,700</u>	<u>80,700</u>	<u>-</u>	<u>80,700</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(80,200)</u>	<u>(80,200)</u>	<u>5,443</u>	<u>85,643</u>
Net Change in Fund Balance	<u>(80,200)</u>	<u>(80,200)</u>	5,443	<u>85,643</u>
Fund Balance - July 1			107,384	
Fund Balance - June 30			<u>\$ 112,827</u>	

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Municipal Building Authority

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
EXPENDITURES				
Other	\$ 100	\$ 650,100	\$ 647,058	\$ 3,042
Excess (Deficiency) of Revenues Over Expenditures	(100)	(650,100)	(647,058)	(3,042)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	650,000	646,918	(3,082)
Total Other Financing Sources (Uses)	-	650,000	646,918	(3,082)
Net Change in Fund Balance	(100)	(100)	(140)	(6,124)
Fund Balance - July 1			761	
Fund Balance - June 30			\$ 621	

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK**Debt Service Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Property Taxes	\$ 582,638	\$ 582,638	\$ 582,638	\$ -
Intergovernmental	350,000	350,000	350,000	-
Interest Earnings	3,500	3,500	24,175	20,675
Gain (Loss) on Fair Value of Investments	-	-	2,544	2,544
Total Revenues	<u>936,138</u>	<u>936,138</u>	<u>959,357</u>	<u>23,219</u>
EXPENDITURES				
Debt Service				
Principal	790,000	790,000	790,000	-
Interest and Fees	<u>262,473</u>	<u>262,473</u>	<u>262,473</u>	<u>-</u>
Total Expenditures	<u>1,052,473</u>	<u>1,052,473</u>	<u>1,052,473</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(116,335)</u>	<u>(116,335)</u>	<u>(93,116)</u>	<u>23,219</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	700,473	700,473	700,473	-
Transfers Out	<u>(582,638)</u>	<u>(582,638)</u>	<u>(582,638)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>117,835</u>	<u>117,835</u>	<u>117,835</u>	<u>-</u>
Net Change in Fund Balance	<u>1,500</u>	<u>1,500</u>	24,719	<u>23,219</u>
Fund Balance - July 1			385,654	
Fund Balance - June 30			<u>\$ 410,373</u>	

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Cemetery Perpetual Care Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Perpetual Care	\$ 28,000	\$ 28,000	\$ 32,300	\$ 4,300
Interest Earnings	40,000	40,000	81,925	41,925
Total Revenues	<u>68,000</u>	<u>68,000</u>	<u>114,225</u>	<u>46,225</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>68,000</u>	<u>68,000</u>	<u>114,225</u>	<u>46,225</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>68,000</u>	<u>68,000</u>	114,225	<u>46,225</u>
Fund Balance - July 1			<u>1,219,029</u>	
Fund Balance - June 30			<u>\$ 1,333,254</u>	

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

- 1) **Sanitation Fund** – The Sanitation Fund is used to account for the activities of the City’s residential sanitation and recycling programs.
- 2) **Broadband Fund** – The Broadband Fund is used to account for the provision of digital services to businesses and internet service providers.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City. Information Technology-This fund is used to account for the costs of providing computers, related equipment, and software to City departments. A service fee is charged to City departments monthly.

- 1) **Fleet** – This fund is used to account for the costs of maintaining the City’s vehicles and equipment.
- 2) **Information Technology** — This fund is used to account for the acquisition and maintenance of all hardware, software and technology contract services.



CITY OF AMERICAN FORK
Combining Statement of Net Position
 Nonmajor Proprietary Funds
 June 30, 2025

	Sanitation Fund	Broadband Fund	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 699,603	-	\$ 699,603
Accounts Receivable Net of Allowance	224,779	29,887	254,666
Total Current Assets	<u>924,382</u>	<u>29,887</u>	<u>954,269</u>
Noncurrent Assets			
Improvements - Other than Buildings	-	1,200,542	1,200,542
Machinery and Equipment	-	135,124	135,124
Less Accumulated Depreciation	-	(1,032,706)	(1,032,706)
Total Noncurrent Assets	<u>-</u>	<u>302,960</u>	<u>302,960</u>
Total Assets	<u>924,382</u>	<u>332,847</u>	<u>1,257,229</u>
DEFERRED OUTFLOWS OF RESOURCES			
Resources Related to Pensions	-	96,286	96,286
Total Deferred Outflows of Resources	<u>-</u>	<u>96,286</u>	<u>96,286</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	190,085	750	190,835
Accrued Liabilities	-	8,734	8,734
Compensated Absences	-	23,035	23,035
Due to Other Funds	-	1,969,631	1,969,631
Total Current Liabilities	<u>190,085</u>	<u>2,002,150</u>	<u>2,192,235</u>
Noncurrent Liabilities			
Compensated Absences	-	5,197	5,197
Net Pension Liability	-	71,158	71,158
Total Noncurrent Liabilities	<u>-</u>	<u>76,355</u>	<u>76,355</u>
Total Liabilities	<u>190,085</u>	<u>2,078,505</u>	<u>2,268,590</u>
DEFERRED INFLOWS OF RESOURCES			
Resources Related to Pensions	-	135,649	135,649
Total Deferred Inflows of Resources	<u>-</u>	<u>135,649</u>	<u>135,649</u>
NET POSITION			
Net Investment in Capital Assets	-	302,960	302,960
Unrestricted	734,297	(2,087,981)	(1,353,684)
Total Net Position	<u>\$ 734,297</u>	<u>\$ (1,785,021)</u>	<u>\$ (1,050,724)</u>

CITY OF AMERICAN FORK
Combining Statement of Revenues, Expenses, and Changes in Net Position
 Nonmajor Proprietary Funds
 For the Year Ended June 30, 2025

	Sanitation Fund	Broadband Fund	Totals
OPERATING REVENUES			
Charges for Services	\$ 2,511,397	\$ 211,809	\$ 2,723,206
Total Operating Revenues	<u>2,511,397</u>	<u>211,809</u>	<u>2,723,206</u>
OPERATING EXPENSES			
Salaries and Wages	-	317,360	317,360
Supplies and Materials	13,448	1,428	14,876
Professional and Technical	19,493	2,968	22,461
Contracted Services	2,207,749	-	2,207,749
Interfund Charges	120,224	32,380	152,604
Depreciation	-	49,686	49,686
Other	6,136	15,303	21,439
Total Operating Expenses	<u>2,367,050</u>	<u>419,125</u>	<u>2,786,175</u>
Operating Income (Loss)	<u>144,347</u>	<u>(207,316)</u>	<u>(62,969)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	26,634	-	26,634
Gain (Loss) on Fair Value of Investments	3,633	-	3,633
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Non-Operating Revenue (Expenses)	<u>30,267</u>	<u>-</u>	<u>30,267</u>
Income (Loss) Before Contributions and Transfers	<u>174,614</u>	<u>(207,316)</u>	<u>(32,702)</u>
CONTRIBUTIONS AND TRANSFERS			
Transfers In	-	219,231	219,231
Total Contributions and Transfers	<u>-</u>	<u>219,231</u>	<u>219,231</u>
Change in Net Position	174,614	11,915	186,529
Net Position - Beginning	559,683	(1,796,936)	(1,237,253)
Net Position - Ending	<u>\$ 734,297</u>	<u>\$ (1,785,021)</u>	<u>\$ (1,050,724)</u>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Combining Statement of Cash Flows
 Nonmajor Proprietary Funds
 For The Year Ended June 30, 2025

	Sanitation Fund	Broadband Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 2,516,362	\$ 124,162	\$ 2,640,524
Payments to Suppliers	(2,242,708)	(19,869)	(2,262,577)
Interfund Services	(120,224)	72,171	(48,053)
Payments to Employees	-	(303,425)	(303,425)
Net Cash Provided (Used) by Operating Activities	<u>153,430</u>	<u>(126,960)</u>	<u>26,470</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	-	219,231	219,231
Interfund Loans	-	(92,271)	(92,271)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>126,960</u>	<u>126,960</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income	30,266	-	30,266
Net Cash Used by Investing Activities	<u>30,266</u>	<u>-</u>	<u>30,266</u>
Net Increase (Decrease) in Cash and Cash Equivalents	183,696	-	183,696
Cash and Cash Equivalents - Beginning of Year	515,907	-	515,907
Cash and Cash Equivalents - End of Year	<u>\$ 699,603</u>	<u>\$ -</u>	<u>\$ 699,603</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income	\$ 144,347	\$ (207,316)	\$ (62,969)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	-	49,686	49,686
(Increase) Decrease in Receivables	4,965	16,905	21,870
(Increase) Decrease in Prepaid Assets	-	-	-
(Increase) Decrease in Deferred Outflows Related to Pensions	-	(346)	(346)
Increase (Decrease) in Accounts Payable	4,117	(170)	3,948
Increase (Decrease) in Accrued Liabilities	-	1,266	1,266
Increase (Decrease) in Accrued Vacation and Sick Leave	-	(4,237)	(4,237)
Increase (Decrease) in Net Pension Liability	-	17,496	17,496
Increase (Decrease) in Deferred Inflows Related to Pensions	-	(244)	(244)
Total Adjustments	<u>9,083</u>	<u>80,357</u>	<u>89,439</u>
Net Cash Provided by Operating Activities	<u>\$ 153,430</u>	<u>\$ (126,960)</u>	<u>\$ 26,470</u>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK**Statement of Net Position**

Internal Service Funds

June 30, 2025

	Fleet Fund	Information Technology	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 989,026	\$ 326,438	\$ 1,315,464
Prepaid Expenses	-	103,718	103,718
Total Current Assets	<u>989,026</u>	<u>430,156</u>	<u>1,419,182</u>
Capital Assets			
Machinery and Equipment	14,914,034	-	14,914,034
Less Accumulated Depreciation	(10,530,481)	-	(10,530,481)
Capital Assets (Net of Accum Depreciation)	<u>4,383,553</u>	<u>-</u>	<u>4,383,553</u>
Total Noncurrent Assets	<u>4,383,553</u>	<u>-</u>	<u>4,383,553</u>
Total Assets	<u>5,372,579</u>	<u>430,156</u>	<u>5,802,735</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	127,353	368	127,721
Bonds and Leases Payable	280,377	-	280,377
Total Current Liabilities	<u>407,730</u>	<u>368</u>	<u>408,098</u>
Noncurrent Liabilities			
Bonds and Leases Payable	328,100	-	328,100
Total Noncurrent Liabilities	<u>328,100</u>	<u>-</u>	<u>328,100</u>
Total Liabilities	<u>735,830</u>	<u>368</u>	<u>736,198</u>
NET POSITION			
Net Investment in Capital Assets	3,775,076	-	3,775,076
Unrestricted	861,673	429,788	1,291,461
Total Net Position	<u>\$ 4,636,749</u>	<u>\$ 429,788</u>	<u>\$ 5,066,537</u>

CITY OF AMERICAN FORK**Statement of Revenues, Expenses, and Changes in Net Position**

Internal Service Funds

For the Year Ended June 30, 2025

	Fleet Fund	Technology Fund	Total
OPERATING REVENUES			
Charges for Services	\$ 1,880,612	\$ 320,800	\$ 2,201,412
Miscellaneous	5,097	-	5,097
Total Operating Revenues	<u>1,885,709</u>	<u>320,800</u>	<u>2,206,509</u>
OPERATING EXPENSES			
Professional and Technical	-	61,145	61,145
Interfund Charges	-	44,100	44,100
Depreciation	1,082,283	-	1,082,283
Other	804,231	346,872	1,151,103
Total Operating Expenses	<u>1,886,514</u>	<u>452,117</u>	<u>2,338,631</u>
Operating Income (Loss)	<u>(805)</u>	<u>(131,317)</u>	<u>(132,122)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	-	16,563	16,563
Gain (Loss) on Fair Value of Investments	4,740	2,890	7,630
Gain (Loss) on Sale of Capital Assets	18,574	-	18,574
Interest and Fees	(15,507)	-	(15,507)
Total Non-Operating Revenue (Expenses)	<u>7,807</u>	<u>19,453</u>	<u>27,260</u>
Income (Loss) Before Contributions and Transfers	<u>7,002</u>	<u>(111,864)</u>	<u>(104,862)</u>
CONTRIBUTIONS AND TRANSFERS			
Transfers In	212,323	-	212,323
Total Contributions and Transfers	<u>212,323</u>	<u>-</u>	<u>212,323</u>
Change in Net Position	219,325	(111,864)	107,461
Net Position - Beginning	4,417,424	541,652	4,959,076
Net Position - Ending	<u>\$ 4,636,749</u>	<u>\$ 429,788</u>	<u>\$ 5,066,537</u>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Combining Statement of Cash Flows
Internal Service Funds
For The Year Ended June 30, 2025

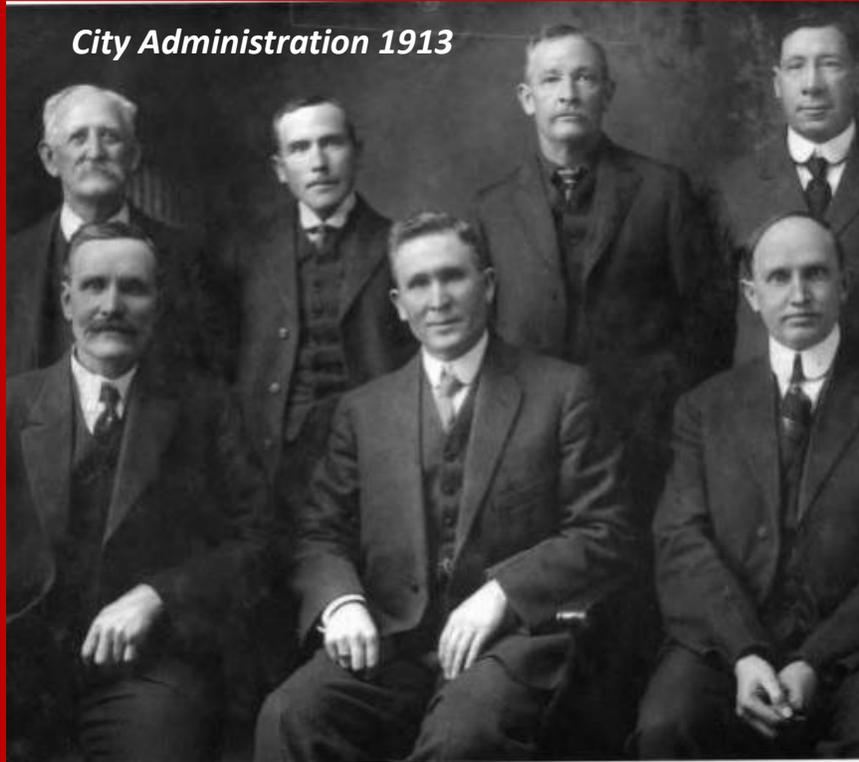
	Fleet Fund	Technology Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 28,761	\$ -	\$ 28,761
Payments to Suppliers	(792,058)	(443,668)	(1,235,728)
Interfund Services	1,884,709	276,700	2,161,409
Net Cash Provided by Operating Activities	<u>1,121,411</u>	<u>(166,969)</u>	<u>954,443</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	<u>212,323</u>	-	<u>212,323</u>
Net Cash Used by Noncapital Financing Activities	<u>212,323</u>	-	<u>212,323</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(711,395)	-	(711,395)
Principal Paid on Capital Debt	(274,672)	-	(274,672)
Interest and Fees Paid on Capital Debt	(15,507)	-	(15,507)
Net Cash Used by Capital and Related Financing Activities	<u>(1,001,574)</u>	-	<u>(1,001,574)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income	<u>4,740</u>	<u>19,454</u>	<u>24,194</u>
Net Cash Used by Investing Activities	<u>4,740</u>	<u>19,454</u>	<u>24,194</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>336,900</u>	<u>(147,515)</u>	<u>189,385</u>
Cash and Cash Equivalents - Beginning of Year	<u>652,126</u>	<u>473,953</u>	<u>1,126,079</u>
Cash and Cash Equivalents - End of Year	<u>\$ 989,026</u>	<u>\$ 326,438</u>	<u>\$ 1,315,464</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income	<u>\$ (805)</u>	<u>\$ (131,317)</u>	<u>(132,122)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,082,282	-	1,082,282
(Increase) Decrease in Receivables	28,763	-	28,763
(Increase) Decrease in Prepaid Assets	-	(21,880)	(21,880)
Increase (Decrease) in Accounts Payable	11,172	(13,773)	(2,601)
Total Adjustments	<u>1,122,216</u>	<u>(35,652)</u>	<u>1,086,564</u>
Net Cash Provided by Operating Activities	<u>\$ 1,121,411</u>	<u>\$ (166,969)</u>	<u>\$ 954,442</u>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

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Statistical Section

City Administration 1913



American Fork City Administration 1912-1913. Seated: Councilman William Thornton, Mayor John F Noyes; Councilman Thomas (Mayor 1924-1925). Standing: City Recorder Joseph B Forbes (father of AF Education), Councilman George F She (History of AF); Councilman Leo T Shelley; Councilman John Hunter (future mayor 1916-1917).



STATISTICAL SECTION

This part of the City of American Fork annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF AMERICAN FORK
Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental Activities					
Net Investment in Capital Assets	\$ 97,367,724	\$ 98,676,695	\$ 81,813,415	\$ 98,680,292	\$ 119,279,602
Restricted	24,872,873	42,607,529	78,042,496	77,035,674	61,711,701
Unrestricted	17,912,573	27,061,020	27,431,377	26,404,764	41,680,278
Total Governmental Activities Net Position	<u>140,153,170</u>	<u>168,345,244</u>	<u>187,287,288</u>	<u>202,120,730</u>	<u>222,671,581</u>
Business-type Activities					
Net Investment in Capital Assets	97,098,040	98,211,141	102,310,742	122,368,355	131,740,697
Restricted	16,083,029	10,950,531	17,196,088	18,209,636	17,636,848
Unrestricted	4,973,512	26,959,317	35,071,033	31,326,159	31,989,221
Total Business-type Activities Net Position	<u>118,154,581</u>	<u>136,120,989</u>	<u>154,577,863</u>	<u>171,904,150</u>	<u>181,366,766</u>
Primary Government					
Net Investment in Capital Assets	194,465,764	196,887,836	184,124,157	221,048,647	251,020,299
Restricted	40,955,902	53,558,060	95,238,584	95,245,310	79,348,549
Unrestricted	22,886,085	54,020,337	62,502,410	57,730,923	73,669,499
Total Governmental Activities Net Position	<u>\$ 258,307,751</u>	<u>\$ 304,466,233</u>	<u>\$ 341,865,151</u>	<u>\$ 374,024,880</u>	<u>\$ 404,038,347</u>
	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental Activities					
Net Investment in Capital Assets	\$ 86,460,099	\$ 87,054,735	\$ 88,241,186	\$ 90,845,044	\$ 93,665,386
Restricted	6,005,550	8,881,901	17,382,879	18,527,450	22,448,878
Unrestricted	4,989,870	4,882,410	777,657	5,205,301	10,008,510
Total Governmental Activities Net Position	<u>97,455,519</u>	<u>100,819,046</u>	<u>106,401,722</u>	<u>114,577,795</u>	<u>126,122,774</u>
Business-type Activities					
Net Investment in Capital Assets	50,007,841	58,941,525	66,109,556	75,253,929	80,253,639
Restricted	-	2,638	1,254,015	2,232,191	5,389,489
Unrestricted	8,318,150	9,748,980	12,271,111	17,535,009	19,903,567
Total Business-type Activities Net Position	<u>58,325,991</u>	<u>68,693,143</u>	<u>79,634,682</u>	<u>95,021,129</u>	<u>105,546,695</u>
Primary Government					
Net Investment in Capital Assets	136,467,940	145,996,260	154,350,742	166,098,973	173,919,025
Restricted	6,005,550	8,884,539	18,636,894	20,759,641	27,838,367
Unrestricted	13,308,020	14,631,390	13,048,768	22,740,310	29,912,077
Total Primary Government Net Position	<u>\$ 155,781,510</u>	<u>\$ 169,512,189</u>	<u>\$ 186,036,404</u>	<u>\$ 209,598,924</u>	<u>\$ 231,669,469</u>

CITY OF AMERICAN FORK

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(continued)

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses					
Governmental Activities:					
General Government	\$ 3,572,021	\$ 2,795,355	\$ 2,070,697	\$ 2,452,330	\$ 2,197,343
Community Services***	-	-	-	3,471,468	3,633,976
Public Safety	7,943,707	9,030,405	10,267,680	10,648,298	10,411,791
Public Improvements (Public Works)	4,564,325	9,378,361	8,216,172	8,701,583	11,645,677
Parks, Recreation, and Culture	5,218,915	6,006,337	7,310,967	-	-
Recreation and Culture***	-	-	-	3,956,814	3,592,816
Development Services	-	-	-	-	-
Redevelopment/Public Improvement*	-	704,508.00	571,588	581,388	627,987
Other	2,419,737	1,619,476	2,043,773	1,189,608	922,355
Interest on Long-term Debt	237,068	179,763	142,936	187,983	198,317
Total Governmental Activities Expenses	<u>23,955,773</u>	<u>29,714,205</u>	<u>30,623,813</u>	<u>31,189,472</u>	<u>33,230,262</u>
Business-type Activities					
Utility*	11,731,500	11,267,151	-	-	-
Water	-	-	6,542,288	6,624,070	6,956,281
Sewer	-	-	3,065,987	4,474,585	4,323,263
Storm Drain	-	-	791,803	1,060,060	1,039,367
Sanitation & Recycling	-	-	1,233,453	1,284,101	1,460,830
Broadband	322,303	362,011	295,890	476,902	550,118
Total Business-type Activities Expenses	<u>12,053,803</u>	<u>11,629,162</u>	<u>11,929,421</u>	<u>13,919,718</u>	<u>14,329,859</u>
Total Primary Government Expenses	<u>36,009,576</u>	<u>41,343,367</u>	<u>42,553,234</u>	<u>45,109,190</u>	<u>47,560,121</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	3,307,663	2,097,362	1,392,988	2,567,789	2,789,007
Community Services***	-	-	-	346,240	332,102
Public Safety	2,059,157	1,935,945	2,828,770	2,485,530	3,384,129
Public Improvements (Public Works)*	-	3,353,292	1,971,531	1,524,178	2,011,386
Parks, Recreation, and Culture	2,793,323	2,360,776	2,421,329	-	-
Recreation and Culture***	-	-	-	2,268,153	1,856,633
Development Services	-	-	-	-	-
Other	1,454,551	237,238	616,261	2,138,820	913,174
Operating Grants and Contributions	1,194,235	150,212	197,024	210,911	1,620,919
Capital Grants and Contributions	5,989,128	6,091,008	8,080,920	8,350,932	10,129,814
Total Governmental Activities Programs Revenues:	<u>16,798,057</u>	<u>16,225,833</u>	<u>17,508,823</u>	<u>19,892,553</u>	<u>23,037,164</u>
Business-type Activities:					
Charges for Services:					
Utility**	12,788,919	13,107,302	-	-	-
Water**	-	-	7,637,581	8,120,892	8,251,768
Sewer**	-	-	5,033,463	5,648,326	5,976,165
Storm Drain**	-	-	1,253,989	1,420,049	1,499,039
Sanitation**	-	-	1,339,449	1,392,773	1,496,757
Broadband**	282,809	143,028	206,741	233,303	183,034
Capital Grants and Contributions	1,493,957	8,722,345	8,121,255	12,239,099	7,130,448
Total Business-type Activities Program Revenues	<u>14,565,685</u>	<u>21,972,675</u>	<u>23,592,478</u>	<u>29,054,442</u>	<u>24,537,211</u>
Total Primary Governmental Program Revenues	<u>31,363,742</u>	<u>38,198,508</u>	<u>41,101,301</u>	<u>48,946,995</u>	<u>47,574,375</u>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(continued)

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net (Expense)/Revenue					
Governmental Activities	<u>(7,157,716)</u>	<u>(13,488,372)</u>	<u>(13,114,990)</u>	<u>(11,296,919)</u>	<u>(10,193,098)</u>
Business-type Activities	<u>2,511,882</u>	<u>10,343,513</u>	<u>11,663,057</u>	<u>15,134,724</u>	<u>10,207,352</u>
Total Primary Government Net Expense	<u>(4,645,834)</u>	<u>(3,144,859)</u>	<u>(1,451,933)</u>	<u>3,837,805</u>	<u>14,254</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes	5,752,741	5,631,704	5,925,821	6,433,001	6,595,930
Sales and Use Taxes	7,966,842	8,667,242	9,138,947	9,955,823	12,091,884
Energy Sales and Use Tax	1,438,048	1,556,309	1,727,350	1,745,911	1,787,645
Other Taxes	577,903	779,594	765,163	752,129	754,486
Gain (Loss) on Disposition of Capital Assets	28,918	193,971	4,028	24,085	21,328
Investment Earnings	128,617	288,598	414,839	813,766	660,147
Transfers	<u>336,667</u>	<u>92,200</u>	<u>721,518</u>	<u>(251,723)</u>	<u>(318,214)</u>
Total Governmental Activities	<u>16,229,736</u>	<u>17,209,618</u>	<u>18,697,666</u>	<u>19,472,992</u>	<u>21,593,206</u>
Business-type Activities:					
Gain (Loss) on Disposal of Capital Assets	15,980.00	8,678	-	-	-
Investment Earnings	39,942	107,161	-	-	-
Transfers	<u>(336,667)</u>	<u>(92,200)</u>	<u>(721,518)</u>	<u>251,723</u>	<u>318,214</u>
Total Business-type Activities	<u>(280,745)</u>	<u>23,639</u>	<u>(721,518)</u>	<u>251,723</u>	<u>318,214</u>
Total Primary Government	<u>15,948,991</u>	<u>17,233,257</u>	<u>17,976,148</u>	<u>19,724,715</u>	<u>21,911,420</u>
Change in Net Position					
Governmental Activities	9,072,020	3,721,246	5,582,676	8,176,073	11,400,108
Business-type Activities	<u>2,231,137</u>	<u>10,367,152</u>	<u>10,941,539</u>	<u>15,386,447</u>	<u>10,525,566</u>
Total Primary Government	<u>\$ 11,303,157</u>	<u>\$ 14,088,398</u>	<u>\$ 16,524,215</u>	<u>\$ 23,562,520</u>	<u>\$ 21,925,674</u>

*New functional breakout for fiscal year 2017

**Utility fund was split into separate functional categories beginning fiscal year 2018

***New Functional breakout for fiscal year 2019. In 2023, Recreation and Culture was moved into Community Services.

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Expenses					
Governmental Activities:					
General Government	\$ 2,350,712	\$ 2,182,797	\$ 2,412,585	\$ 2,863,073	\$ 3,260,902
Community Services***	5,435,967	3,361,622	10,300,967	10,561,730	9,153,810
Public Safety	12,164,938	13,542,409	15,778,040	17,773,698	19,943,264
Public Improvements (Public Works)	9,077,518	6,224,828	5,340,752	6,207,383	5,282,880
Parks, Recreation, and Culture	-	-	-	-	-
Recreation and Culture***	4,358,155	4,027,843	-	-	-
Development Services	-	-	2,385,058	2,620,731	2,599,673
Redevelopment/Public Improvement*	713,764	94,306	548,526	2,493,556	587,334
Other	486,185	158,880	219,666	327,042	333,645
Interest on Long-term Debt	396,874	344,726	1,488,367	1,542,106	1,739,366
Total Governmental Activities Expenses	<u>34,984,113</u>	<u>29,937,411</u>	<u>38,473,961</u>	<u>44,389,319</u>	<u>42,900,874</u>
Business-type Activities					
Utility*	-	-	-	-	-
Water	8,892,333	8,285,395	7,426,234	7,777,205	8,922,106
Sewer	4,452,844	4,365,937	5,063,286	5,096,579	6,416,507
Storm Drain	1,869,070	1,676,574	1,691,748	2,252,591	2,160,242
Sanitation & Recycling	1,560,225	1,720,996	1,931,866	2,232,314	2,359,907
Broadband	337,443	318,693	535,553	436,515	409,928
Total Business-type Activities Expenses	<u>17,111,915</u>	<u>16,367,595</u>	<u>16,648,687</u>	<u>17,795,204</u>	<u>20,268,690</u>
Total Primary Government Expenses	<u>52,096,028</u>	<u>46,305,006</u>	<u>55,122,648</u>	<u>62,184,523</u>	<u>63,169,564</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	1,338,586	1,204,711	1,463,517	1,325,958	1,650,883
Community Services***	437,666	472,930	3,389,629	3,488,471	3,516,649
Public Safety	3,825,095	4,638,393	4,510,878	5,726,548	5,831,522
Public Improvements (Public Works)*	4,790,375	6,032,800	1,862,697	2,486,848	2,622,638
Parks, Recreation, and Culture	-	-	-	-	-
Recreation and Culture***	2,329,541	2,700,372	-	-	-
Development Services	-	-	2,699,724	2,206,484	1,709,172
Other	1,005,641	1,705,267	1,304,308	1,250,744	1,150,032
Operating Grants and Contributions	1,492,758	368,891	745,721	584,768	464,408
Capital Grants and Contributions****	11,367,326	16,274,934	10,358,767	5,631,116	6,142,037
Total Governmental Activities Programs Revenues:	<u>26,586,988</u>	<u>33,398,298</u>	<u>26,335,241</u>	<u>22,700,937</u>	<u>23,087,341</u>
Business-type Activities:					
Charges for Services:					
Utility**	-	-	-	-	-
Water**	8,890,001	11,010,532	11,862,227	10,819,506	10,912,159
Sewer**	6,157,205	6,445,284	7,701,988	9,470,572	11,525,839
Storm Drain**	1,615,872	1,960,946	2,314,589	2,692,800	3,492,870
Sanitation**	1,585,056	1,735,662	1,901,950	2,433,706	2,541,664
Broadband**	167,770	196,832	215,209	228,961	211,809
Capital Grants and Contributions	9,379,452	12,534,837	7,317,626	8,973,979	5,695,886
Total Business-type Activities Program Revenues	<u>27,795,356</u>	<u>33,884,093</u>	<u>31,313,589</u>	<u>34,619,524</u>	<u>34,380,227</u>
Total Primary Governmental Program Revenues	<u>54,382,344</u>	<u>67,282,391</u>	<u>57,648,830</u>	<u>57,320,461</u>	<u>57,467,568</u>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net (Expense)/Revenue					
Governmental Activities	(8,397,125)	3,460,887	(12,138,720)	(21,688,382)	(19,813,533)
Business-type Activities	10,683,441	17,516,498	14,664,902	16,824,320	14,111,537
Total Primary Government Net Expense	<u>2,286,316</u>	<u>20,977,385</u>	<u>2,526,182</u>	<u>(4,864,062)</u>	<u>(5,701,996)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes	7,044,759	7,117,911	9,109,563	11,051,826	11,863,668
Sales and Use Taxes	14,545,712	15,898,252	16,451,245	17,046,290	18,399,825
Energy Sales and Use Tax	1,877,545	2,033,875	2,533,563	2,632,929	2,669,602
Other Taxes	704,736	692,120	731,084	825,546	877,144
Gain (Loss) on Disposition of Capital Assets	-	-	-	-	-
Investment Earnings	324,085	(561,060)	3,047,281	5,467,200	4,905,224
Transfers	(1,924,445)	(449,911)	(791,972)	(501,967)	1,648,921
Total Governmental Activities	<u>22,572,392</u>	<u>24,731,187</u>	<u>31,080,764</u>	<u>36,521,824</u>	<u>40,364,384</u>
Business-type Activities:					
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-
Investment Earnings	-	-	-	-	-
Transfers	1,924,445	449,911	791,972	501,967	(1,648,921)
Total Business-type Activities	<u>1,924,445</u>	<u>449,911</u>	<u>791,972</u>	<u>501,967</u>	<u>(1,648,921)</u>
Total Primary Government	<u>24,496,837</u>	<u>25,181,098</u>	<u>31,872,736</u>	<u>37,023,791</u>	<u>38,715,463</u>
Change in Net Position					
Governmental Activities	14,175,267	28,192,074	18,942,044	14,833,442	20,550,851
Business-type Activities	12,607,886	17,966,409	15,456,874	17,326,287	12,462,616
Total Primary Government	<u>\$ 26,783,153</u>	<u>\$ 46,158,483</u>	<u>\$ 34,398,918</u>	<u>\$ 32,159,729</u>	<u>\$ 33,013,467</u>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2021	2022	2023	2024	2025
General Fund					
Nonspendable	\$ 15,633	\$ 12,494	\$ 373,685	\$ 112,875	\$ 132,980
Restricted	5,269,294	5,249,213	4,880,564	4,639,722	3,483,591
Unassigned	5,945,104	6,930,864	7,734,173	8,907,748	10,463,180
Total General Fund	\$ 11,230,031	\$ 12,192,571	\$ 12,988,422	\$ 13,660,345	\$ 14,079,751
All Other Governmental Funds					
Nonspendable	\$ 15,894	\$ 984,599	\$ 1,088,658	\$ 1,232,256	\$ 1,348,325
Restricted	33,546,036	49,181,704	79,527,635	75,151,532	59,860,128
Committed	255,156	255,156	400,456	470,993	508,355
Assigned	9,111,329	6,698,886	12,075,649	11,015,713	26,810,560
Unassigned	-	946,156	-	(13,227)	(15,071)
Total All Other Governmental Funds	\$ 42,928,415	\$ 58,066,501	\$ 93,092,398	\$ 87,857,267	\$ 88,512,297
	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ -	\$ 344,182	\$ 394,389	\$ 32,488	\$ 1,613
Restricted	-	22,331	52,780	30,325	-
Unassigned	4,737,401	3,688,156	2,429,940	2,672,934	6,243,556
Total General Fund	\$ 4,737,401	\$ 4,054,669	\$ 2,883,109	\$ 2,992,113	\$ 6,245,169
All Other Governmental Funds					
Nonspendable	\$ -	\$ 4,455	\$ 448,198	\$ 18,428	\$ 18,428
Restricted	6,005,550	8,859,570	17,382,879	21,080,214	31,485,052
Committed	-	152,926	174,738	211,958	224,756
Assigned	2,429,673	3,875,840	4,783,618	5,438,250	7,808,193
Total All Other Governmental Funds	\$ 8,435,223	\$ 12,892,791	\$ 22,789,433	\$ 26,748,850	\$ 39,536,429

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

(continued)

	Fiscal Year				
	2016	2017*	2018	2019**	2020
Revenues					
Taxes	\$ 14,917,330	\$ 16,641,779	\$ 17,563,850	\$ 18,857,890	\$ 21,257,199
Licenses and Permits	786,932	1,311,426	1,185,745	1,242,592	1,367,011
Intergovernmental	3,779,854	1,871,476	2,517,779	2,133,364	3,521,719
Charges for Services	3,988,112	7,691,921	6,575,437	6,930,953	8,146,736
Other Fees and Services	4,929,863	-	-	-	-
Fines and Forfeitures	384,286	301,237	320,271	348,056	353,424
Impact Fees	1,934,551	3,508,153	4,536,791	4,044,480	5,943,233
Interest	128,618	288,598	412,905	812,425	656,431
Miscellaneous	567,689	728,838	897,644	1,058,436	866,178
Total Revenues	<u>31,417,235</u>	<u>32,343,428</u>	<u>34,010,422</u>	<u>35,428,196</u>	<u>42,111,931</u>
Expenditures					
General Government	3,577,553	2,741,637	2,260,197	2,381,050	2,166,929
Community Services	-	-	-	6,883,021	6,729,475
Public Safety	7,627,068	8,451,433	9,417,218	9,487,030	11,424,309
Public Works	3,001,782	5,380,072	4,137,204	4,702,513	4,748,529
Parks, Recreation, and Culture	5,044,723	5,438,651	6,784,885	-	-
Development Services	-	-	-	-	-
Redevelopment and Public Improvement	-	704,508	571,588	581,388	627,498
Other	2,330,496	1,541,899	1,566,918	765,894	423,586
Debt Service					
Principal	2,314,469	2,255,082	3,049,737	1,753,000	1,125,000
Interest and Fiscal Charges	234,690	176,689	136,991	156,884	131,933
Capital Outlay	8,047,570	2,761,639	1,612,133	3,659,238	6,947,007
Total Expenditures	<u>32,178,351</u>	<u>29,451,610</u>	<u>29,536,871</u>	<u>30,370,018</u>	<u>34,324,266</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(761,116)</u>	<u>2,891,818</u>	<u>4,473,551</u>	<u>5,058,178</u>	<u>7,787,665</u>
Other Financing Sources (Uses)					
Issuance of Long Term Debt	\$ -	\$ 588,292	\$ 4,000,000	\$ -	\$ 8,601,366
Sale of Capital Assets	-	202,526	4,500	4,000	8,880
Capital Contributions	-	-	-	-	84,794
Transfers In	5,514,325	5,323,200	6,700,062	3,774,702	3,452,543
Transfers Out	(5,177,658)	(5,231,000)	(6,906,200)	(4,315,290)	(3,894,613)
Total Other Financing Sources (Uses)	<u>336,667</u>	<u>883,018</u>	<u>3,798,362</u>	<u>(536,588)</u>	<u>8,252,970</u>
Net Change in Fund Balances	<u>\$ (424,449)</u>	<u>\$ 3,774,836</u>	<u>\$ 8,271,913</u>	<u>\$ 4,521,590</u>	<u>\$ 16,040,635</u>
Debt Service as a Percentage of Noncapital Expenditures	10.6%	9.1%	11.4%	7.2%	4.6%

* Function reporting categories were changed in fiscal year 2017.

**In 2019 Community Services department was created in lieu of Parks, Recreation, Culture.

***In 2023, Planning and Building Inspection was moved from Public Works to Development Services and Facilities Maintenance was moved from Public Works to Community Services.

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023***</u>	<u>2024</u>	<u>2025</u>
Revenues					
Taxes	\$ 24,172,751	\$ 25,742,163	\$ 28,825,458	\$ 31,556,590	\$ 33,810,238
Licenses and Permits	2,004,823	3,030,020	1,930,213	1,528,099	1,347,180
Intergovernmental	4,009,917	2,501,719	3,778,897	2,809,239	5,085,980
Charges for Services	9,806,458	11,088,738	10,766,090	12,222,028	12,484,026
Other Fees and Services	-	-	-	-	-
Fines and Forfeitures	391,977	394,258	355,961	360,690	428,159
Impact Fees	8,267,259	12,779,548	6,647,131	2,560,733	1,320,484
Interest	321,367	380,053	3,047,277	5,467,199	4,906,065
Miscellaneous	<u>1,120,623</u>	<u>948,273</u>	<u>1,552,640</u>	<u>1,969,409</u>	<u>991,073</u>
Total Revenues	<u>50,095,175</u>	<u>56,864,772</u>	<u>56,903,667</u>	<u>58,473,987</u>	<u>60,373,205</u>
Expenditures					
General Government	2,368,875	2,251,045	2,575,740	2,959,148	3,318,649
Community Services	7,773,292	7,656,543	9,665,603	9,658,216	10,392,938
Public Safety	12,162,585	13,848,122	15,444,062	16,774,526	18,254,560
Public Works	5,176,310	6,547,617	4,218,597	4,217,692	4,207,784
Parks, Recreation, and Culture	-	-	-	-	-
Development Services	-	-	1,395,343	1,546,390	1,570,180
Redevelopment and Public Improvement	704,071	94,306	548,526	2,493,556	587,334
Other	470,994	377,363	254,245	252,576	275,562
Debt Service					
Principal	865,000	725,995	1,757,000	1,425,000	1,490,000
Interest and Fiscal Charges	367,257	348,714	1,573,523	1,636,385	1,573,073
Capital Outlay	<u>8,770,528</u>	<u>8,188,128</u>	<u>14,122,124</u>	<u>21,630,655</u>	<u>19,347,264</u>
Total Expenditures	<u>38,658,912</u>	<u>40,037,833</u>	<u>51,554,763</u>	<u>62,594,144</u>	<u>61,017,344</u>
Excess (Deficiency) of Revenues over Expenditures	<u>11,436,263</u>	<u>16,826,939</u>	<u>5,348,904</u>	<u>(4,120,157)</u>	<u>(644,139)</u>
Other Financing Sources (Uses)					
Issuance of Long Term Debt	\$ (2,000)	\$ -	\$ 31,736,067	\$ -	\$ -
Sale of Capital Assets	7,365	18,619	17,415	271,700	1,600
Capital Contributions	2,340	62,984	-	-	280,376
Transfers In	2,315,105	8,434,841	8,779,263	10,666,396	12,363,941
Transfers Out	<u>(5,382,226)</u>	<u>(9,242,756)</u>	<u>(10,059,902)</u>	<u>(11,381,148)</u>	<u>(10,927,341)</u>
Total Other Financing Sources (Uses)	<u>(3,059,416)</u>	<u>(726,312)</u>	<u>30,472,843</u>	<u>(443,052)</u>	<u>1,718,576</u>
Net Change in Fund Balances	<u>\$ 8,376,847</u>	<u>\$ 16,100,627</u>	<u>\$ 35,821,747</u>	<u>\$ (4,563,209)</u>	<u>\$ 1,074,437</u>
Debt Service as a Percentage of Noncapital Expenditures	4.1%	3.4%	8.9%	7.5%	7.4%

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property (1)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2016	1,696,868,031	129,305,097	1,826,173,128	0.002362	2,599,350,351	70.25%
2017	1,830,812,843	148,940,897	1,979,753,740	0.002261	2,809,050,255	70.48%
2018	2,048,719,252	163,437,866	2,212,157,118	0.002082	3,146,551,146	70.30%
2019	2,244,488,155	170,056,220	2,414,544,375	0.002077	3,467,040,272	69.64%
2020	2,636,072,082	182,553,694	2,818,625,776	0.002027	4,061,096,712	69.41%
2021	2,952,765,239	207,127,710	3,159,892,949	0.001906	4,563,721,747	69.24%
2022	3,289,790,774	223,773,934	3,513,564,708	0.001687	5,121,252,193	68.61%
2023	4,559,499,952	257,188,892	4,816,688,844	0.001679	7,120,194,253	67.65%
2024	4,821,811,374	270,390,793	5,092,202,167	0.001778	7,610,904,354	66.91%
2025	5,227,784,843	321,790,990	5,549,575,833	0.001697	8,249,696,234	67.27%

(1) Personal Property has been combined with centrally assessed values.

Source: Utah State Tax Commission - Property Tax Division - <https://taxrates.utah.gov>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates		Overlapping Rates					Total Tax Rate
	City Rates	Total Direct Rate	School Districts	County Assessing and Collecting	Utah County	Central Utah Water Conservancy District	North Utah County Water Conservancy District	
2016	2.362	2.362	8.177	0.228	0.870	0.405	0.024	12.066
2017	2.261	2.261	7.718	0.215	0.834	0.400	0.023	11.451
2018	2.082	2.082	7.167	0.190	0.779	0.400	0.021	10.639
2019	2.077	2.077	7.033	0.179	0.732	0.400	0.019	10.440
2020	2.027	2.027	6.699	0.167	0.672	0.400	0.017	9.982
2021	1.906	1.906	6.800	0.161	1.041	0.400	0.016	10.324
2022	1.687	1.687	6.904	0.154	0.853	0.400	0.015	10.013
2023	1.679	1.679	5.724	0.126	0.661	0.400	0.012	8.602
2024	1.778	1.778	5.518	0.115	0.656	0.400	0.012	8.479
2025	1.697	1.697	6.115	0.124	0.652	0.400	0.012	9.000

Source: Utah State Property Tax Division - <https://taxrates.utah.gov/>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Principal Property Tax Payers
 Current Year and Ten Years Ago

Taxpayer	2024 (Tax Calendar Year)			2015 (Tax Calendar Year)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
AFCC Limited	\$ 134,268,900	1	2.64%	\$ 14,638,419	1	0.88%
860 Place Properties	41,143,685	2	0.81%			
North Pointe Buildings LLC	39,366,700	3	0.77%			
Roderick Catalyst 1-3 LLC	37,240,900	4	0.73%			
Spork Land LLC	36,703,800	5	0.72%			
Woodside Homes of Utah LLC	34,747,910	6	0.68%			
Roderick Catalyst Business Park LLC	34,266,765	7	0.67%			
Maps 1222 South 500 East UT LLC	31,954,300	8	0.63%			
Roderick Enterprises	29,221,289	9	0.57%			
Walmart Real Estate Business Trust	29,204,300	10	0.57%	9,657,600	3	0.58%
Qwest Corp FKA US West Comm				12,559,419	2	0.75%
Pacificorp				8,857,340	4	0.53%
TL Acquisitions Corp				8,411,647	5	0.50%
Home Depot USA Inc				6,982,047	6	0.42%
Target Corporation				6,395,312	7	0.38%
Progression LLC				5,810,200	8	0.35%
Walmart Realty				5,209,138	9	0.31%
Tropical Development				5,200,000	10	0.31%
Total	\$ 448,118,549		8.80%	\$ 83,721,122		5.01%

Source: Utah County Assessor's Office

CITY OF AMERICAN FORK
Property Tax Levied and Collections
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percentage of Levy	Collections for Prior Years	Amount	Percentage of Levy
2016	4,328,459	3,975,401	91.84%	352,894	4,328,295	100.00%
2017	4,486,561	4,159,969	92.72%	415,583	4,575,552	101.98%
2018	4,625,924	4,301,956	93.00%	247,338	4,549,294	98.34%
2019	5,015,580	4,742,197	94.55%	243,333	4,985,530	99.40%
2020	5,719,547	5,387,654	94.20%	361,968	5,749,622	100.53%
2021	6,040,115	5,676,393	93.98%	344,970	6,021,363	99.69%
2022	5,963,234	5,577,748	93.54%	540,122	6,117,870	102.59%
2023	8,088,751	7,654,979	94.64%	477,410	8,132,389	100.54%
2024	9,032,062	8,582,635	95.02%	161,620	8,744,255	96.81%
2025	9,439,668	9,021,890	95.57%	155,707	9,177,597	97.22%

Source: Taxrates.utah.gov (TC-750 Report)

CITY OF AMERICAN FORK
Principal Sales Tax Payers
 Current Year and Ten Years Ago

Tax Payer*	2025			2017**		
	American Fork Direct POS	Rank	Percentage of Total Direct POS	American Fork Direct POS	Rank	Percentage of Total Direct POS
Auto Sales	\$ 1,127,960	1	6.13%	\$ -		
Retail	1,116,342	2	6.07	-		
Auto Sales	1,003,218	3	5.45	-		
Auto Sales	786,176	3	4.27	-		
Retail	767,073	4	4.17	-		
Retail	587,266	5	3.19	-		
Retail	494,504	7	2.69	-		
Auto Sales	352,989	6	1.92	-		
Auto Sales	345,596	8	1.88	-		
Utility/Communication	337,312	9	1.83	-		
Retail	328,242	10	1.78	-		
Auto Sales	-			893,889	1	27%
Retail	-			837,858	2	24%
Auto Sales	-			626,349	3	9%
Retail	-			519,721	4	9%
Retail	-			370,202	5	6%
Auto Sales	-			359,556	6	4%
Retail	-			182,859	7	3%
Utility/Communication	-			167,751	8	3%
Auto Sales	-			143,382	9	2%
Retail	-			133,129	10	1%
Total	<u>\$ 7,246,677</u>		<u>39.38%</u>	<u>\$ 4,234,696</u>		<u>48.86%</u>

Source: Utah State Tax Commission

*Due to state statute, taxpayer industries have been published rather than taxpayer names.

**Data from 2016 was unavailable, therefore 2017 data was used.

CITY OF AMERICAN FORK
Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

Fiscal Year	American Fork City Direct Rate	Utah County	State of Utah	Transit and Highways	Transportation Infrastructure	PARC Tax	Total Tax Rate
2016	1.00%	0.25%	4.70%	0.80%	-	0.10%	6.85%
2017	1.00%	0.25%	4.70%	0.80%	-	0.10%	6.85%
2018	1.00%	0.25%	4.70%	0.80%	-	0.10%	6.85%
2019	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%
2020	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%
2021	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%
2022	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%
2023	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%
2024	1.00%	0.25%	4.85%	1.00%	0.25%	0.10%	7.45%
2025	1.00%	0.25%	4.85%	1.00%	0.25%	0.10%	7.45%

Sources: Utah State Tax Commission
<http://www.tax.utah.gov/sales/rates>

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Charges for Water Fees
 Last Ten Fiscal Years

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Water Sales	\$ 5,718,714	\$ 5,935,972	\$ 6,042,940	\$ 6,291,352	\$ 6,740,828
Secondary Water Sales	2,969,170	2,918,711	3,026,434	3,181,009	3,323,692
Other	7,239,942	9,286,305	4,705,340	4,776,250	3,536,399
Total Water Fund Revenue	<u>\$ 15,927,827</u>	<u>\$ 18,140,988</u>	<u>\$ 13,774,714</u>	<u>\$ 14,248,611</u>	<u>\$ 13,600,919</u>

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water Sales	\$ 4,185,727	\$ 4,316,570	\$ 4,399,842	\$ 3,881,868	\$ 5,086,565
Secondary Water Sales	2,462,927	2,505,756	2,553,601	2,667,593	2,865,788
Other	1,267,982	7,645,915	7,395,504	11,168,805	5,788,741
Total Water Fund Revenue	<u>\$ 7,916,636</u>	<u>\$ 14,468,241</u>	<u>\$ 14,348,947</u>	<u>\$ 17,718,266</u>	<u>\$ 13,741,094</u>

Source: City of American Fork

Note: Other includes Finance Charges, Connection Fees, Impact Fees, Interest Earnings, and Donated Assets

CITY OF AMERICAN FORK
Charges for Sewer and Storm Drain Fees
 Last Ten Fiscal Years

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Sewer Fees	\$ 6,092,136	\$ 6,616,461	\$ 7,130,180	\$ 8,374,578	\$ 10,279,418
Storm Drain Fees	1,479,090	1,735,073	2,070,194	2,391,763	3,205,324
Other	2,543,478	3,258,157	1,921,731	2,740,860	3,601,782
Total Water Fund Revenue	<u>\$ 10,114,704</u>	<u>\$ 11,609,691</u>	<u>\$ 11,122,106</u>	<u>\$ 13,507,201</u>	<u>\$ 17,086,524</u>

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Sewer Fees	\$ 4,685,966	\$ 4,694,400	\$ 4,891,557	\$ 5,475,826	\$ 5,794,583
Storm Drain Fees	1,137,066	1,136,912	1,222,772	1,332,886	1,380,754
Other	591,714	1,634,158	1,583,012	2,901,388	1,940,989
Total Water Fund Revenue	<u>\$ 6,414,746</u>	<u>\$ 7,465,470</u>	<u>\$ 7,697,341</u>	<u>\$ 9,710,100</u>	<u>\$ 9,116,326</u>

Source: City of American Fork

Note: Other includes Finance Charges, Connection Fees, Impact Fees, Interest Earnings, and Donated Assets

CITY OF AMERICAN FORK
Ratios of Outstanding Debt by Type

Last Ten Years

(dollars in thousands except per capita)

Governmental Activities						
Fiscal Year	General		Financed			
	Obligation Bonds	Revenue Bonds	Purchases (4)			
2016	5,280	2,200	204			
2017	3,645	1,743	629			
2018	1,955	4,383	1,157			
2019	940	3,645	1,137			
2020	8,924	3,285	2,746			
2021	8,389	2,915	2,208			
2022	8,024	4,271	1,794			
2023	7,645	32,785	1,295			
2024	7,250	31,645	931			
2025	6,835	30,461	633			

Business-type Activities						
Fiscal Year	General		Total Primary Government	Percentage of Personal Income		
	Obligation Bonds	Revenue Bonds		(3)	Per Capita (5)	
2016	43,621	705	52,010	8.04%	1,808	
2017	42,048	672	48,737	7.04%	1,651	
2018	40,414	638	48,547	6.11%	1,493	
2019	41,960	603	48,285	5.78%	1,456	
2020	39,972	567	55,494	5.20%	1,665	
2021	35,048	12,750	61,310	5.75%	1,781	
2022	33,099	12,750	59,938	5.62%	1,608	
2023	28,851	21,438	92,013	8.63%	2,387	
2024	28,966	20,855	89,648	8.41%	2,326	
2025	26,763	20,267	84,959	7.97%	2,057	

Notes: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) Debt Outstanding includes bond premiums

(3) See Demographic and Economic Statistics for personal income and population data.

2021 -2024 Percentage of Personal Income is based on 2020 Adjusted Gross Income.

(4) Leases were redefined with the issuance of GASB 87. Prior to 2022, leases were classified as capital leases and included financed purchases.

(5) 2024 Debt Per Capita is based on 2023 population as reported by U.S. Census

CITY OF AMERICAN FORK
Ratios of General Bonded Debt Outstanding
 Last Ten Years
 (dollars in thousands except per capita)

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2016	48,901	-	48,901	1.88%	1,700
2017	45,693	-	45,693	1.63%	1,547
2018	42,369	-	42,369	1.35%	1,303
2019	39,640	-	39,640	1.14%	1,195
2020	45,126	-	45,126	1.11%	1,354
2021	43,437	-	43,437	0.95%	1,262
2022	41,123	-	41,123	0.80%	1,103
2023	36,496	367	36,129	0.51%	937
2024	36,216	386	35,830	0.47%	929
2025	33,598	410	33,188	0.40%	804

- Notes:
- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
 - (2) This is the amount restricted for debt service principal payments.
 - (3) See the schedule of Assessed Value and the Estimated Actual Value of Taxable Property for property value data.
 - (4) Population data can be found in the Schedule of Demographic and Economic Statistics.
 2023 Debt Per Capita is based on 2022 population.

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Direct and Overlapping Governmental Activities Debt
 As of June 30, 2025

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Alpine School District	267,680,000	9.71%	25,989,919
Central Utah Water Conservation District	108,304,653	6.43%	6,961,123
Subtotal overlapping debt			32,951,043
City direct debt			37,929,144
Total direct and overlapping debt			\$ 70,880,187

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of American Fork. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident-and therefore responsible for repaying the debt-of each overlapping government.

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Legal Debt Margin Information
 Last Ten Fiscal Years
 (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed Value	\$ 5,549,576
Reasonable Fair Cash Value	\$ 8,249,696
Debt Limit (12% of Reasonable Cash Value)	989,964
Debt applicable to limit:	
General obligation bonds	33,188
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>33,188</u>
Legal debt margin	<u>\$ 956,776</u>

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Debt limit					
General (4% Fair Cash Value)	\$ 182,549	\$ 204,850	\$ 284,808	\$ 304,436	\$ 329,988
Water and Sewer (8% Fair Cash Value)	<u>365,098</u>	<u>409,700</u>	<u>569,616</u>	<u>608,872</u>	<u>659,976</u>
Total 12% Debt Limit	547,647	614,550	854,424	913,308	989,964
Total Net Debt Applicable to Limit	<u>39,910</u>	<u>37,840</u>	<u>35,675</u>	<u>33,420</u>	<u>33,188</u>
Legal debt margin	<u>\$ 507,737</u>	<u>\$ 576,710</u>	<u>\$ 818,749</u>	<u>\$ 879,888</u>	<u>\$ 956,776</u>
Total net debt applicable to the limit as a percentage of debt limit	7.29%	6.16%	4.18%	3.66%	3.35%

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit					
General (4% Fair Cash Value)	\$ 103,974	\$ 112,362	\$ 125,862	\$ 138,682	\$ 162,444
Water and Sewer (8% Fair Cash Value)	<u>\$ 207,948</u>	<u>\$ 224,724</u>	<u>\$ 251,724</u>	<u>\$ 277,363</u>	<u>324,888</u>
Total 12% Debt Limit	311,922	337,086	377,586	416,045	487,332
Total Net Debt Applicable to Limit	<u>45,030</u>	<u>42,025</u>	<u>38,905</u>	<u>36,380</u>	<u>42,070</u>
Legal debt margin	<u>\$ 266,892</u>	<u>\$ 295,061</u>	<u>\$ 338,681</u>	<u>\$ 379,665</u>	<u>\$ 445,262</u>
Total net debt applicable to the limit as a percentage of debt limit	14.44%	12.47%	10.30%	8.74%	8.63%

Source: <https://taxrates.utah.gov/>

Notes: The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 12% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 8% and any unused portion of the 4% available for general purposes up to the maximum of 12% may be utilized for water and/or sewer purposes.

CITY OF AMERICAN FORK
Pledged Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

Water Revenue Bonds						
Fiscal Year	Utility Service Charge	Less:		Debt Service		Coverage
		Operating Expenses	Net Available Revenue	Principal	Interest	
2016	3,610	1,996	1,614	32	20	31.04
2017	3,825	2,194	1,631	33	20	30.77
2018	4,110	1,526	2,584	34	18	49.69
2019	4,232	1,531	2,701	35	17	51.78
2020	4,215	1,596	2,619	36	16	50.37
2021	4,762	1,907	2,854	37	15	54.89
2022	4,903	1,740	3,163	-	151	20.95
2023	4,890	2,142	2,748	577	104	4.04
2024	5,079	2,054	3,025	583	189	3.92
2025	5,455	2,467	2,988	588	209	3.75

Sales Tax Bonds & Subordinated Sales Tax Bonds				
Fiscal Year	Sales and Use Tax	Debt Service		Coverage
		Principal	Interest	
2016	7,122	501	48	12.97
2017	7,734	457	44	15.44
2018	8,164	460	42	16.26
2019	8,882	355	122	18.62
2020	9,972	360	111	21.17
2021	12,060	370	100	25.66
2022	13,443	380	89	28.66
2023	13,949	1,417	1,061	5.63
2024	14,247	1,070	1,409	5.75
2025	15,066	1,115	1,363	6.08

Source: The City of American Fork

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF AMERICAN FORK
Demographic and Economic Statistics
 Last Ten Calendar Years

Calendar Year	Population	Personal Income (Federal AGI)	Per Capita Personal Income	Unemployment Rate
2016	28,770	646,512,055	22,472	3.5%
2017	29,527	691,839,424	23,431	3.3%
2018	32,519	794,817,085	24,442	3.2%
2019	33,161	836,056,288	25,212	2.7%
2020	33,337	961,380,082	28,838	5.3%
2021	34,422	1,066,191,765	30,974	2.9%
2022	37,268	1,212,957,609	32,547	2.7%
2023	38,549	1,347,919,534	34,966	2.9%
2024	41,298	(2)	37,710	3.8%
2025	(1)	(2)	(1)	3.9%

Sources:

Population Estimates - U.S. Census Bureau

<https://www.census.gov/quickfacts/americanforkcityutah>

Unemployment rate - Bureau of Labor Statistics Provo-Orem UT Metro

Personal income - <http://tax.utah.gov/econstats/income/federal-returns>

Notes:

- (1) Federal AGI is not published. Per Capita income is sourced from census.gov
 (2) Latest data published is for calendar year 2023.

CITY OF AMERICAN FORK
Principal Employers
 Current Year and Ten Years Ago

Employer	2025		2017*	
	Employees	Rank	Employees	Rank
Alpine Building LLC	500-999	1-3		
American Fork Hospital	500-999	1-3	500-900	2-4
Utah State Developmental Center	500-999	1-3	500-900	2-4
Alpine Board of Education	250-499	4-10	1000-1999	1
American Heritage	250-499	4-10		
Domo Inc	250-499	4-10		
Doug Smith Autoplex, Inc.	250-499	4-10		
Live View Technologies	250-499	4-10		
MedicareMD	250-499	4-10		
Wal-Mart	250-499	4-10	500-900	2-4
Dentrix Dental Systems			250-499	5
Mentoring of America			100-249	6-10
Twinlab Corp			100-249	6-10
The True North Academy			100-249	6-10
The Home Depot			100-249	6-10
Target			100-249	6-10

Source: Utah Department of Workforce Services

<https://jobs.utah.gov/jsp/firmfind/#/largefirmsearch/000049/Utah/results>

*Data from 2016 was unavailable, therefore 2017 data was used.

CITY OF AMERICAN FORK

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

(continued)

Function/Program	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government					
Administration	11.23	11.90	11.17	11.69	12.01
Economic Development	1.00	0.35	-	-	-
Police*					
Officers	35.46	35.06	37.17	40.38	44.88
Civilians	10.00	10.28	10.27	10.91	10.81
Fire*					
Firefighters	32.10	34.23	35.04	33.88	32.72
Ambulance	-	-	-	-	10.86
Civilians	1.00	1.00	1.00	1.00	1.00
Public Works					
Engineering	4.43	5.53	4.56	4.77	6.78
Public Infrastructure	-	-	-	-	-
Public Works Admin	1.99	2.58	2.74	3.00	3.70
Secondary Irrigation	2.01	2.02	2.02	3.25	3.36
Sewer	5.06	4.66	3.95	2.75	3.50
Storm Drain	1.86	2.48	2.85	2.75	3.50
Streets	7.07	6.93	6.59	6.17	6.41
Water	5.84	5.10	4.14	4.25	3.36
Development Services					
Building Inspections	4.00	4.58	5.00	6.32	5.95
Planning	2.00	2.00	2.00	2.50	2.08
Community Services					
Administration	-	-	-	-	-
Boat Harbor	1.18	0.98	1.16	0.76	0.81
Buildings and Grounds	3.44	3.22	3.03	3.69	4.12
Cemetery	7.70	7.51	7.49	6.27	5.62
Fitness	43.33	45.22	43.62	43.07	35.92
Library	12.16	12.19	11.87	12.63	12.07
Literacy	0.43	0.85	0.95	1.02	0.94
Parks	12.59	11.88	11.99	10.93	11.98
Recreation	8.87	8.65	8.21	7.34	7.49
Senior Citizens	-	0.23	0.43	0.44	0.48
Broadband	2.00	2.00	2.00	2.00	2.08
Total	<u>216.75</u>	<u>221.43</u>	<u>219.25</u>	<u>221.77</u>	<u>232.43</u>

*Police and Fire includes contract services to City of Cedar Hills

Source: City of American Fork Finance Department

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Full-Time Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Government					
Administration	13.05	10.47	10.38	13.78	15.30
Economic Development	-	-	-	-	-
Police					
Officers	47.62	52.40	54.72	55.62	58.78
Civilians	11.89	11.27	12.73	13.50	12.48
Fire*					
Firefighters	36.94	42.57	43.02	43.76	45.46
Ambulance	8.95	9.79	9.05	9.43	15.50
Civilians	1.00	1.00	1.00	1.00	1.00
Public Works					
Engineering	7.83	8.73	9.77	6.16	6.12
Public Infrastructure	-	-	-	2.88	3.12
Public Works Admin	2.92	2.80	3.25	4.40	3.95
Secondary Irrigation	2.05	2.07	1.84	2.27	2.37
Sewer	3.37	3.03	2.81	3.05	2.56
Storm Drain	2.05	2.03	1.98	3.05	4.63
Streets	6.23	6.18	5.97	6.30	7.25
Water	5.77	5.73	6.13	5.30	5.53
Development Services					
Building Inspections	7.31	8.31	8.74	8.14	8.59
Planning	2.00	1.57	2.88	4.35	4.02
Community Services					
Administration	-	2.46	2.62	1.00	1.00
Boat Harbor	0.86	0.89	0.50	0.42	0.54
Buildings and Grounds	4.05	4.04	4.03	4.05	3.88
Cemetery	5.78	5.88	6.20	5.57	6.50
Fitness	38.78	42.57	43.11	42.39	45.02
Library	12.72	13.15	13.77	15.20	15.81
Literacy	1.15	0.89	1.30	-	-
Parks	10.91	9.75	11.54	13.57	16.43
Recreation	8.74	8.26	7.92	7.63	7.27
Senior Citizens	0.80	0.83	1.05	0.99	1.97
Broadband	2.05	2.05	2.05	2.05	2.12
Total	<u>244.82</u>	<u>258.72</u>	<u>268.36</u>	<u>275.86</u>	<u>297.19</u>

Source: The City of American Fork

CITY OF AMERICAN FORK
Operating Indicators by Function/Program
 Last Ten Fiscal Years

(continued)

Function/Program	Fiscal Year				
	2016	2017	2018	2019	2020
General Government					
Building permits Issued	729	629	839	749	844
Business Licenses Issued	1,436	1,399	1,382	1,599	1,651
Paychecks Issued	11,929	12,051	11,935	12,121	10,379
Vendor Checks Issued	4,170	4,432	5,216	5,320	4,131
Police**					
Calls for Service	(1)	(1)	(1)	(1)	28,709
Adult Arrests	(1)	(1)	(1)	(1)	1,161
Juvenile Referrals	(1)	(1)	(1)	(1)	1
DUIs	(1)	(1)	(1)	(1)	46
Traffic Collisions	(1)	(1)	(1)	(1)	1,384
Traffic Stops	(1)	(1)	(1)	(1)	6,862
Ambulance					
911 Calls	1,196	1,988	1,190	1,564	1,982
EMS Calls For Service	(1)	(1)	(1)	(1)	3,167
Medical Transports from AF Hospital	957	1,437	739	1,033	1,187
Fire					
Alarms	197	130	176	251	313
Public Education Events*	123	207	74	44	97
Public Education Contacts	-	-	13,238.00	6,944	4,950
Hydrant Inspections	1,915	1,576	2,648	1,466	2,861
Business Fire Inspections	974	916	324	805	1,001
Structural Fires	18	36	24	17	35
Vehicle Fires	1	9	-	107	13
Mutual Aid-Given	-	-	-	23.00	137
Mutual Aid-Received	-	-	-	12.00	63
Community Services					
Cemetery Burials	168	183	152	187	164
Number of Cemetery Spaces Sold	-	-	-	125.00	102
Fitness Center Admissions	265,000	275,000	280,000	285,000	220,000
Water					
New Residential Connections					
Residential	132	220	328	308	1,192
Commercial	25	33	68	25	41
Average Culinary Daily Consumption/thousands gallons)	2,258	2,236	5,110	4,823	4,947
Sewer					
Average daily sewer treatment/thousands gallons)	2,586	2,616	2,496	2,497	2,826
Library					
Volumes in Collection	124,771	127,123	144,051	-	-
Total Volumes Borrowed	290,524	312,392	336,532	-	-
Library Visits	-	-	-	195,293	148,444
Physical Volumes	-	-	-	80,255	84,343
Physical Item Circulation	-	-	-	309,068	267,018
Electronic Item Circulation	-	-	-	79,849	102,648

* Prior to fiscal year 2016, PR contacts were included as well as PR events. Fiscal year 2016 forward is only PR events.

** American Fork and Cedar Hills combined. Source: Utah Department of Public Safety www.bci.utah.gov

(1) Data not available

Source: The City of American Fork

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

CITY OF AMERICAN FORK
Operating Indicators by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2021	2022	2023	2024	2025
General Government					
Building permits Issued	1,118	1,044	800	824	767
Business Licenses Issued	1,555	1,657	1,707	1,758	1,799
Paychecks Issued	11,391	13,015	13,269	14,400	15,125
Vendor Checks Issued	3,848	4,066	4,111	4,100	4,385
Police**					
Calls for Service	33,694	28,300	29,321	30,719	31,025
Adult Arrests	1,349	1,345	1,405	1,132	1,198
Juvenile Referrals	207	307	313	360	383
DUIs	122	83	77	79	104
Traffic Collisions	1,064	1,245	1,346	1,406	1,402
Traffic Stops	9,282	7,154	7,078	7,216	7,992
Ambulance					
911 Calls	2,113	2,293	2,471	2,545	2,621
EMS Calls For Service	3,602	3,573	3,600	4,900	5,047
Medical Transports from AF Hospital	1,447	1,441	1,500	1,600	1,648
Fire					
Alarms	181	291	359	370	381
Public Education Events*	64	140	101	104	107
Public Education Contacts	7,778	14,970	12,650	13,030	13,420
Hydrant Inspections	2,861	2,073	2,460	2,534	2,610
Business Fire Inspections	360	1,009	912	939	968
Structural Fires	32	36	44	45	47
Vehicle Fires	20	23	25	26	27
Mutual Aid-Given	231	231	194	200	206
Mutual Aid-Received	90	59	78	80	83
Community Services					
Cemetery Burials	218	181	180	180	183
Number of Cemetery Spaces Sold	219	214	215	220	138
Fitness Center Admissions	270,000	295,290	300,000	300,000	324,627
Water					
New Residential Connections					
Residential	1,269	1,890	1,749	1,801	1,013
Commercial	39	57	49	50	40
Average Culinary Daily Consumption/thousands gallons)	4,621	4,377	4,479	2,760	3,186
Sewer					
Average daily sewer treatment (thousands of gallons)	2,398	2,606	3,141	2,725	2,791
Library					
Volumes in Collection	-	-	-	-	-
Total Volumes Borrowed	-	-	-	-	-
Library Visits	118,313	212,403	229,602	247,749	272,748
Physical Volumes	84,213	87,078	93,406	88,027	90,520
Physical Item Circulation	330,140	354,348	363,857	376,707	400,893
Electronic Item Circulation	117,132	130,788	155,296	184,645	206,677

Source: The City of American Fork

CITY OF AMERICAN FORK
Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

(continued)

Function/Program	Fiscal Year				
	2016	2017	2018	2019	2020
Police					
Stations	1	1	1	1	1
Fire Stations	1	1	1	1	1
Public Works					
Streets (Miles)	116	119	120	125	128
Streetlights	1,134	1,147	1,299	1,361	1,420
Parks and Recreation					
Acreage	183	189	189	222	222
Playgrounds	32	32	32	32	32
Baseball/Softball Diamonds	11	11	11	11	11
Soccer/Football Fields	12	12	12	12	12
Flag Football Fields	8	8	8	8	8
Tackle Football Fields	3	3	3	3	3
Basketball/Tennis Courts	2	2	2	2	2
Pickleball Courts	-	-	6	6	6
Fitness Centers	1	1	1	1	1
Utilities					
Culinary Water Lines (Miles)	162	166	176	179	183
Irrigation Water Lines (Miles)	119	124	127	130	133
Storm Drain (Miles)	67	74	96	99	100
Sanitary Sewers (Miles)	124	124	120	123	125
Fire Hydrants	1,450	1,323	1,473	1,514	1,620
Upper Pond Storage Capacity (Millions of Gallo)	5	5	5	5	5
Lower Pond Storage Capacity (Millions of Gallo)	10	10	10	10	10

Source: The City of American Fork

CITY OF AMERICAN FORK
Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2021	2022	2023	2024	2024
Police					
Stations	1	1	1	1	1
Fire Stations	1	1	1	2	2
Public Works					
Streets (Miles)	129	137	139	143	147
Streetlights	1,443	1,608	1,739	1,791	1,845
Parks and Recreation					
Acreage	222	222	250	250	280
Playgrounds	32	32	34	34	34
Baseball/Softball Diamonds	11	11	10	10	10
Soccer/Football Fields	12	12	12	12	12
Flag Football Fields	8	8	8	8	8
Tackle Football Fields	3	3	3	3	3
Basketball/Tennis Courts	2	2	2	2	2
Pickleball Courts	6	6	10	10	10
Fitness Centers	1	1	1	1	1
Utilities					
Culinary Water Lines (Miles)	190	193	199	205	211
Irrigation Water Lines (Miles)	138	142	145	150	154
Storm Drain (Miles)	107	115	118	121	125
Sanitary Sewers (Miles)	129	132	134	138	142
Fire Hydrants	1,708	1,943	2,009	2,069	2,131
Upper Pond Storage Capacity (Millions of Gallo)	5	5	5	5	5
Lower Pond Storage Capacity (Millions of Gallo)	10	10	10	10	10

Source: The City of American Fork

American Fork City



SUPPLEMENTAL REPORTS

For the Year Ended June 30, 2025



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

The Honorable Mayor, and
Members of the City Council
American Fork City, 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 of American Fork City (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Larson & Company, PC

Spanish Fork, Utah
December 16, 2025



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE*

The Honorable Mayor, and
Member of the City Council
American Fork City, Utah

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited American Fork City’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of American Fork City’s major federal programs for the year ended June 30, 2025. American Fork City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, American Fork City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit 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 American Fork City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about American Fork City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, 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 American Fork City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of American Fork City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of American Fork City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies in 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 detect and correct, noncompliance with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of American Fork City as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise American Fork City's basic financial statements. We issued our report thereon, dated December 16, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Larson & Company, PC
Larson & Company, PC

Spanish Fork, Utah
December 16, 2025

American Fork City
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

	<u>Federal CFDA Number</u>	<u>Amount of Expenditures</u>
Direct Assistance		
U.S Department of the Treasury		
* Coronavirus (ARPA/SLFRF)-Water Recycling	21.027	\$ 6,761
<i>Total U.S Department of the Treasury</i>		<u>6,761</u>
U.S Department of the Treasury		
* Coronavirus (ARPA/SLFRF)-Irrigation Meters	21.027	836,510
<i>Total U.S Department of the Treasury</i>		<u>836,510</u>
U.S Department of the Treasury		
* Coronavirus (ARPA/SLFRF)-Fiber Materials	21.027	1,697,022
<i>Total U.S Department of the Treasury</i>		<u>1,697,022</u>
U.S. Department of Housing and Urban Development		
Community Development Block Grant, Phase 11	14.218	2,150
<i>Total U.S. Department of Housing and Urban Development</i>		<u>2,150</u>
U.S. Department of Agriculture		
American Fork Watershed Improvements	10.904	92,359
<i>Total U.S. Department of Agriculture</i>		<u>92,359</u>
U.S. Department of Homeland Security		
American Fork Repair - Food Cleanup	97.036	15,850
American Fork Repair - Golf Course	97.036	4,657
American Fork Repair - Boat Harbor	97.036	12,125
American Fork Repair - Debris Basin Debris Removal	97.036	179,920
<i>Total U.S. Department of Homeland Security</i>		<u>212,552</u>
U.S Department of Justice		
Community Oriented Policing Services (COPS)-Hiring Grant	16.710	79,739
Mental Health Social Worker Grant	16.607	2,980
Body Worn Camera Grant	16.835	52,083
<i>Total U.S Department of Justice</i>		<u>134,802</u>
Total Direct Assistance		<u>2,982,156</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 2,982,156</u></u>

* Major Program

Attachment: FY2025 Annual Comprehensive Financial Report (Acceptance of Audited Financial Statements 6/30/25)

American Fork City
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

1. GENERAL

The accompanying schedule of expenditures of federal awards (the schedule) includes the grant activity of American Fork City (the City) under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The City reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule of expenditures of federal awards. Because the schedule presents only a selected portion of the operations of American Fork City it is not intended to and does not present the financial position, changes in net position, or cash flows of American Fork City.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting for expenditures in governmental fund types and on the accrual basis for expenses in proprietary fund types, which is described in Note 1 to the basic financial statements.

3. NON-CASH ASSISTANCE

The City did not receive any non-cash assistance.

4. LOANS OUTSTANDING

The City does not have federally insured loans outstanding at year end.

5. DE MINIMIS INDIRECT COST RATE

The City has elected to use the 10% de minimis indirect cost rate

American Fork City
Schedule of Federal Findings and Questioned Costs
 For the Year Ended June 30, 2025

SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the basic financial statements of American Fork City.
2. No reportable conditions related to the audit of the financial statements are reported in the Auditor's Report on Internal Controls and Compliance with Laws and Regulations.
3. No instances of noncompliance material to the financial statements of American Fork City were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with Uniform Guidance.
5. The independent auditor's report on compliance for the major federal award programs for American Fork City, expresses an unqualified opinion.
6. The audit disclosed no audit findings that are required to be reported under 2 CFR section 200.516(a).
7. The programs tested as a major program include:

Coronavirus (ARPA/SLFRF)-Irrigation Meters	ALN# 21.027
Coronavirus (ARPA/SLERF)-Water Recycling	ALN# 21.027
Coronavirus (ARPA/SLERF)-Fiber Materials	ALN# 21.027
8. The threshold for distinguishing Types A and B programs is \$750,000 of federal awards expended.
9. American Fork City was determined to be a low-risk auditee.

American Fork City
Schedule of Federal Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2025

SUMMARY OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT AND STATE COMPLIANCE FINDINGS

No findings noted during current audit

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted during current audit

SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT AND STATE COMPLIANCE FINDINGS

No findings noted during prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted during prior audit

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

The Honorable Mayor, and
Member of the City Council
American Fork City, Utah

Report on Compliance

We have audited American Fork City’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2025

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

- | | |
|---------------------------------------|--|
| Budgetary Compliance | Fund Balance |
| Restricted Taxes and Related Revenues | Fraud Risk Assessment |
| Governmental Fees | Cash Management |
| Tax Levy Recognition | Impact Fees |
| Utah Retirement Systems | Public Treasurer’s Bond |
| Open and Public Meetings Act | Enterprise Fund Transfers, Reimbursements, Loans, and Services |

Opinion on Compliance

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about American Fork City's compliance with the requirements of the government program as a whole.

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

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

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

Report On Internal Control over Compliance

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

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

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.



Larson & Company, PC

Spanish Fork, Utah
December 16, 2025

American Fork City



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

For the Year Ended June 30, 2025





To the Honorable Mayor and
Members of the City Council
City of American Fork City, Utah

We have audited the financial statements of American Fork City as of and for the year ended June 30, 2025, and have issued our report thereon dated December 16, 2025. Professional Standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 1, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of American Fork City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our finding regarding significant control deficiencies and material weaknesses, if applicable, and material noncompliance, and other matters noted during our audit at the end of the supplemental reports that accompany the financial statements.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As part of our risk-based audit, we design certain extended procedures over areas where we deemed to pose a more significant audit risk based on the nature of the industry and complexity of the entity. We have identified the following significant risks during our audit that we had performed additional procedures for:

- Improper revenue recognition is considered a significant inherent risk according to GAAS.
- Cash disbursements are considered significant risks for governmental entities as they are dealing with public funds.
- Potential management bias, financial statement estimates, and management's ability to override controls are considered significant inherent risks according to GAAS.

Based on our audit procedures performed, we did not identify any uncorrected material misstatements related to these risks noted.

Qualitative Aspects of the Entity's Significant Accounting Practices

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by American Fork City are included in Note 1 to the financial statements. Management reviews and implements all relevant recent GASB pronouncements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of our audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicated them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. All proposed entries were approved by management and were posted to the entity's financial records.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the entity's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We noted nothing to report to Those Charged with Governance.

Management Representations

We have requested certain representations from management, which are included in the management representation letter dated December 16, 2025.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the entity, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the American Fork City's auditors.

Refer to the attached schedule for a summary of findings related to the audit procedures performed.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and required supplementary information (RSI) as listed in the table of contents, which are RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board and management of American Fork City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Larson & Company, PC

Spanish Fork, Utah
December 16, 2025



**REQUEST FOR COUNCIL ACTION
CITY OF AMERICAN FORK
FEBRUARY 10, 2026**

Department Finance Director Approval Anna Montoya

AGENDA ITEM Acceptance of PARC tax audit for fiscal year ending June 30, 2025

SUMMARY RECOMMENDATION

The Finance Director recommends acceptance of the fiscal year ended June 30, 2025 PARC tax audit.

BACKGROUND

All PARC tax recipients are subject to an informal or formal audit by the City or an auditor designated by the City. The Recipient shall provide access to all of its records related directly or indirectly to the funds received pursuant to their respective agreements.

The City engaged Larson & Co. to perform agreed upon procedures which included reviewing expenditures spent by awardees of the PARC Tax funds granted from American Fork City from July 1, 2024 through June 30, 2025, noting appropriateness of disbursements as they relate to PARC Tax funds, and for appropriate documentation. The results of the review are enclosed.

BUDGET IMPACT

N/A

SUGGESTED MOTION

I move to accept the PARC tax audit for fiscal year ending June 30, 2025.

SUPPORTING DOCUMENTS

FY2025 AUP Report -AF City (PDF)

AMERICAN FORK CITY



AGREED-UPON-PROCEDURES WITH INDEPENDENT ACCOUNTANT’S REPORT
As of June 30, 2025

Attachment: FY2025 AUP Report -AF City (Acceptance of PARC Tax Audit 6/30/25)





Independent Accountant's Report

American Fork City
American Fork, Utah

We have performed the procedures enumerated below on a review of expenditures spent by grant awardees that received the PARC Tax funds from American Fork City as of June 30, 2025. The management of these entities are responsible for providing access to copies of checks, invoices, and other supporting documentation on expenditures spent using the PARC Tax funds as of June 30, 2025.

American Fork City, the entity responsible for awarding PARC Tax funds to various entities, has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of reviewing all transactions of expenditures as of June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

- Review expenditures spent by awardees of the PARC Tax funds granted from American Fork City from July 1, 2024 through June 30, 2025, noting appropriateness of disbursements as they relate to PARC Tax funds, and for appropriate documentation.
- Review total expenditures to total grant awards to determine if all funds awarded were spent during the period of availability.

We were engaged by American Fork City to perform this agreed-upon-procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the expenditures of PARC Tax fund awardees of American Fork City as of June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of American Fork City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of American Fork City Council and management and is not intended to be and should not be used by anyone other than these specified parties.

Larson & Company, PC
Larson & Company, PC

Spanish Fork, Utah
February 2, 2026

Procedures performed, findings, and recommendations

1. We reviewed the expenditures of all grant awardees that received PARC Tax funds from July 1, 2024 through June 30, 2025. Management of each entity provided supporting documentation of expenditures spent within this period. We reviewed all checks, invoices, and other supporting documentation during that time period and determined if expenditures were spent appropriately and according to the purpose of the PARC Tax funds. For each review of the supporting documentation, we noted whether the disbursement had the following attributes: a) related to PARC Tax fund costs; b) disbursement matched payee and amount to either the original invoice or request; and c) whether documentation actually exists.
2. We performed walkthroughs with staff, documenting processes and controls currently implemented at each grant awardee location.
3. We reviewed the PARC Tax funds granted to and expended by the awardees. PARC Tax funds unspent by the awardees during the period of availability were reported back to the City.

Findings and recommendations:

There are no findings noted in the current year. Prior-year findings appear to have been addressed and corrected.



**REQUEST FOR COUNCIL ACTION
CITY OF AMERICAN FORK
FEBRUARY 10, 2026**

Department Planning Director Approval Patrick O'Brien

AGENDA ITEM Review and action on an application for a Zone Change, known as Scott Zone Change, located at 672 W 750 N, American Fork City. The Zone Change is proposed to be for approximately 2.54 acres and is located in the RA-1 Residential Agriculture Zone. The proposal seeks approval to change from the RA-1 zone to the R1-9000 Residential Zone.

SUMMARY RECOMMENDATION

Planning Commission Recommended Approval

BACKGROUND

The applicant has applied for a proposed Zone Change from the RA-1 Residential Agriculture Zone to the R-1-9000 Residential Zone. The project looks to change the zone to a residential zone that permits a subdivision into smaller lots.

BUDGET IMPACT

N/A

SUGGESTED MOTION

I move to approve the proposed Zone Change, located at 672 W 750 N, American Fork City, from the RA-1 Residential Agriculture Zone, to the R1-9000 Residential Zone, subject to any conditions found in the staff report.

I move to deny the proposed Zone Change, located at 672 W 750 N, American Fork City, from the RA-1 Residential Agriculture Zone, to the R1-9000 Residential Zone.

I move to table action for the proposed Zone Change, located at 672 W 750 N, American Fork City, from the RA-1 Residential Agriculture Zone, to the R1-9000 Residential Zone, and instruct staff/developer to.....

SUPPORTING DOCUMENTS

1. COMMENTS (2026.01.07) Scott - ZC Compatibility Statement (PDF)
2. COMMENTS (2026.01.07) Scott - ZC Vicinity Map (PDF)
3. COMMENTS (2026.01.07) Scott - ZC General Plan Map (PDF)
4. COMMENTS (2026.01.07) Scott - ZC Existing Conditions (PDF)

5. COMMENTS (2026.01.07) Scott - ZC Legal Subdivision Boundary Description (PDF)
Scott Subdivision Zone Change - Staff Report (PDF)
Scott Zone Change Resolution (PDF)

Compatibility Statement

Scott Subdivision 672 W 750 N

The 2.54 acres of land is located in the low density residential general plan and is surrounded by R-9000 zones. R-9000 is the zoning that is being proposed for the property. The lots will be larger than 9000 sq ft but will still be compatible with the surrounding lots. The R-9000 is what the AF general plan is recommending for this property and the requested zone change will bring the property into compliance with the City’s general plan.

Next Step:
Proceed to Planning Commission
1/21/2026

 American Fork City Development Review Committee
Planning and Zoning Reviewed Areed 12/31/2025
Engineering Division Reviewed rburkhill 01/06/2026

No comments

Note:

When preparing the plat for this project, the PUE along 640 West will have to be located so that the existing retaining rock wall will not be within the bounds of the PUE. It is anticipated that this PUE will start from the east edge of the wall, at a distance of 10 ft.

Attachment: 1. COMMENTS (2026.01.07) Scott - ZC Compatibility Statement (Scott Subdivision Zone Change)

Utah County Parcel Map

VICINITY MAP

Map Search ⓧ

Search by Parcel Serial: ⓘ

Enter Serial

Search by Address: ⓘ

Find address or place

Search by Parcel Owner: ⓘ

Enter Name

Search by City: ⓘ

Search by PLSS Section: ⓘ

Section: 1-36 (e.g. 33) Township: South (e.g. 5) Range: East/West (e.g. 3E)



Next Step:
Proceed to Planning Commission
1/21/2026

Note:
When preparing the plat for this project, the PUE along 640 West will have to be located so that the existing retaining rock wall will not be within the bounds of the PUE. It is anticipated that this PUE will start from the east edge of the wall, at a distance of 10 ft.

← No comments

Parcel ID - 12:056:0107 ⌵ 📄 ⓧ

Serial:	12:056:0107
Owner:	GRAY, LINDA SCOTT
Address:	672 W 750 NORTH, AMERICAN FORK, UT 84003
Subdivision:	
Acreage:	2.5408
Value:	\$1,409,500
Tax District:	060 - AMERICAN FORK CITY
Detail:	Property Information
Aerial Image:	View EagleView Aerial Image

✎ Add Map Graphic for Print 🔍 Zoom to

AMERICAN FORK CITY
American Fork City
Development Review Committee

Planning and Zoning
Reviewed
Areed 12/31/2025

Engineering Division
Reviewed
rburkhill 01/06/2026





Planning and Zoning
Reviewed
Areed 12/31/2025

Engineering Division
Reviewed
rburhill 01/06/2026

Next Step:
Proceed to Planning Commission
1/21/2026

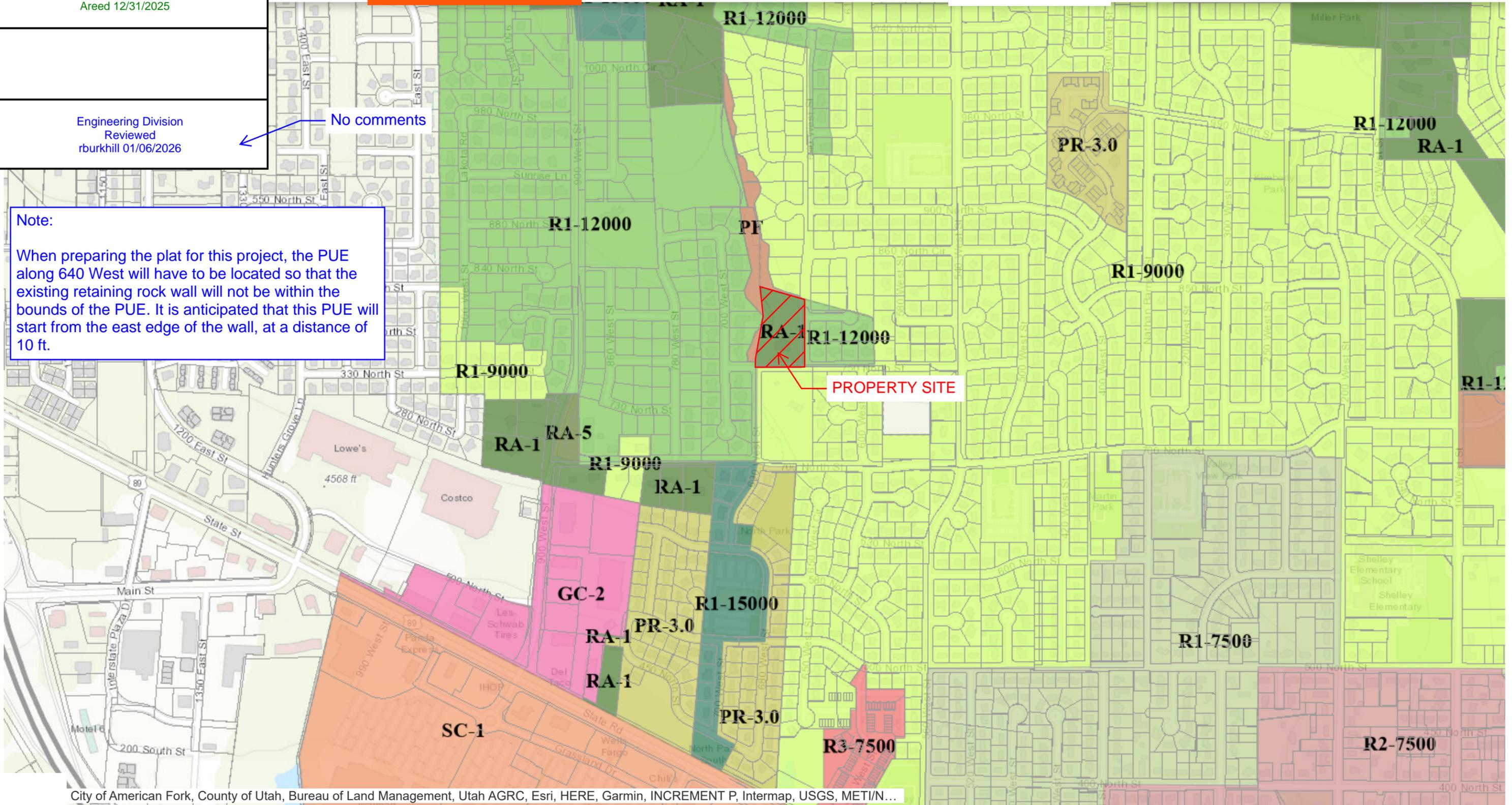
GENERAL PLAN MAP

Applicant has confirmed that they would like to propose the R1-9000 zoning, not the R1-12000

Site Property
Current Zoning: RA-1
Proposed Zoning: R1-12000

No comments

Note:
When preparing the plat for this project, the PUE along 640 West will have to be located so that the existing retaining rock wall will not be within the bounds of the PUE. It is anticipated that this PUE will start from the east edge of the wall, at a distance of 10 ft.



City of American Fork, County of Utah, Bureau of Land Management, Utah AGRC, Esri, HERE, Garmin, INCREMENT P, Intermap, USGS, METI/N...

Attachment: 3. COMMENTS (2026.01.07) Scott - ZC General Plan Map (Scott Subdivision Zone Change)

Existing Conditions

The subject property is a 2.54 acre parcel, 12:056:0107, located at 672 West 750 North in American Fork. There is an existing home located on the south side of the property with an outdoor storage shed on the east side at the middle of the lot. The remaining area is open green space with the existing ground sloping at approximately 6% from the north to south.

Next Step:
Proceed to Planning Commission
1/21/2026

 American Fork City Development Review Committee
Planning and Zoning Reviewed Areed 12/31/2025
Engineering Division Reviewed rburkhill 01/06/2026

No comments →

Note:
When preparing the plat for this project, the PUE along 640 West will have to be located so that the existing retaining rock wall will not be within the bounds of the PUE. It is anticipated that this PUE will start from the east edge of the wall, at a distance of 10 ft.

Attachment: 4. COMMENTS (2026.01.07) Scott - ZC Existing Conditions (Scott Subdivision Zone Change)



Scott Subdivision Boundary Description

COMMENCING S89°58'20"W ALONG THE SECTION LINE 1305.01 FEET AND NORTH 176.02 FEET FROM THE SOUTHEAST CORNER OF SECTION 10, TOWNSHIP 5 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN; THENCE SOUTH 89°52'43" WEST 264.22 FEET; THENCE NORTH 53°56'17" WEST 19.52 FEET; THENCE NORTH 10°29'43" EAST 297.17 FEET; THENCE NORTH 09°00'17" WEST 175.76 FEET; THENCE NORTH 00°47'43" EAST 0.52 FEET; THENCE SOUTH 74°51'17" EAST 265.92 FEET; THENCE SOUTH 00°28'43" WEST 215.46 FEET; THENCE SOUTH 85°29'51" EAST 0.09 FEET; THENCE SOUTH 00°28'43" WEST 192.31 FEET TO THE POINT OF BEGINNING.

CONTAINING 2.54 ACRES.

Next Step:
Proceed to Planning Commission
1/21/2026

 <p>American Fork City Development Review Committee</p>
<p>Planning and Zoning Reviewed Areed 12/31/2025</p>
<p>Engineering Division Reviewed burkhill 01/06/2026</p>

No comments

Note:

When preparing the plat for this project, the PUE along 640 West will have to be located so that the existing retaining rock wall will not be within the bounds of the PUE. It is anticipated that this PUE will start from the east edge of the wall, at a distance of 10 ft.

Attachment: 5. COMMENTS (2026.01.07) Scott - ZC Legal Subdivision Boundary Description (Scott Subdivision Zone Change)



Planning Commission Staff Report
Meeting Date: January 21, 2025

Agenda Topic

Public hearing, review, and recommendation on an application for a Zone Change, known as Scott Zone Change, located at 672 W 750 N, American Fork City. The Zone Change will be on approximately 2.54 acres and is in the RA-1 Residential Agriculture Zone and will change to the R1-9000 Residential Zone.

BACKGROUND INFORMATION		
Location:	672 W 750 N American Fork, UT	
Parcel ID:	12:056:0107	
Project Type:	Zone Change	
Applicants:	LeGrand Woolstenhulme and Scott Gray	
Existing Land Use:	Residential Low Density	
Proposed Land Use:	Residential Low Density	
Surrounding Land Use:	North	Residential Low Density
	South	Residential Low Density
	East	Residential Low Density
	West	Public Parks and Open Space
Existing Zoning:	Residential Agriculture (RA-1)	
Proposed Zoning:	R1-9000	
Surrounding Zoning:	North	PF and R1-9000
	South	R1-9000
	East	R1-12000
	West	PF and R1-12000

Background

The applicant has applied for a proposed Zone Change. The project looks to change the zone to a residential zone that permits a subdivision into smaller lots.



Chapter 17.11 Amendments

This development code, and the zoning map adopted as a part thereof, may be amended from time to time by the city council, but all proposed amendments must first be submitted to the planning commission for its recommendation. The procedure to be followed in amending the code and map shall be as set forth below.

Sec 17.11.101 Written Petition Required - City Initiated Amendments Permitted

Any person seeking an amendment of the development code or zoning map shall submit to the planning commission a written petition designating the change desired and the reasons therefor, and shall pay a nonrefundable filing fee in an amount established by resolution of the city council.

Amendments to the code and map may also be initiated by action of the planning commission or upon request of the city council.

Sec 17.11.102 Planning Commission To Make Recommendations

Upon receipt of the petition the planning commission shall consider the request and, subject to completion of a public hearing on the matter before the planning commission with public notice given in accordance with the provisions of Section 17.11.103, shall submit its recommendations with respect thereto to the city council.

Sec 17.11.103 Planning Commission To Conduct Public Hearing Before Recommending Amendments - Notice Of Hearing To Be Provided

1. No ordinance approving an amendment to the official zone map or text of the development code, or approving a large scale development project may be enacted by the city council unless and until a public hearing relating to the proposed ordinance shall have been conducted by the planning commission.
2. Notice of the date, time and place of the first public hearing regarding a proposed amendment to the official zone map, text of the development code or ordinance of approval of a large scale development project shall be given at least 10 calendar days before the public hearing as follows:
 1. Published on the Utah Public Notice Website;



Planning Commission Staff Report
Meeting Date: January 21, 2025

2. Posted in at least three public locations within the city, or on the city's official website; and
3. Mailed to each affected entity.

Sec 17.11.104 Amendments To Be Adopted By Council - Notice Required

1. The city council, at a public meeting called for the purpose, shall consider each proposed amendment to the official zone map, text of the development code, or ordinance of approval for a large scale development recommended to it by the planning commission and may act to adopt or reject the amendment or ordinance of approval as recommended by the planning commission or adopt the amendment after making any revision the city council considers appropriate.
2. Notice of the public meeting at which the city council will consider a proposed amendment or ordinance of approval shall be given at least twenty-four hours before the meeting, which notice shall, as a minimum, be posted in at least three public places within the city; or on the city's official website.

Sec 17.11.105 Amendments To Be Adopted By Ordinance - Public Notice Of Adoption

All amendments to the code and map shall be adopted, published and recorded in accordance with the applicable provisions of UCA 10-3-701 et seq.

17.11.200 Intent With Respect To Amendments

All amendments to this code and zone map shall be made in accordance with the general plan of land use. It is hereby declared to be public policy that this code shall not be amended unless it can be shown that changed or changing conditions make the proposed amendment reasonably necessary to the promotion of the purposes of this code.

Project Conditions of Approval

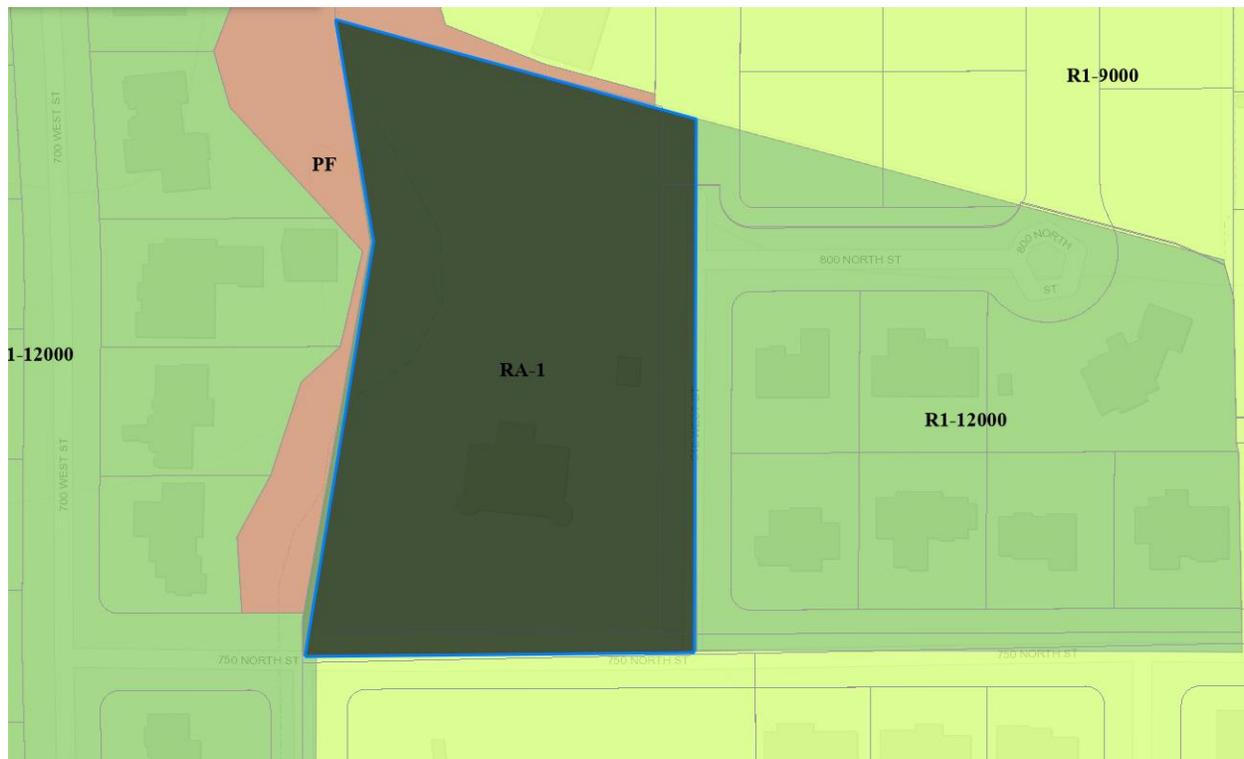
1. N/A

Findings of Fact

Planning Commission Staff Report
Meeting Date: January 21, 2025

1. The Zone Change meets the requirements of Section 17.11

Project Map



Engineering Development Checklist Completion

APPLICANT is responsible and shall submit/post/obtain all necessary documentation and evidence to comply with the Engineering Development Checklist prior to any platting, permitting, or any other form of authorization by the City including plat recording or other property conveyance to the City and prior to, throughout and after scheduling a pre-construction meeting. All recording shall take place at the Utah County Recorder's Office.

Staff Recommendation

The Zone Change meets the requirements of Section 17.11. Staff recommends APPROVING the application.



Potential Motions – Zone Change

Approval

I move to recommend approval for the proposed Zone Change, located at 672 W 750 N, American Fork City, from the RA-1 Residential Agriculture Zone, to the R1-9000 Residential Zone, subject to any conditions found in the staff report.

Denial

I move to recommend denial for the proposed Zone Change, located at 672 W 750 N, American Fork City, from the RA-1 Residential Agriculture Zone, to the R1-9000 Residential Zone,

Table

I move to table action for the proposed Zone Change, located at 672 W 750 N, American Fork City, from the RA-1 Residential Agriculture Zone, to the R1-9000 Residential Zone, and instruct staff/developer to.....

Attachment: Scott Subdivision Zone Change - Staff Report (Scott Subdivision Zone Change)

ORDINANCE NO. _____**AN ORDINANCE AMENDING THE OFFICIAL ZONE MAP OF AMERICAN FORK, UTAH AT 672 W 750 N FROM THE RA-1 RESIDENTIAL ZONE TO THE R1-9000 RESIDENTIAL ZONE.**

WHEREAS, pursuant to Section 10-9a-503, Utah Code Annotated, 1953, as amended, the City is authorized to make and amend the official zoning map which designates property within the city limits into zones that regulate the use of buildings and structures and uses of land (the “Zone Map”); and

WHEREAS, Section 10-9a-503, Utah Code Annotated, 1953, as amended, anticipated that the Zone Map will, from time to time, be amended and updated; and

WHEREAS, the City has received a request from the property owner at 672 W 750 N (the “Property”) to amend the Zone Map changing the Property from the RA-1 Residential zone to the R1-9000 Residential Zone; and

WHEREAS, on January 21, 2026, the Planning Commission reviewed the proposed amendment to the Zone Map, after required advertising and public hearing thereon, and duly considered the comments received at the hearing; and

WHEREAS, the Planning Commission has recommended approval of the Zone Map amendment; and

WHEREAS, the City Council has reviewed the request further, all in accordance with Utah State law.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF AMERICAN FORK CITY, UTAH:

Section 1. That the Official Zone Map of American Fork, Utah, is hereby amended to show the property located in the area of 672 W 750 N be amended from the RA-1 Residential zone to the R1-9000 Residential zone at 672 W 750 N as shows in Exhibit “A”. Said change in zoning is hereby adopted as an amendment to the official Zone Map of American Fork, Utah.

Section 2. That said territory shall hereafter be subject to all requirements and conditions applicable with said zone.

Section 3. That this Ordinance shall be in force and effect upon its passage and first posting as required by law.

**PASSED AND ORDERED POSTED BY THE CITY COUNCIL OF AMERICAN FORK,
UTAH THIS ____ DAY OF _____ 2026.**

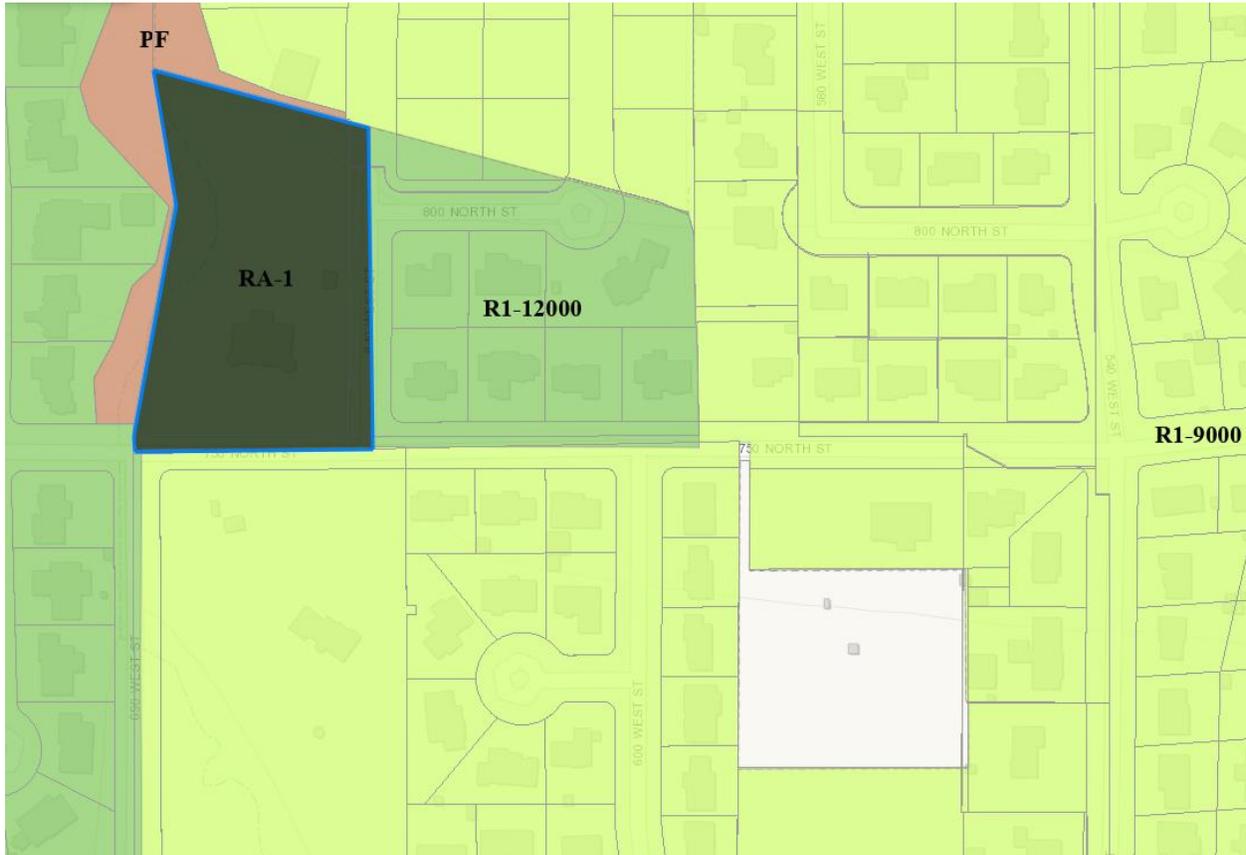
Bradley J. Frost, Mayor

ATTEST:

Terilyn Lurker, City Recorder

EXHIBIT "A"

ZONE MAP



Attachment: Scott Zone Change Resolution (Scott Subdivision Zone Change)



**REQUEST FOR COUNCIL ACTION
CITY OF AMERICAN FORK
FEBRUARY 10, 2026**

Department Recorder Director Approval Terilyn Lurker

AGENDA ITEM Review and action on approval of a contract for criminal prosecuting legal services.

SUMMARY RECOMMENDATION

Staff recommends approval of a contract with Cowdell Law for criminal prosecuting legal services.

BACKGROUND

American Fork City is seeking the services of a criminal prosecutor. Hansen Wright P.C., has provided these services for several decades. The firm has notified the city that they will no longer provide the service. The city received a proposal from Cowdell Law and interviewed the firm. Cowdell Law specializes in this area of law and provides this service for many other municipalities. The proposed criminal legal services proposal outlines the scope of services to be provided, along with the proposed fee structure, terms and references.

BUDGET IMPACT

Per the proposal attached.

SUGGESTED MOTION

I move to approve the city execute a contract for the American Fork City criminal prosecuting legal services with Cowdell Law.

SUPPORTING DOCUMENTS

Cowdell Law - Legal Services Agreement (PDF)

**LEGAL SERVICES AGREEMENT
BETWEEN THE CITY OF AMERICAN FORK AND
COWDELL LAW, P.C.**

THIS LEGAL SERVICES AGREEMENT (this “Agreement”) is entered into this ____ day of _____, 20__ (the “Effective Date”), by and between American Fork City (the “City”), and **COWDELL LAW, P.C.** (collectively the “Firm”). The City and Firm are sometimes referred to herein individually as “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, the City desire to contract for Criminal Prosecuting Services (“Legal Services” or “Services”) for the American Fork Justice Court beginning at the latest by February 26, 2026; and

WHEREAS, the Services include screening, filing, and prosecuting all Class B and Class C misdemeanors, infractions, and city code violations; managing criminal cases from police submission through disposition (pleas, trials, appeals); initiating and prosecuting actions to protect the City’ interests including preparation of pleadings and briefs, oral arguments, conducting trials and plea negotiations, responding to appeals; and

WHEREAS, the Services also include appearing in court for motions, changes of pleas and sentencing, settlement negotiations, trials, and reviewing performance of defendants after conviction; providing professional advice to the Police Department related to prosecution efforts, and coordinating other issues and matters outlined in the City’ Request for Proposal; and

WHEREAS, The Firm has the knowledge and expertise to provide the Services and now desires to contract with the City;

WHEREAS, the Parties hereto desire to enter into this Agreement for the purpose of memorializing their understanding of the terms and conditions of their agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual understanding, promises, covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

- 1. Engagement of the Firm.** The City hereby agree to engage the Firm, and the Firm hereby agrees to provide to the City all services and materials necessary and desirable to prepare and provide the Services.

2. Scope of Services to be Provided. Throughout the term of this Agreement, the Firm shall provide attorneys to provide prosecution legal services requested or needed by the City. The Legal Services to be provided hereunder shall include, without limitation, prosecuting violations of city ordinances, applicable Utah ordinances, and Utah state statutes including prosecuting Class A misdemeanors in District Court, prosecuting appeals from justice court brought or pursued by defendant and trial or hearing de novo in district court, as contemplated in Utah Code Ann. § 78A-7-118, pursuing appeals to other courts brought or pursued by the City upon prior written consent of the City’ designee, representing the City in plea negotiations, providing training to the Police Department, as needed, attending administrative and accountability meetings, attending arraignments and pretrials as directed by the City’ designee, pursuing case investigation and presentation, participating in state and local prosecution associations, screening cases for enhanceable criminal matters, and pursuing forfeiture of bonds.

A representative of the Firm shall report to the City’ designee and the City’ designee shall administer the terms of this Agreement and give direction regarding the Legal Services. Unless the City’ designee is an attorney, all matters requiring legal work or judgment shall be performed by the attorneys of the Firm and the legal work shall not be influenced by the City’ designee pursuant to the Utah Rules of Professional Conduct. The Firm shall timely and adequately prepare for all trials and be ready to provide Legal Services with respect to the justice court at such time that the court is ready to begin. Performance of the Legal Services hereunder by the Firm shall also be subject to the Utah Code of Ethics, all applicable laws (federal and/or state), rules, regulations, and professional standards, including, without limitation, the Rules of Professional Conduct adopted by the Utah Supreme Court, as the same may be amended from time to time during the term of this Agreement (collectively, “Scope of Services”).

3. Fees for Services. As full compensation for Legal Services performed beginning in February 2026, the City shall pay the Firm the amount of \$20,500 per month, which will be paid on or before the tenth day of each month. Upon prior mutual agreement between the parties, the City may reimburse the Firm for other actual expenses. **[Notwithstanding the foregoing, if this amount exceeds the City’ budgeted appropriation for prosecution services for the current fiscal year, the Firm is willing to defer or adjust the increase until July 1, 2026.]**

- a. Rate Increases. In order to accommodate increases in employee wages, health insurance, medical malpractice insurance premiums, and other ongoing operational costs, the parties agree that the Firm’s compensation shall be adjusted on July 1 of each year. The annual adjustment shall be calculated either by (1) reference to the average year over year increase in the City’ actual per employee costs for wages, health insurance, and related benefits, as determined by the City, or (2) by application of a fixed increase of three percent (3%), at the City’ election. In no event, however, shall the annual adjustment exceed three percent (3%) in any contract year.
- b. Late Payments. If the Firm does not receive timely payment of its statements, a late payment fee of ten percent (10%) of the entire unpaid balance may be assessed for each month or portion thereof for which the Firm does not receive timely full payment.

4. **Fees for Attorney Placement Services.** Often clients of the Firm seek to hire as W2 employees attorneys or staff from the Firm who assist directly or indirectly in providing the Legal Services contemplated in this Agreement. The parties stipulate and agree, that hiring Firm employees is in fact a best practice concerning the recruitment and retention of future employees for the Client. The Parties also recognize the efforts of the Firm for hiring, training, and placing such employee for the Client. Therefore, the Parties agree that in the event that Client shall hire any employee of the firm (or former employee of the Firm that has left the Firm for any reason within the twelve (12) months), shall compensated the Firm at 25% of the annual total cost to the Client of the employee. Along with an accounting of actual costs to hire said employee, this amount shall be provided to the Firm within ten (10) days and without request by the Firm the of hiring said employee.
5. **Services Performed in a Professional, Reasonable Manner.** The Services shall be provided by the Firm in a professional manner in compliance with all applicable laws, ordinances, rules, regulations and ethics.
6. **Public Information.** The Firm understands and agrees that this Agreement and related invoices and other documentation, etc. will be public documents as provided in UTAH CODE ANN. § 63G-2-101, *et seq.*
7. **Confidentiality.** The Firm agrees (1) to hold confidential information in strict confidence, (2) not to disclose confidential information to any third-party, except upon the City' prior written consent, and (3) to use reasonable precautions and processes to prevent unauthorized access, use, or disclosure of the City' confidential information; provided, however, that the Firm may disclose confidential information if and only to the extent required to do so by applicable law (in which case, the Firm shall advise the City as soon as practicable and prior to disclosure, if practical, and cooperate and assist the City at the City' cost and expense, if the City seek a protective order or other relief from such disclosure requirements). As used in this Agreement, confidential information means all information material that constitutes a private, controlled or protected record or document, or is exempt from disclosure as referred in UTAH CODE ANN. §63G-2-101, *et seq.* the Firm also agrees to obligate their employees to the same obligations imposed on the Firm as provided in this section.
8. **Alcohol and Drug-free Workplace.** All personnel during such time that they provide the Services shall not be under the influence of alcohol, any drug, or combined influence of alcohol or any drug to a degree that renders the person incapable of safely providing the Services. Further, all personnel during such time that they provide the Services shall not have sufficient alcohol in his body, blood, or on his breath that would constitute a violation of UTAH CODE ANN. §41-6a-502 (without giving any consideration to or establishing the requirement of operating or being in physical control of a vehicle) or any measurable controlled substance in his body that would constitute a violation of UTAH CODE ANN. § 41-6a-517 (without giving any consideration to or establishing the requirement of operating or being in physical control of a vehicle.)
9. **Indemnity.** The Firm hereby agrees to defend, protect, indemnify, save, and hold harmless the City, including its elected and appointed officials, employees, agents, and

contractors, from and against any and all demands, liabilities, claims, damages, actions, or other proceedings, in law or in equity, including reasonable attorneys' fees and costs of suits, relating to or arising from the Firm providing the Services to the City. Nothing herein shall be construed to require the Firm to indemnify the City against the City' own negligence or willful misconduct.

10. **Term.** This Agreement shall become effective as of the date hereof and, unless terminated earlier, shall terminate on February 26, 2031.

11. **Termination.** Either Party may terminate this Agreement with or without cause upon thirty (30) days' prior written notice to the other Party.

12. **Assignment and Delegation.** The Firm shall not assign or delegate the performance of its duties under this Agreement without the prior written consent of the City.

13. **Employment Status.**

- a. **Official Status.** The Firm shall have complete control and discretion over all personnel providing the Services hereunder. All such personnel shall be and remain employees of the Firm and shall be considered to be independent contractors. All personnel providing Legal Services shall be independent contractors and not employees of the City.
- b. **Agent Relationship.** The City authorize the Firm to act as its special agent to provide Legal Services within the Scope of Services. The special agency relationship shall remain in full force and effect during the term of this Agreement or any extensions or renewals of this Agreement. Provided, however, the authorization granted herein is limited to Legal Services with the Scope of Services.
- c. **Salary and Wages.** The City shall not have any obligation or liability for the payment of any salary or other compensation to personnel providing Services hereunder.
- d. **Employment Benefits.** All personnel providing Services hereunder are and shall remain employees of the Firm. All personnel providing Services shall have no right to any city pension, civil service, or any other city benefits pursuant to this Agreement or otherwise.

14. **Conflicts of Interest.** The Firm represents and certifies that it has not offered or given any gift or compensation prohibited by law to any officer or employee of the City to secure favorable treatment with respect to being awarded this Agreement. Also, the Parties stipulate that the Firm may consult with other entities over the duration of this Agreement.

15. **Notice.** Any notice required or permitted to be given hereunder shall be deemed sufficient if given by a communication in writing and shall be deemed to have been received (a) upon personal delivery or actual receipt thereof, or (2) within three business days after such notice is deposited in the United States Mail, postage prepaid, and certified and addressed to the Parties.

16. **Entire Agreement; Modification of Agreement.** This Agreement and exhibits attached hereto constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the Parties.

17. **Force Majeure.** Neither Party to this Agreement will be held responsible for delay or default caused by fire, riot, acts of God, and/or war which is beyond that Party's reasonable control.

18. **Time.** Time is the essence hereof.

19. **Survival.** All agreements, covenants, representations and warranties contained herein shall survive the execution of this Agreement and shall continue in full force and effect throughout the term of this Agreement.

20. **Waiver.** No failure by any Party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such or any other covenant, agreement, term or condition. Any Party may, by notice delivered in the manner provided in this Agreement, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation or covenant of any other Party. No waiver shall affect or alter the remainder of this Agreement, but each and every other covenant, agreement, term and condition hereof shall continue in full force and effect with respect to any other then-existing or subsequently occurring breach.

21. **Rights and Remedies.** The rights and remedies of the Parties hereto shall not be mutually exclusive, and the exercise of one or more of the provisions of this Agreement shall not preclude the exercise of any other provisions hereof.

22. **Severability.** In the event that any other condition, covenant or other provision hereof is held to be invalid or void, the same shall be deemed severable from the remainder of this Agreement and shall in no way affect any other covenant or condition herein contained. If such condition, covenant or other provision shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

IN WITNESS WHEREOF, the City caused this Agreement to be signed by their mayors or designees and attested by their city recorders and delivered, and the Firm has caused the same to be signed and delivered, and this Agreement shall become effective as of the Effective Date first stated above.

CITY OF AMERICAN FORK:



By: _____

Date: _____

ATTEST:

By: _____
American Fork City Recorder

Date: _____

COWDELL LAW, P.C.

By: _____

Date: _____