

Spring City Corporation

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2025

Spring City Corporation  
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June 30, 2025

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# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Spring 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Spring City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Spring 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 responsibility is to express opinions on these financial statements based on our audit. We conducted our objectives to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Spring City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Spring 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 budgetary comparison information, and Utah Retirement systems tables, on pages as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spring City's basic financial statements. The accompanying 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. 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2025 on our consideration of Spring 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 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 Spring City's internal control over financial reporting and compliance.

### ***Gilbert & Stewart***

GILBERT & STEWART  
*Certified Public Accountants*  
Provo, UT

November 28, 2025

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Spring City Corporation  
**Management's Discussion and Analysis**  
June 30, 2025

As management of the Spring City Corporation (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2025.

**FINANCIAL HIGHLIGHTS**

- \*Total net position for the City as a whole increased by \$1,480,504
- \*Total unrestricted net position for the City as a whole increased by \$352,115
- \*Total net position for governmental activities increased by \$164,739
- \*Total net position for business-type activities increased by \$1,315,765

**BASIC FINANCIAL STATEMENTS**

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the 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, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Spring City Corporation  
**Management's Discussion and Analysis**  
June 30, 2025

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

*Governmental funds* . These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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

The City maintains one major governmental funds, the General Fund.

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

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

*Proprietary funds* . The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses three enterprise funds to account for the operations of the water, sewer, and electric utilities.

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

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

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

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

Spring City Corporation  
**Management's Discussion and Analysis**  
June 30, 2025

**FINANCIAL ANALYSIS**

**Spring City Corporation's Net Position**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 907,623	724,868	3,072,735	4,321,627	3,980,358	5,046,495
Net capital assets	3,078,050	3,079,032	8,710,237	3,746,424	11,788,287	6,825,456
Deferred outflows of resources	23,462	23,841	88,268	89,688	111,730	113,529
<b>Total assets and deferred outflows</b>	<b>4,009,135</b>	<b>3,827,741</b>	<b>11,871,240</b>	<b>8,157,739</b>	<b>15,880,375</b>	<b>11,985,480</b>
Long-term debt outstanding	16,827	21,781	4,021,859	2,522,836	4,038,686	2,544,617
Other liabilities	53,647	35,308	1,123,998	225,237	1,177,646	260,545
Deferred inflows of resources	87,612	84,342	917	965	88,529	85,307
<b>Total liabilities and deferred inflows</b>	<b>158,086</b>	<b>141,431</b>	<b>5,146,774</b>	<b>2,749,038</b>	<b>5,304,861</b>	<b>2,890,468</b>
Net position:						
Net investment in capital assets	3,061,223	3,057,251	4,164,588	3,053,588	7,225,811	6,110,839
Restricted	145,737	138,503	163,300	157,118	309,038	295,621
Unrestricted	644,088	490,556	2,396,578	2,197,995	3,040,666	2,688,551
<b>Total net position</b>	<b>\$ 3,851,049</b>	<b>3,686,310</b>	<b>6,724,466</b>	<b>5,408,701</b>	<b>10,575,515</b>	<b>9,095,011</b>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$10,575,515, an increase of \$1,480,504 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$3,040,666 which represents an increase of \$352,115 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

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

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

Spring City Corporation  
**Management's Discussion and Analysis**  
June 30, 2025

**FINANCIAL ANALYSIS (continued)**

**Spring City Corporation's Change in Net Position**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Program revenues:</b>						
Charges for services	\$ 368,413	325,262	1,643,639	1,507,693	2,012,053	1,832,955
Operating grants and contributions	215,016	191,459	-	-	215,016	191,459
Capital grants and contributions	-	20,000	1,042,263	852,781	1,042,263	872,781
<b>General revenues:</b>						
Property taxes	100,705	100,541	-	-	100,705	100,541
Sales tax	280,678	285,798	-	-	280,678	285,798
Other taxes	2,431	2,932	-	-	2,431	2,932
Other revenues	145,554	232,134	74,888	19,866	220,443	252,000
<b>Total revenues</b>	<b>1,112,798</b>	<b>1,158,127</b>	<b>2,760,791</b>	<b>2,380,341</b>	<b>3,873,589</b>	<b>3,538,468</b>
<b>Expenses:</b>						
General government	471,243	453,371	-	-	471,243	453,371
Public safety	259,144	242,824	-	-	259,144	242,824
Streets and landfill	138,948	421,742	-	-	138,948	421,742
Parks and recreation	17,817	22,540	-	-	17,817	22,540
Cemetery	59,504	61,300	-	-	59,504	61,300
Interest on long-term debt	1,404	1,633	-	-	1,404	1,633
Water	-	-	313,238	315,840	313,238	315,840
Sewer	-	-	225,579	167,407	225,579	167,407
Electric	-	-	906,210	853,427	906,210	853,427
<b>Total expenses</b>	<b>948,059</b>	<b>1,203,410</b>	<b>1,445,026</b>	<b>1,336,673</b>	<b>2,393,085</b>	<b>2,540,083</b>
<b>Change in net position</b>	<b>\$ 164,739</b>	<b>(45,283)</b>	<b>1,315,765</b>	<b>1,043,667</b>	<b>1,480,504</b>	<b>998,384</b>

For the City as a whole, total revenues increased by \$335,121 compared to the previous year, while total expenses decreased by \$146,998. The total net change of \$1,480,504 is, in private sector terms, the net income for the year which is \$482,120 more than the previous year.

Governmental activities revenues of \$1,112,798 is a decrease of \$45,329 from the previous year. This decrease is primarily due to decreases in miscellaneous revenue. Governmental activities expenses of \$948,059 is a decrease of \$255,351 from the previous year. While general government and public safety expenses increased, all other department expenses decreased.

Business-type activities revenue of \$2,760,791 is an increase of \$380,450 from the previous year. Service revenues increased by \$135,946, capital grants increased by \$189,482, other revenues increased by \$55,022. Business-type activities expenses of \$1,445,026 is an increase of \$108,353 from the previous year. While sewer and electric expenses increased during the year, water expenses decreased.

Spring City Corporation  
**Management's Discussion and Analysis**  
June 30, 2025

**BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS**

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

*General Fund*

The fund balance of \$220,628 reflects an decrease of \$19,134 from the previous year. Total revenues increased by \$73,303. Tax revenues had a net decrease of \$95,457. Intergovernmental revenues increased by \$23,557. Charges for services increased by \$59,223. All other revenues had a net increase of \$60,626.

Total expenditures decreased by \$194,010. General government expenditures increased by \$9,269, public safety expenditures increased by \$38,790, streets and landfill expenditures decreased by \$232,702, parks and recreation expenditures decreased by \$4,723, and cemetery expenditures decreased by \$4,645.

There were no restrictions on fund balance, resulting in an unassigned fund balance of \$220,628.

*Water Fund*

The change in net position (net income) was \$1,187,570. The amount restricted for debt service is \$69,057. Unrestricted net position amounts to \$1,035,203.

*Sewer Fund*

The change in net position (net income) was \$43,002. The amount restricted for debt service was \$69,871. Unrestricted net position amounts to \$540,955.

*Electric Fund*

The change in net position (net income) was \$85,193. The amount restricted for impact fees amounted to \$24,372. Unrestricted net position amounts to \$820,419.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues for the current year, exclusive of transfers, were originally budgeted in the amount of \$952,989. This amount was amended in the final budget to \$1,071,302. Actual revenues, excluding transfers, amounted to \$1,076,786.

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of \$952,989. This amount was amended in the final budget to \$1,026,915. Actual expenditures amounted to \$895,920.

Spring City Corporation  
**Management's Discussion and Analysis**  
June 30, 2025

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Spring City Corporation's Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Net Capital Assets:</b>						
Land and rights	\$ 1,180,800	1,180,800	7,110	7,110	1,187,910	1,187,910
Buildings	304,603	172,141	-	-	304,603	172,141
Improvements	1,465,587	1,532,873	-	-	1,465,587	1,532,873
Machinery and equipment	127,061	82,183	233,576	129,911	360,636	212,094
Water system	-	-	1,275,211	1,356,848	1,275,211	1,356,848
Sewer system	-	-	441,134	502,375	441,134	502,375
Electric system	-	-	256,169	277,373	256,169	277,373
Construction in progress	-	111,035	6,497,036	1,472,808	6,497,036	1,583,843
<b>Totals</b>	<b>\$ 3,078,050</b>	<b>3,079,032</b>	<b>8,710,237</b>	<b>3,746,424</b>	<b>11,788,287</b>	<b>6,825,456</b>

The total amount of capital assets, net of depreciation, of \$11,788,287 is an increase of \$4,962,831 from the previous year.

Governmental activities capital assets, net of depreciation, of \$3,078,050 is a decrease of \$982 from the previous year.

Business-type activities capital assets, net of depreciation, of \$8,710,237 is an increase of \$4,963,813 from the previous year.

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

Spring City Corporation  
**Management's Discussion and Analysis**  
June 30, 2025

**Spring City Corporation's Outstanding Debt - Revenue Bonds**

	Current Year	Previous Year
<b>Governmental activities:</b>		
2023 Backhoe Lease	\$ 16,827	21,781
<b>Total business-type</b>	<b>\$ 16,827</b>	<b>21,781</b>
 <b>Business-type activities:</b>		
2023 Backhoe Lease	\$ 39,703	51,391
1998B Water Revenue Bonds	168,928	179,286
2008 Water Revenue Bonds	97,236	120,236
2018 Water Revenue Bonds	88,993	108,993
2023 Water Revenue Bonds	3,338,000	1,830,000
Sewer Bond Anticipation Notes	485,580	232,930
<b>Total business-type</b>	<b>\$ 4,218,439</b>	<b>2,522,836</b>
 <b>Total outstanding debt</b>	<b>\$ 4,235,266</b>	<b>2,544,616</b>

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Spring City Corporation'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:

Budget Officer  
Spring City  
150 East Center  
P.O. Box 189  
Spring City, UT 84662

## **BASIC FINANCIAL STATEMENTS**

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Spring City Corporation  
**STATEMENT OF NET POSITION**  
June 30, 2025

	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 183,903	1,556,341	1,740,244
Accounts receivable, net	137,983	922,592	1,060,575
Other current assets	288	-	288
<b>Total current assets</b>	<b>322,174</b>	<b>2,478,933</b>	<b>2,801,106</b>
Non-current assets:			
Restricted cash and cash equivalents	585,449	593,803	1,179,252
Capital assets:			
Not being depreciated	1,180,800	6,504,146	7,684,946
Net of accumulated depreciation	1,897,250	2,206,091	4,103,341
<b>Total non-current assets</b>	<b>3,663,500</b>	<b>9,304,039</b>	<b>12,967,539</b>
<b>Total assets</b>	<b>3,985,673</b>	<b>11,782,972</b>	<b>15,768,645</b>
Deferred outflows of resources - pensions	23,462	88,268	111,730
<b>Total assets and deferred outflows of resources</b>	<b>\$ 4,009,135</b>	<b>11,871,240</b>	<b>15,880,375</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 14,065	777,738	791,802
Compensated absences	15,512	12,958	28,470
Customer security deposits	-	23,501	23,501
Accrued interest payable	-	22,669	22,669
Short-term not payable	-	196,580	196,580
Leases, current portion	5,270	12,434	17,704
Revenue bonds, current portion	-	145,833	145,833
<b>Total current liabilities</b>	<b>34,846</b>	<b>1,191,711</b>	<b>1,226,558</b>
Non-current liabilities:			
Leases, long-term portion	11,557	27,268	38,825
Revenue bonds, long-term portion	-	3,836,324	3,836,324
Net pension liability	24,071	90,554	114,625
<b>Total non-current liabilities</b>	<b>35,628</b>	<b>3,954,146</b>	<b>3,989,774</b>
<b>Total liabilities</b>	<b>70,474</b>	<b>5,145,857</b>	<b>5,216,332</b>
Deferred inflows of resources - property taxes	87,368	-	87,368
Deferred inflows of resources - pensions	244	917	1,161
<b>Total liabilities and deferred inflows of resources</b>	<b>158,086</b>	<b>5,146,774</b>	<b>5,304,861</b>
<b>NET POSITION:</b>			
Net investment in capital assets	3,061,223	4,164,588	7,225,811
Restricted for:			
Cemetery endowments	145,737	-	145,737
Debt service and impact fees	-	163,300	163,300
Unrestricted	644,088	2,396,578	3,040,666
<b>Total net position</b>	<b>3,851,049</b>	<b>6,724,466</b>	<b>10,575,515</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 4,009,135</b>	<b>11,871,240</b>	<b>15,880,375</b>

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

Spring City Corporation  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2025

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<b><u>FUNCTIONS/PROGRAMS:</u></b>					
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 471,243	216,940	-	-	(254,303)
Public safety	259,144	91,322	42,151	-	(125,670)
Streets and landfill	138,948	32,487	172,865	-	66,404
Parks and recreation	17,817	4,444	-	-	(13,373)
Cemetery	59,504	23,220	-	-	(36,283)
Interest on long-term debt	1,404	-	-	-	(1,404)
<b>Total governmental activities</b>	<b>948,059</b>	<b>368,413</b>	<b>215,016</b>	<b>-</b>	<b>(364,629)</b>
Business-type activities:					
Water	313,238	405,094	-	1,031,644	1,123,501
Sewer	225,579	255,869	-	4,547	34,837
Electric	906,210	982,676	-	6,072	82,538
<b>Total business-type activities</b>	<b>1,445,026</b>	<b>1,643,639</b>	<b>-</b>	<b>1,042,263</b>	<b>1,240,876</b>
<b>Total primary government</b>	<b>\$ 2,393,085</b>	<b>2,012,053</b>	<b>215,016</b>	<b>1,042,263</b>	<b>876,247</b>

(continued on next page)

Spring City Corporation  
**STATEMENT OF ACTIVITIES (continued)**  
For the Year Ended June 30, 2025

	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET POSITION:</b>			
<b>Net (expense) revenue (from previous page)</b>	<b>\$ (364,629)</b>	<b>1,240,876</b>	<b>876,247</b>
<b>General revenues:</b>			
Property taxes	100,705	-	100,705
Sales tax	280,678	-	280,678
Other taxes	2,431	-	2,431
Unrestricted investment earnings	105,171	74,888	180,060
Donations	-	-	-
Miscellaneous	40,383	-	40,383
<b>Total general revenues</b>	<b>529,368</b>	<b>74,888</b>	<b>604,257</b>
Transfers in (out)	-	-	-
<b>Change in net position</b>	<b>164,739</b>	<b>1,315,765</b>	<b>1,480,504</b>
Net position - beginning	3,686,310	5,408,701	9,095,011
<b>Net position - ending</b>	<b>\$ 3,851,049</b>	<b>6,724,466</b>	<b>10,575,515</b>

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

Spring City Corporation  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2025

	Nonmajor Governmental Funds				Total Governmental Funds
	General Fund	Old School Restoration Fund	Capital Projects Fund	Cemetery Fund	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 183,903	-	-	-	183,903
Receivables:					
Accounts receivable	18,584	-	-	113	18,697
Property tax receivable	91,767	-	-	-	91,767
Due from other governments	27,519	-	-	-	27,519
Other assets	288	-	-	-	288
Restricted cash and cash equivalents	-	18,098	421,727	145,624	585,449
<b>TOTAL ASSETS</b>	<b>\$ 322,061</b>	<b>18,098</b>	<b>421,727</b>	<b>145,737</b>	<b>907,623</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
Liabilities:					
Accounts payable	\$ 19	-	-	-	19
Accrued liabilities	14,046	-	-	-	14,046
Total liabilities	14,065	-	-	-	14,065
Deferred inflows of resources:					
Property tax	87,368	-	-	-	87,368
Total deferred inflows of resources	87,368	-	-	-	87,368
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>101,433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,433</b>
<b>FUND BALANCES:</b>					
Nonspendable:					
Endowments	-	-	-	145,737	145,737
Assigned for:					
Community improvements	-	18,098	421,727	-	439,825
Unassigned	220,628	-	-	-	220,628
<b>TOTAL FUND BALANCES</b>	<b>220,628</b>	<b>18,098</b>	<b>421,727</b>	<b>145,737</b>	<b>806,190</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 322,061</b>	<b>18,098</b>	<b>421,727</b>	<b>145,737</b>	<b>907,623</b>

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

Spring City Corporation  
**STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2025

	Nonmajor Governmental Funds				Total Governmental Funds
	General Fund	Old School Restoration Fund	Capital Projects Fund	Cemetery Fund	
<b>REVENUES:</b>					
Taxes:					
Property	\$ 100,705	-	-	-	100,705
Sales	280,678	-	-	-	280,678
Other taxes	2,431	-	-	-	2,431
License and permits	22,897	-	-	-	22,897
Intergovernmental revenues	215,016	-	-	-	215,016
Charges for services	337,223	-	-	5,570	342,794
Fines and forfeitures	2,723	-	-	-	2,723
Interest	74,731	-	22,419	8,022	105,171
Donations	-	-	-	-	-
Miscellaneous revenue	40,383	-	-	-	40,383
<b>Total revenues</b>	<b>1,076,786</b>	<b>-</b>	<b>22,419</b>	<b>13,592</b>	<b>1,112,798</b>
<b>EXPENDITURES:</b>					
General government	404,816	-	34,551	-	439,367
Public safety	281,542	-	-	-	281,542
Streets and landfill	147,444	-	-	-	147,444
Parks and recreation	17,817	-	-	-	17,817
Cemetery	44,302	-	-	-	44,302
Debt service:					
Principal	-	-	-	4,954	4,954
Interest	-	-	-	1,404	1,404
<b>Total expenditures</b>	<b>895,920</b>	<b>-</b>	<b>34,551</b>	<b>6,357</b>	<b>936,829</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>180,866</b>	<b>-</b>	<b>(12,132)</b>	<b>7,235</b>	<b>175,969</b>
<b>Other financing sources and (uses):</b>					
Transfers in	-	17,878	182,122	-	200,000
Transfers out	(200,000)	-	-	-	(200,000)
<b>Total other financing sources and (uses)</b>	<b>(200,000)</b>	<b>17,878</b>	<b>182,122</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(19,134)</b>	<b>17,878</b>	<b>169,990</b>	<b>7,235</b>	<b>175,969</b>
Fund balances - beginning of year	239,762	220	251,737	138,503	630,221
<b>Fund balance - end of year</b>	<b>\$ 220,628</b>	<b>18,098</b>	<b>421,727</b>	<b>145,737</b>	<b>806,190</b>

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

Spring City Corporation  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION**  
 June 30, 2025

<b>Total Fund Balance for Governmental Funds</b>	<b><u>\$ 806,190</u></b>
Total net assets reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	6,478,475
Less accumulated depreciation	<u>(3,400,424)</u>
Net capital assets	<u>3,078,050</u>
Net pension asset	<u>-</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>23,462</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
Leases	<u>(16,827)</u>
Compensated absences	<u>(15,512)</u>
Net pension liability	<u>(24,071)</u>
Certain revenue is deferred in governmental funds but not in the statement of net position because it qualifies for recognition under the economic resources measurement focus.	
Deferred inflows of resources - pensions	<u>(244)</u>
<b>Total Net Position of Governmental Activities</b>	<b><u><u>\$ 3,851,049</u></u></b>

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

Spring City Corporation  
**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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b><u>\$ 175,969</u></b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost so allocated over their estimated useful lives and reported as depreciation expenses.</p>	
Capital outlays	114,602
Depreciation expense	<u>(115,584)</u>
Net	<u>(982)</u>
<p>The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.</p>	
	<u>(5,948)</u>
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Long-term debt principal repayments	<u>4,954</u>
<p>Accrued interest for long-term debt is not reported as an expenditures for the current period, while it is recorded in the statement of activities.</p>	
Change in accrued interest	<u>-</u>
<p>Some revenues and expenses reported in the statement of activities do not add to or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.</p>	
Change in compensated absences	<u>(9,254)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 164,739</u></u></b>

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

Spring City Corporation  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
June 30, 2025

	Water Fund	Sewer Fund	Electric Fund	Total Enterprise Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 204,588	516,797	834,956	1,556,341
Accounts receivable, net	833,620	26,301	62,670	922,592
<b>Total current assets</b>	<b>1,038,208</b>	<b>543,098</b>	<b>897,627</b>	<b>2,478,933</b>
Non-current assets:				
Restricted cash and cash equivalents	499,559	69,871	24,372	593,803
Capital assets:				
Not being depreciated	5,901,955	602,192	-	6,504,146
Net of accumulated depreciation	1,289,924	455,847	460,320	2,206,091
<b>Total non-current assets</b>	<b>7,691,438</b>	<b>1,127,910</b>	<b>484,692</b>	<b>9,304,039</b>
<b>Total assets</b>	<b>8,729,646</b>	<b>1,671,008</b>	<b>1,382,319</b>	<b>11,782,972</b>
Deferred outflows of resources - pensions	16,760	10,056	61,452	88,268
<b>Total assets and deferred outflows of resources</b>	<b>\$ 8,746,406</b>	<b>1,681,064</b>	<b>1,443,771</b>	<b>11,871,240</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 731,945	1,233	44,560	777,738
Compensated absences	546	546	11,866	12,958
Customer security deposits	4,950	-	18,551	23,501
Accrued interest payable	22,669	-	-	22,669
Short-term note payable	-	196,580	-	196,580
Leases, current portion	4,145	4,145	4,145	12,434
Revenue bonds, current portion	145,833	-	-	145,833
<b>Total current liabilities</b>	<b>910,087</b>	<b>202,503</b>	<b>79,122</b>	<b>1,191,711</b>
Non-current liabilities:				
Leases, long-term portion	9,089	9,089	9,089	27,268
Revenue bonds, long-term portion	3,547,324	289,000	-	3,836,324
Net pension liability	17,194	10,316	63,044	90,554
<b>Total non-current liabilities</b>	<b>3,573,607</b>	<b>308,405</b>	<b>72,133</b>	<b>3,954,146</b>
<b>Total liabilities</b>	<b>4,483,694</b>	<b>510,909</b>	<b>151,255</b>	<b>5,145,857</b>
Deferred inflows of resources - pensions	174	104	639	917
<b>Total liabilities and deferred inflows of resources</b>	<b>4,483,868</b>	<b>511,013</b>	<b>151,894</b>	<b>5,146,774</b>
<b>NET POSITION:</b>				
Net investment in capital assets	3,158,277	559,225	447,086	4,164,588
Restricted for:				
Debt service	69,057	69,871	-	138,928
Impact fees	-	-	24,372	24,372
Unrestricted	1,035,203	540,955	820,419	2,396,578
<b>Total net position</b>	<b>4,262,538</b>	<b>1,170,051</b>	<b>1,291,877</b>	<b>6,724,466</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 8,746,406</b>	<b>1,681,064</b>	<b>1,443,771</b>	<b>11,871,240</b>

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

Spring City Corporation  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUND**  
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Electric Fund	Total Enterprise Funds
<b>Operating income:</b>				
Charges for sales and service	\$ 395,127	255,869	836,165	1,487,160
Connection fees	9,548	-	99,378	108,926
Other operating income	420	-	47,133	47,553
<b>Total operating income</b>	<b>405,094</b>	<b>255,869</b>	<b>982,676</b>	<b>1,643,639</b>
<b>Operating expenses:</b>				
Purchased product	-	-	395,708	395,708
Personnel services	116,568	105,471	317,722	539,761
Repair and maintenance	43,777	45,934	127,429	217,139
Utilities	20,581	786	1,496	22,862
Other supplies and expenses	8,480	1,390	5,966	15,836
Insurance	9,320	4,660	13,980	27,960
Depreciation expense	86,277	66,234	42,805	195,316
<b>Total operating expense</b>	<b>285,002</b>	<b>224,475</b>	<b>905,106</b>	<b>1,414,583</b>
<b>Net operating income (loss)</b>	<b>120,093</b>	<b>31,394</b>	<b>77,570</b>	<b>229,056</b>
<b>Non-operating income (expense):</b>				
Impact fees	7,644	4,547	6,072	18,263
Grant income	-	-	-	-
Interest income	64,069	8,165	2,655	74,888
Interest on long-term debt	(28,236)	(1,104)	(1,104)	(30,443)
<b>Total non-operating income (expense)</b>	<b>43,477</b>	<b>11,608</b>	<b>7,624</b>	<b>62,708</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>163,570</b>	<b>43,002</b>	<b>85,193</b>	<b>291,765</b>
Transfers in/(out)	-	-	-	-
Capital contributions	1,024,000	-	-	1,024,000
<b>Change in net position</b>	<b>1,187,570</b>	<b>43,002</b>	<b>85,193</b>	<b>1,315,765</b>
Net position - beginning	3,074,968	1,127,049	1,206,684	5,408,701
<b>Net position - ending</b>	<b>\$ 4,262,538</b>	<b>1,170,051</b>	<b>1,291,877</b>	<b>6,724,466</b>

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

Spring City Corporation  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2025

	Water Fund	Sewer Fund	Electric Fund	Total Enterprise Funds
<b>Cash flows from operating activities:</b>				
Cash received from customers - service	\$ 399,436	255,650	985,946	1,641,033
Cash paid to suppliers	(148,109)	(52,769)	(538,592)	(739,470)
Cash paid to employees	(112,180)	(102,783)	(300,288)	(515,251)
<b>Net cash provided (used) in operating activities</b>	<b>139,148</b>	<b>100,098</b>	<b>147,067</b>	<b>386,312</b>
<b>Cash flows from noncapital financing activities:</b>				
Interfund transfers	-	-	-	-
<b>Net cash provided (used) in noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from capital and related financing activities:</b>				
Cash from impact fees	7,644	4,547	6,072	18,263
Cash from debt issued	1,760,650	252,650	-	2,013,300
Cash from capital grants	224,000	-	-	224,000
Cash payments for capital assets	(4,241,349)	(297,026)	(134,900)	(4,673,275)
Cash payments for long-term debt principal	(65,046)	(3,896)	(3,896)	(72,839)
Cash payments for long-term debt interest	(23,040)	(1,104)	(1,104)	(25,248)
<b>Net cash provided (used) in capital and related financing activities</b>	<b>(2,337,142)</b>	<b>(44,829)</b>	<b>(133,828)</b>	<b>(2,515,798)</b>
<b>Cash flows from investing activities:</b>				
Cash received from interest earned	64,069	8,165	2,655	74,888
<b>Net cash provided (used) in investing activities</b>	<b>64,069</b>	<b>8,165</b>	<b>2,655</b>	<b>74,888</b>
<b>Net increase (decrease) in cash</b>	<b>(2,133,925)</b>	<b>63,434</b>	<b>15,894</b>	<b>(2,054,598)</b>
Cash balance, beginning	2,838,073	523,234	843,435	4,204,741
<b>Cash balance, ending</b>	<b>\$ 704,147</b>	<b>586,668</b>	<b>859,329</b>	<b>2,150,144</b>
<b>Cash reported on the statement of net position:</b>				
Cash and cash equivalents	\$ 204,588	516,797	834,956	1,556,341
Non-current restricted cash	499,559	69,871	24,372	593,803
<b>Total cash and cash equivalents</b>	<b>\$ 704,147</b>	<b>586,668</b>	<b>859,329</b>	<b>2,150,144</b>

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

Spring City Corporation  
**STATEMENT OF CASH FLOWS (continued)**  
For the Year Ended June 30, 2025

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

	Water Fund	Sewer Fund	Electric Fund	Total Enterprise Funds
<b>Net operating income (expense)</b>	<b>\$ 120,093</b>	<b>\$ 31,394</b>	<b>\$ 77,570</b>	<b>229,056</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	86,277	66,234	42,805	195,316
Changes in assets and liabilities:				
(Increase) decrease in receivables	(6,258)	(219)	770	(5,707)
(Increase) decrease in prepaid expenses	-	-	-	-
(Increase) decrease in deferred outflows	269	162	989	1,420
Increase (decrease) in payables	(65,951)	-	5,988	(59,963)
Increase (decrease) in accrued payroll	107	108	(471)	(256)
Increase (decrease) in customer deposits	600	-	2,500	3,100
Increase (decrease) in compensated absences	34	34	2,333	2,401
Increase (decrease) in net pension liability	3,986	2,391	14,615	20,992
Increase (decrease) in deferred inflows	(9)	(6)	(33)	(48)
<b>Net cash provided (used) in operating activities</b>	<b>\$ 139,148</b>	<b>100,098</b>	<b>147,067</b>	<b>386,312</b>

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

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1-A. Reporting entity**

Spring City Corporation (the City), a municipal corporation incorporated under the laws of the State of Utah and located in Sanpete County, Utah, operates under a Mayor-Council form of government.

The accompanying financial statements of the City have been prepared to conform with generally accepted account principles (GAAP) as applicable to state and local governments. The Governmental Account Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City applies the criteria set forth in GASB Statement No. 14, The Financial Reporting Entity, to determine which governmental organizations should be included in the reporting entity. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The City has no component units included within its reporting entity.

**1-B. Government-wide and fund financial statements**

*Government-wide Financial Statements*

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The *statement of net position* reports the financial position of the governmental and business-type activities of the City and its discretely presented component units (if any) at year-end.

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

*Fund Financial Statements*

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

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

*Policy regarding use of restricted resources*

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**1-D. Fund types and major funds**

*Governmental funds*

**The City reports the following major governmental fund:**

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

**The City reports the following nonmajor governmental funds:**

The *old school restoration fund* accounts for financial resources used for the restoration of the old school.

The *capital projects fund* accounts for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds).

The *cemetery fund* accounts for financial resources used for the maintenance and upkeep of the cemetery.

*Proprietary funds*

**The City reports the following major proprietary funds:**

The *water fund* is used to account for the activities of the City's culinary water distribution system.

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

The *electric fund* is used to account for the activities of the City's electric generation and distribution operations.

**1-E. Assets, Liabilities, and Net Position or Equity**

**1-E-1. Deposit and Investments**

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the City are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 3.

**1-E-2. Cash and Cash Equivalents**

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

**1-E-3. Receivables and Payables**

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**1-E-3. *Receivables and Payables (continued)***

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

**1-E-4. *Restricted Assets***

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

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

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

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

**1-E-6. *Capital Assets***

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

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2025

**1-E-6. Capital Assets (continued)**

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

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	7-40
Infrastructure	7-40
Machinery and equipment	5-15

**1-E-7. Long-term Obligations**

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**1-E-8. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for these compensated absences is reported in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as incurred.

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

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

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to pensions as required by GASB 68.

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**1-E-10. Fund Equity**

*Government-wide Financial Statements*

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

**Net investment in capital assets** - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

*Fund Financial Statements*

In the fund financial statements governmental fund equity is classified as fund balance. Governmental fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned.

Descriptions of each follow:

**Nonspendable 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. The City reports endowments and prepaid assets as nonspendable.

**Restricted fund balance** - 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 the government or b) imposed by law through constitutional provisions or enabling legislation. The City does not currently carry a restricted fund balance.

**Committed fund balance** - Amounts that can only be used for specific purposes established by formal action of the City Council, with is the City's highest level of decision making authority. Fund balance commitments can only be removed or changed by the same type of action (for example resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has not committed any fund balance amounts.

**Assigned fund balance** - Amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. These are established by the City Council. This category includes remaining positive balances for governmental funds other than the General Fund.

**Unassigned fund balance** - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Proprietary fund equity is classified the same as in the government-wide statements.

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**1-E-11. Pensions**

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

**1-E-12. Estimates**

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2-A. Budgetary data**

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

Utah State law prohibits the City from creating a deficit fund balance by making expenditures in excess of amounts budgeted. Any deficit so created must be made up in the following fiscal year. Deficits arising from emergencies, however, may be retired over five years. The maximum amount held in the general fund may not exceed 35% of the actual revenue of the fund for the current year.

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

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

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

	Fair Value
Deposits:	
Cash on hand	\$ 1,402
Demand deposits - checking	(530,081)
Investments:	
Deposits - PTIF	3,448,174
<b>Total deposits and investments</b>	<b>\$ 2,919,496</b>

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

Cash and cash equivalents (current)	\$ 1,740,244
Restricted cash and cash equivalents (non-current)	1,179,252
<b>Total cash and cash equivalents</b>	<b>\$ 2,919,496</b>

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.

The City follows the requirements of the Utah Money Management Act (Utah code, Section 51, chapter 7) in handling its depositor and investment transactions. The Act requires the depositing of 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 ruled of the Utah Money Management Council.

**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of bank failure, the City's deposit may not be returned to it. The City's policy for managing custodial credit risk is to adhere to the 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, all of the City's demand deposits were covered by FDIC insurance.

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**3-A. Deposits and investments (continued)**

**Investments**

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

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poor’s, bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; 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 Act; and the Utah State Public Treasurer’s Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurer’s Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments. Financial statements for the PTIF funds can be obtained by contacting the Utah State Treasurer’s office.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses - net of administration fees, of the PTIF 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.

As of June 30, 2025, the government had the following investment and maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah Public Treasurer's Investment Fund	\$ 3,448,174	3,448,174	-	-	-
Total Fair Value	\$ 3,448,174	3,448,174	-	-	-

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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 Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**Credit risk**

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

**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--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2025, the City had \$3,448,174 invested in the PTIF, which uses a Level 2 fair value measurement.

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

	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
State of Utah Public Treasurer's Investment Fund	\$ 3,448,174	-	-	-	3,448,174
<b>Total Fair Value</b>	<b>\$ 3,448,174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,448,174</b>

**3-B. Receivables**

The allowance policy is described in Note 1-E-3. All receivable amounts are deemed collectible, so there is no allowance. Receivables as of year-end for the City's funds are shown below:

	Governmental Activities		Business-type Activities			Total
	General Fund	Cemetery Fund	Water Fund	Sewer Fund	Electric Fund	
Customer accounts	\$ 18,584	113	833,620	26,301	62,670	941,289
Property taxes	91,767	-	-	-	-	91,767
Due from other governments	27,519	-	-	-	-	27,519
<b>Total receivables</b>	<b>\$ 137,870</b>	<b>113</b>	<b>833,620</b>	<b>26,301</b>	<b>62,670</b>	<b>1,060,575</b>

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**3-C. Capital Assets**

Capital asset activity for the governmental activities was as follows:

<b>Governmental activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land rights	\$ 1,180,800	-	-	1,180,800
Construction in progress	111,035	34,551	145,586	-
<b>Total capital assets, not being depreciated</b>	<b>1,291,835</b>	<b>34,551</b>	<b>145,586</b>	<b>1,180,800</b>
Capital assets, being depreciated:				
Buildings	498,604	145,586	-	644,191
Improvements other than buildings	4,082,412	-	-	4,082,412
Machinery and equipment	491,021	80,051	-	571,072
<b>Total capital assets, being depreciated</b>	<b>5,072,037</b>	<b>225,637</b>	<b>-</b>	<b>5,297,675</b>
Less accumulated depreciation for:				
Buildings	326,463	13,124	-	339,588
Improvements other than buildings	2,549,540	67,286	-	2,616,826
Machinery and equipment	408,837	35,173	-	444,011
<b>Total accumulated depreciation</b>	<b>3,284,841</b>	<b>115,584</b>	<b>-</b>	<b>3,400,424</b>
<b>Total capital assets being depreciated, net</b>	<b>1,787,197</b>	<b>110,053</b>	<b>-</b>	<b>1,897,250</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 3,079,032</b>	<b>144,604</b>	<b>145,586</b>	<b>3,078,050</b>

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

<b>Governmental activities:</b>	
General government	\$ 56,577
Public safety	5,153
Streets	38,652
Parks and recreation	-
Cemetery	15,202
<b>Total</b>	<b>\$ 115,584</b>

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**3-C. Capital Assets (continued)**

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

<b>Business-type activities</b>	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and water shares	\$ 7,110	-	-	7,110
Construction in progress	1,472,808	5,024,229	-	6,497,036
<b>Total capital assets, not being depreciated</b>	<b>1,479,918</b>	<b>5,024,229</b>	<b>-</b>	<b>6,504,146</b>
Capital assets, being depreciated:				
Water system	3,597,115	-	-	3,597,115
Sewer system	2,483,295	-	-	2,483,295
Electric system	911,159	-	-	911,159
Machinery and equipment	540,787	134,900	-	675,687
<b>Total capital assets, being depreciated</b>	<b>7,532,355</b>	<b>134,900</b>	<b>-</b>	<b>7,667,255</b>
Less accumulated depreciation for:				
Water system	2,240,267	81,636	-	2,321,903
Sewer system	1,980,920	61,240	-	2,042,161
Electric system	633,786	21,204	-	654,989
Machinery and equipment	410,876	31,235	-	442,111
<b>Total accumulated depreciation</b>	<b>5,265,849</b>	<b>195,316</b>	<b>-</b>	<b>5,461,165</b>
<b>Total capital assets being depreciated, net</b>	<b>2,266,507</b>	<b>(60,416)</b>	<b>-</b>	<b>2,206,091</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 3,746,424</b>	<b>4,963,813</b>	<b>-</b>	<b>8,710,237</b>

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

<b>Business-type activities:</b>	
Water system	\$ 86,277
Sewer system	66,234
Electric system	42,805
<b>Total</b>	<b>\$ 195,316</b>

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2025

**3-D. Long-term debt**

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

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2023 Backhoe Lease							
Matures 9/13/2027	\$ 32,862	6.379	\$ 21,781	-	4,954	16,827	5,270
<b>Total governmental activity long-term liabilities</b>			<b>\$ 21,781</b>	<b>-</b>	<b>4,954</b>	<b>16,827</b>	<b>5,270</b>

The 2023 Backhoe Lease was established during the year for the leasing of a backhoe through Caterpillar Financial Service Corporation.

Debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2026	\$ 5,270	1,087	6,357
2027	5,606	751	6,357
2028	5,951	407	6,357
<b>Total</b>	<b>\$ 16,827</b>	<b>2,245</b>	<b>19,072</b>

The City has direct borrowings related to governmental activities totaling \$16,827. The outstanding lease is secured with general fund revenues.

The City has no unused lines of credit as of June 30, 2025.

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
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**3-D. Long-term debt (continued)**

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

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2023 Backhoe Lease							
Matures 2028	\$ 77,538	6.379	\$ 51,391	-	11,688	39,703	12,434
1998B Water Revenue Bonds							
Matures 2037	344,000	4.50	179,286	-	10,358	168,928	10,833
2008 Water Revenue Bonds							
Matures 2029	410,000	2.50	120,236	-	23,000	97,236	24,000
2018 Water Revenue Bonds							
Matures 2030	419,000	1.00	108,993	-	20,000	88,993	20,000
2023 Water Revenue Bonds							
Matures 2065	4,338,000	1.00	1,830,000	1,508,000	-	3,338,000	91,000
Sewer Bond Anticipation Notes			232,930	252,650	-	485,580	-
<b>Total business-type activity long-term liabilities</b>			<b>\$ 2,522,836</b>	<b>1,760,650</b>	<b>65,046</b>	<b>4,218,439</b>	<b>158,267</b>

The 1998 Water Revenue Bonds were used for water system improvements. The 2008 Water Revenue Bonds were used for the construction of a new water tank. The 2018 Water Revenue Bonds were used for the redevelopment of springs. The 2023 Water Revenue Bonds were issued during to finance water system improvements. While the full bonds issued were \$4,338,000, \$3,338,000 had been disbursed to the City as of June 30, 2025. The schedule to maturity below reflects the full amount of the bonds issued. The City pledges income derived from the water system to repay the revenue bonds through the maturity dates listed above.

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

	Principal	Interest	Total
2026	\$ 158,267	57,382	215,650
2027	160,331	54,404	214,735
2028	163,670	51,344	215,015
2029	165,291	48,205	213,496
2030	117,606	44,901	162,507
2031 - 2035	568,037	208,000	776,037
2036 - 2040	533,131	166,715	699,847
2041 - 2045	542,000	138,050	680,050
2046 - 2050	570,000	110,650	680,650
2051 - 2055	599,000	81,870	680,870
2056 - 2060	628,000	51,950	679,950
2061 - 2065	529,000	13,540	542,540
<b>Total</b>	<b>\$ 4,734,334</b>	<b>1,027,013</b>	<b>5,761,346</b>

The City has direct borrowings related to business-type activities totaling \$4,218,439. The outstanding bonds and leases are secured with their respective water, sewer, and electric revenues.

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2025

**3-D. Long-term debt (continued)**

**Other long-term liabilities:**

	Beginning	Increase (Decrease)	Ending
<b>Compensated absences:</b>			
Governmental	\$ 6,258	9,254	15,512
Business-type	10,556	2,401	12,958
<b>Total</b>	<b>\$ 16,814</b>	<b>11,656</b>	<b>28,470</b>
<b>Net pension liability:</b>			
Governmental	\$ 18,490	5,581	24,071
Business-type	69,562	20,992	90,554
<b>Total</b>	<b>\$ 88,052</b>	<b>26,573</b>	<b>114,625</b>

**3-E. Interfund receivable, payables, and transfers**

The General Fund transferred \$17,878 and \$182,122 to the Old School Restoration Fund and capital projects fund, respectively.

**NOTE 4 - OTHER INFORMATION**

**4-A. Risk management**

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

**4-B. Rounding convention**

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

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**4-C. Pension Plans**

**General Information about the Pension Plan**

**Plan description:**

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

**Defined Benefit Plans**

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

Public Employees Contributory Retirement System (Contributory System) is a multiple-employer, cost sharing, retirement system.

Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer public employee retirement system.

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple-employer cost sharing public employee retirement system.

Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple-employer, cost sharing, public employee retirement system.

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

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

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S. Salt Lake City, Utah 84102 or visiting the website: [www.urs.org/general/publications](http://www.urs.org/general/publications).

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**4-C. Pension Plans (continued)**

**Benefits provided:**

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage 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
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 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	1.50% per year to June 30, 2020; 2.00% per year to present	Up to 2.5%

\* with actuarial reductions

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

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**4-C. Pension Plans (continued)**

**Contributions Rate Summary:**

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

Contribution rates as of June 30, 2025, are as follows:

<u>Utah Retirement Systems</u>	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k) Plan</u>
Noncontributory System			
15 - Local Government - Tier 1	-	16.97	-
111 - Local Government - Tier 2 DB	0.70	15.19	-
111 - Local Government - Tier 2 DC	-	5.19	10.00
Public Safety Noncontributory System			
43 - Other Div A 2.5% COLA	-	33.54	-
122 - Other Div A 2.5% COLA - Tier 2 DB	4.73	25.33	-
222 - Other Div A 2.5% COLA - Tier 2 DC	-	11.33	14.00

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

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

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 32,542	-
Public Safety System	21,341	-
Tier 2 Public Employee System	12,627	576
<b>Total Contributions</b>	<b>\$ 66,510</b>	<b>\$ 576</b>

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.

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

At June 30, 2025, we reported a net pension asset of \$0 and a net pension liability of \$114,625.

	<u>(Measurement Date): December 31, 2024</u>			<u>Proportionate Share 12/31/2023</u>	<u>Change Increase / (Decrease)</u>
	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>		
Noncontributory System	\$ -	\$ 58,288	0.0183808%	0.0171838%	0.0011970%
Public Safety System	-	47,360	0.0306084%	0.0295929%	0.0010155%
Tier 2 Public Employees System	-	8,977	0.0030101%	0.0030159%	-0.0000058%
<b>Total</b>	<b>\$ -</b>	<b>\$ 114,625</b>			

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**4-C. Pension Plans (continued)**

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

For the year ended June 30, 2025, we recognize pension expense of \$94,762.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 43,617	\$ 62
Changes in assumptions	7,820	1
Net difference between projected and actual earnings on pension plan investments	26,328	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,450	1,098
Contributions subsequent to the measurement date	32,516	-
<b>Total</b>	<b>\$ 111,730</b>	<b>\$ 1,161</b>

\$32,516 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2025	\$ 39,633
2026	45,039
2027	(9,825)
2028	(1,132)
2029	1,933
Thereafter	2,406

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**4-C. Pension Plans (continued)**

**Actuarial assumptions:**

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

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

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Assets class</b>	<b>Expected Return Arithmetic Basis</b>		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	0.49%	0.00%
<b>Totals</b>	<b>100.00%</b>		<b>5.80%</b>
	Inflation		2.50%
	Expected arithmetic nominal return		8.30%

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

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**4-C. Pension Plans (continued)**

**Discount rate:**

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

**Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:**

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

<b>System</b>	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 246,509	\$ 58,288	\$ (99,569)
Public Safety System	145,498	47,360	(32,718)
Tier 2 Public Employees System	26,813	8,977	(4,897)
<b>Total</b>	<b>\$ 418,820</b>	<b>\$ 114,625</b>	<b>\$ (137,185)</b>

**Pension plan fiduciary net position:**

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

**Defined Contribution Savings Plan:**

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

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

- 401(k) Plan
- Roth IRA Plan

Spring City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2025

**4-C. Pension Plans (continued)**

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
401(k) Plan			
Employer Contributions	\$ -	\$ 151	\$ 127
Employee Contributions	5,200	5,200	5,200

**4-D. Implementation of New Standard**

For 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This Statement updates the recognition and measurement guidance for compensated absences. This Statement creates a unified model for reporting, as well as amends certain previously required disclosures. As a result of implementing this standard, the City recalculated its compensated absences balance for 2025 and 2024. As the resulting change in the calculations was no considered significant by management, no restatement or adjustment to previously reported balances is necessary.

**4-E. Subsequent events**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through November 28, 2025, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

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Spring City Corporation  
**Notes to Required Supplementary Information**  
June 30, 2025

**Budgetary Comparison Schedules**

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

**Budgeting and Budgetary Control**

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

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

**Current Year Excess of Expenditures over Appropriations**

For the year ended June 30, 2025, expenditures were below budgeted amounts.

**Changes in Assumptions Related to Pensions**

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

Spring City Corporation  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Taxes:				
Property	\$ 100,044	101,182	100,705	(477)
Sales	277,500	276,600	280,678	4,078
Other taxes	3,200	2,932	2,431	(501)
License and permits	29,162	22,627	22,897	270
Intergovernmental revenues	130,237	187,497	215,016	27,519
Charges for services	310,213	342,778	337,223	(5,555)
Fines and forfeitures	10,000	4,000	2,723	(1,277)
Interest	70,000	95,000	74,731	(20,269)
Miscellaneous revenue	22,633	38,686	40,383	1,697
<b>Total revenues</b>	<b>952,989</b>	<b>1,071,302</b>	<b>1,076,786</b>	<b>5,485</b>
<b>EXPENDITURES:</b>				
General government	388,373	419,566	404,816	14,750
Public safety	277,823	315,321	281,542	33,779
Streets and landfill	217,667	218,217	147,444	70,773
Parks and recreation	21,814	22,836	17,817	5,019
Cemetery	47,312	50,975	44,302	6,673
<b>Total expenditures</b>	<b>952,989</b>	<b>1,026,915</b>	<b>895,920</b>	<b>130,995</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>44,387</b>	<b>180,866</b>	<b>136,479</b>
<b>Other financing sources and (uses):</b>				
Transfers out	-	(200,000)	(200,000)	-
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>-</b>
<b>Excess of revenues and other financing sources over expenditures and uses</b>	<b>\$ -</b>	<b>(155,613)</b>	<b>(19,134)</b>	<b>136,479</b>

Spring City Corporation  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
June 30, 2025  
Last 10 Fiscal Years

	As of December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Noncontributory Retirement System</b>										
Proportion of the net pension liability (asset)	0.0183808%	0.0171838%	0.0194523%	0.0226916%	0.0181223%	0.0165985%	0.0164096%	0.0183135%	0.0164843%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 58,288	\$ 39,859	\$ 33,317	\$ (129,957)	\$ 9,296	\$ 62,558	\$ 120,836	\$ 80,237	\$ 105,849	\$ -
Covered employee payroll	\$ 214,647	\$ 193,027	\$ 200,128	\$ 205,731	\$ 175,504	\$ 155,592	\$ 143,288	\$ 157,912	\$ 141,936	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.16%	20.65%	16.65%	-63.17%	5.30%	40.21%	84.33%	50.81%	75.57%	0.00%
Plan fiduciary net position as a percentage of the total liability (asset)	96.02%	96.90%	97.50%	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	0.00%
<b>Contributory Retirement System</b>										
Proportion of the net pension liability (asset)	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0801076%	0.3357934%
Proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,284	\$ 236,014
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,221	\$ 143,078
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	136.75%	164.96%
Plan fiduciary net position as a percentage of the total liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	92.90%	85.70%
<b>Public Safety System</b>										
Proportion of the net pension liability (asset)	0.0306084%	0.0295953%	0.0249847%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 47,360	\$ 42,323	\$ 32,307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 62,370	\$ 57,779	\$ 45,164	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	75.93%	73.25%	71.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total liability (asset)	93.30%	93.44%	93.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Tier 2 Public Employees Retirement System</b>										
Proportion of the net pension liability (asset)	0.0030101%	0.0030159%	0.0017624%	0.0009668%	0.0008176%	0.0012626%	0.0029294%	0.0034451%	0.0035513%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 8,977	\$ 5,870	\$ 1,919	\$ (409)	\$ 118	\$ 284	\$ 1,255	\$ 304	\$ 396	\$ -
Covered employee payroll	\$ 89,184	\$ 77,971	\$ 37,851	\$ 17,989	\$ 13,012	\$ 17,664	\$ 34,144	\$ 33,713	\$ 29,124	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.07%	7.53%	5.07%	-2.27%	0.91%	1.61%	3.68%	0.90%	1.36%	0.00%
Plan fiduciary net position as a percentage of the total liability (asset)	87.44%	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	0.00%

Spring City Corporation  
**SCHEDULE OF CONTRIBUTIONS**  
 June 30, 2025  
 Last 10 Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory System</b>	2016	\$ 9,354	\$ 9,354	\$ -	\$ 51,417	18.19%
	2017	31,123	31,123	-	168,508	18.47%
	2018	26,067	26,067	-	141,132	18.47%
	2019	28,565	28,565	-	154,654	18.47%
	2020	29,365	29,365	-	158,990	18.47%
	2021	36,962	36,962	-	200,120	18.47%
	2022	39,739	39,739	-	215,152	18.47%
	2023	29,916	29,916	-	181,126	16.52%
	2024	32,609	32,609	-	207,470	15.72%
	2025	32,542	32,542	-	217,622	14.95%
<b>Contributory System</b>	2014	21,218	21,218	-	159,774	13.28%
	2015	24,288	24,288	-	169,757	14.31%
	2016	13,136	13,136	-	90,842	14.46%
<b>Public Safety System</b>	2022	1,362	1,362	-	14,001	9.73%
	2023	18,505	18,505	-	54,364	34.04%
	2024	20,818	20,818	-	61,158	34.04%
	2025	21,341	21,341	-	63,845	33.43%
<b>Tier 2 Public Employees System*</b>	2016	2,434	2,434	-	15,612	15.59%
	2017	4,542	4,542	-	30,462	14.91%
	2018	5,001	5,001	-	33,100	15.11%
	2019	5,637	5,637	-	36,274	15.54%
	2020	457	457	-	2,925	15.64%
	2021	3,274	3,274	-	20,720	15.80%
	2022	1,822	1,822	-	11,855	15.37%
	2023	11,280	11,280	-	70,457	16.01%
	2024	13,435	13,435	-	83,916	16.01%
	2025	12,627	12,627	-	82,746	15.26%
<b>Tier 2 DC Public Employees System*</b>	2021	1,205	1,205	-	18,013	6.69%
	2022	2,991	2,991	-	44,705	6.69%

\* Contributions in Tier 2, created July 1, 2011, include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.

## **OTHER REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Spring 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 November 28, 2025.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatements, 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 instance 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.

## ***Gilbert & Stewart***

GILBERT & STEWART, CPA PC  
Provo, Utah  
November 28, 2025



# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

RANDELA HEATON, CPA  
LYNN A. GILBERT, CPA  
JAMES A. GILBERT, CPA  
BEN H PROBST, CPA  
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA  
JAMES E. STEWART, CPA

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

Honorable Mayor and City Council  
Spring City

### REPORT ON COMPLIANCE

We have audited Spring City's compliance with the applicable state 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
- Fraud Risk Assessment
- Restricted Taxes and Related Revenues
- Government Fees
- Cash Management
- Enterprise Fund Transfers
- Tax Levy Revenue Recognition

### *Opinion on Compliance*

In our opinion, Spring 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), issued by the Office of the Utah State Auditor. 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 Spring 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 Spring 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, provisions of contracts or grant agreements applicable to Spring 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 Spring City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore there is not a guarantee that an audit will be 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 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 Spring 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 Spring City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Spring 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 Guide but not for the purpose of expressing an opinion on the effectiveness of Spring City's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

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

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

**Purpose of this Report**

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

*Gilbert & Stewart*

GILBERT & STEWART  
*Certified Public Accountants*  
Provo, UT  
November 28, 2025

**SPRING CITY**  
**CORRESPONDENCE WITH THOSE**  
**CHARGED WITH GOVERNANCE**

**JUNE 30, 2025**



**GILBERT & STEWART**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

RANDEL A HEATON, CPA  
LYNN A. GILBERT, CPA  
JAMES A. GILBERT, CPA  
BEN H PROBST, CPA  
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA  
JAMES E. STEWART, CPA

December 16, 2025

Honorable Mayor and Members of the City Council  
Spring City  
Spring City, UT

We have audited the financial statements of Spring City (the City) for the year ended June 30, 2025, and have issued our report thereon dated December 16, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 15, 2025. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. We noted no transactions entered by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimate affecting the entity's financial statements was:

Management's estimate of the useful lives of depreciable assets, and the applicable depreciation amounts are based on estimated usefulness of the assets in question and the related wear and tear on those assets. We evaluated the key factors and assumptions used to develop these amounts in determining that they were reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a matter, whether resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, like obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Utah State Legal Compliance Findings – Current Year:

- No findings

### Utah State Legal Compliance Findings – Prior Year:

- No findings

We wish to express our appreciation to the city personnel for the friendly help extended to us during our examination.

This information is intended solely for the use of City Management and is not intended to be and should not be used by anyone other than these specified parties. If you have any questions concerning the above items, we will be happy to discuss them with you.

Sincerely,

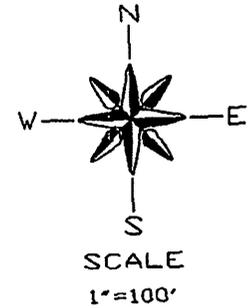
*Gilbert & Stewart*

GILBERT & STEWART  
*Certified Public Accountants*

COUNTY ROAD 15,000 NORTH

SET 1/2 I.P.  
174 CORNER

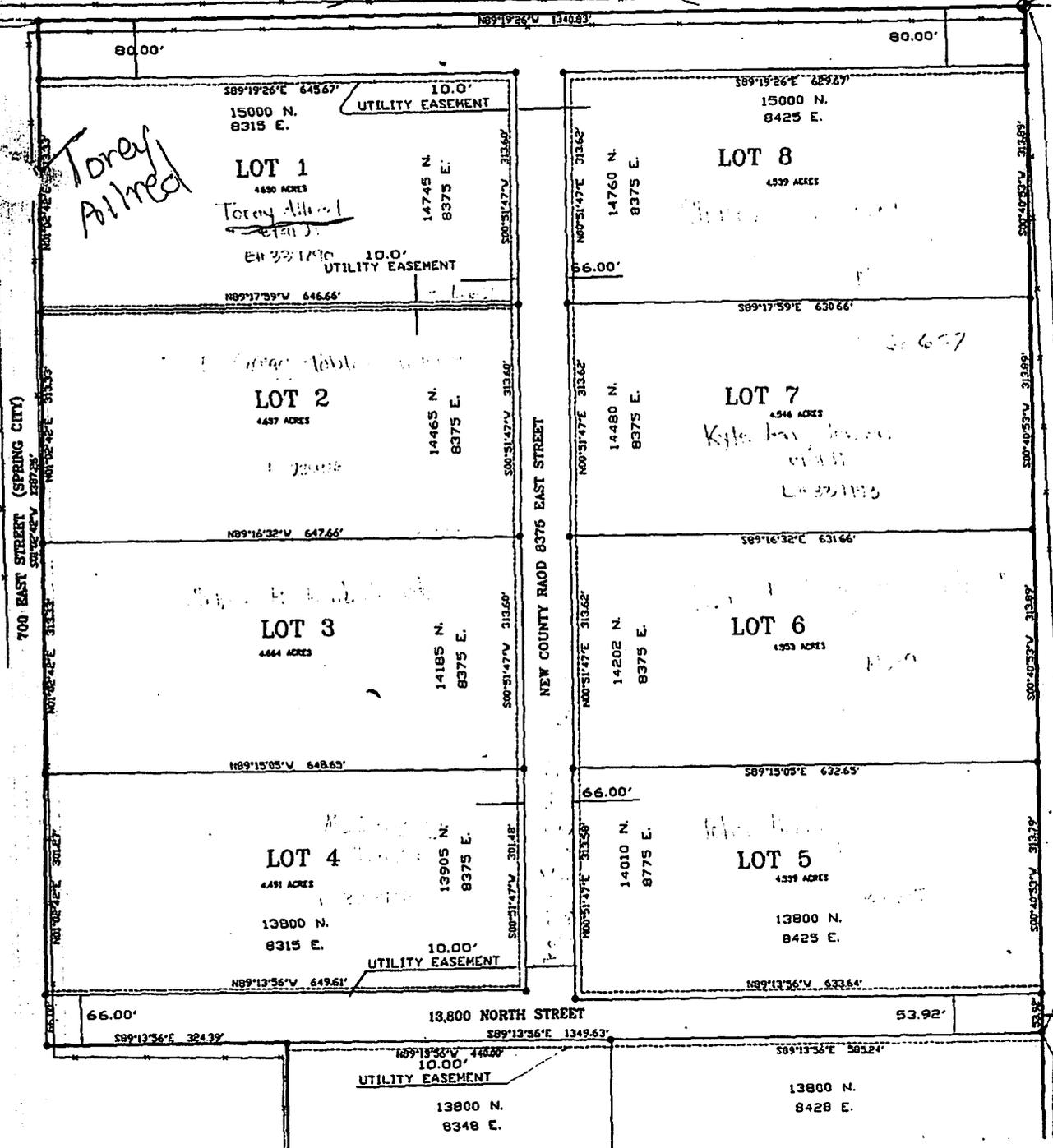
(AMMENDED) MOUNTAIN VIEW RANCH  
SUBDIVISION  
SECTION 28, T.15S., R.4E., S.L.B. &  
SANPETE COUNTY, UTAH



LEGEND

- = SET 1/2" IRON PIN W/CAP
- ◊ = SECTION CORNER
- +— = FENCE LINE
- = 10' UTILITY EASEMENT

NOTES: ALL ROAD WIDTHS ARE INDICATED ON THE PLAT.  
ALL BUILDING PERMITS WILL BE ISSUED FROM SANPETE COUNTY  
ONLY WHEN ALL UTILITIES ARE STUBBED INTO EACH DESIGNED L



*Toney Allred*

*Toney Allred et al*

*Kyle Ray Jones et al*

# Before

North East Corner of  
Spring City

15000 North

Forey  
Allred

700 East

8375 E

700 North

After

Annex highlighted

15000 North

Torey  
Allred

8375 E

700 N

700 East

**SPRING CITY  
ORDINANCE 2026-01**

**AN ORDINANCE OF SPRING CITY, MODIFYING BY AMENDMENT APPEALS  
IN TITLE 3 CHAPTER 1 SECTION 13(I) AND TITLE 10 CHAPTER 5 SECTION  
5(G) TO BE CONSISTANT WITH UTAH STATE AND SPRING CITY CODE THAT  
ONLY ADMINISTRATIVE ACTION BY THE CITY COUNCIL CAN BE  
APPEALED TO THE BOARD OF ADJUSTMENT**

**WHEREAS**, The Spring City Council has considered the need to revise provisions of Title 3 Chapter 1 Section 13(I) and Title 10 Chapter 5 Section 5(G) of the Spring City Municipal Code (SCMC) relating to Appeals; and

**WHEREAS**, prior to adoption of Ordinance 2024-10 the approval process for home business licenses went before the City Council; and

**WHEREAS**, application approvals for land use applications and zoning permit applications received final approval by the City Council; and

**WHEREAS**, Title 10 chapter 3 Section 4 of the Spring City Municipal Code allows denial of land use applications or zoning permit applications to be appealed to the Board; and

**WHEREAS**, Title 10 chapter 3 Section 4 of the Spring City Municipal Code allows denial of land use applications or zoning permit applications to be appealed to the Board; and

**WHEREAS**, the law; of the State of Utah allows only administrative (and not legislative) decisions of the City Council to be appealed to the Board:

**NOW THEREFORE**, be it ordained by the Council of Spring City, in the State of Utah, as follows:

**SECTION 1:**            **AMENDMENT** “3-1-13 HOME BUSINESSES” of the Spring City Municipal Code is hereby *amended* as follows:

**AMENDMENT**

**3-1-13 HOME BUSINESSES**

A "home business" is any business use conducted within a dwelling or adjacent structures located on the same premises and carried on by persons residing in the dwelling unit. Such a business use shall be clearly incidental and secondary to the dwelling use and shall not change the character of such dwelling or the residential area. A home business is permitted in the residential-agricultural zone, the commercial zone, and the historic district on a conditional basis.

**A. Required Conditions:** The following conditions are required and shall be requisite to and complied with at all times by the home business license holder. Should the planning and zoning commission, in any individual case, determine that one or two (2) of the following conditions will not affect the character of the particular residential neighborhood, they may waive such conditions. On the other hand, should the planning and zoning commission determine that any particular home business may have an adverse effect on the surrounding neighborhood, they may set other conditions not listed below:

1. All home business activities and services shall be conducted wholly within the confines of the structures on the premises, except the sale of produce, plants, or any like product.
2. The home business shall not exceed twenty five percent (25%) of the total floor and garage areas of the said structures.
3. Inventory and supplies for the home business shall not occupy more than fifty percent (50%) of the area permitted for the home business in Part A,2.
4. Only those persons who are bona fide residents of the premises shall be employed in the home business.
5. A home business shall not produce extraordinarily high foot or vehicular traffic to and from the dwelling premises that would be considered unusual for the particular zone.
6. Vehicular parking for a home business shall be provided for as follows:
  - a. All vehicles parked on city easements shall be no closer than five feet (5') from the road edge or the tires on vehicle must be five feet (5') from the road edge.
  - b. The property owner is encouraged to provide "off street" parking.
  - c. Upon certain conditions a temporary use permit may be obtained for greater numbers of vehicle parking for short periods of time (see SCMC 10-1-3, "Definitions"). To do so, the applicant will need to contact the planning and zoning commission or the zoning administrator.
  - d. No visitors in conjunction with the home business (clients, patrons, students, etc.) shall be permitted between the hours of eleven o'clock (11:00) P.M. and seven o'clock (7:00) A.M.
7. Signs must be contained totally within the business property. Such sign shall not be self-illuminating (e.g., neon) or be illuminated by exceedingly bright or flashing lights. Any direct lighting for said sign shall be completely shielded from the neighbors and all vehicular traffic. Temporary pennants and banners may be permitted with a temporary use permit (see SCMC 10-1-3, "Definitions", also SCMC 10-8-2, "Temporary Uses"). Vehicles or equipment may not be used primarily for the purposes of advertising.
  - a. "Free Hanging" signs may be placed either parallel to or perpendicular to the building face hanging on either a single or double pylon type base. Pylons may not be larger than six inches (6") in diameter. Signs may not cause a visual obstruction for motor vehicle operation.



6. Junkyards.

7. Any business that by its nature has a pronounced tendency, once started, to rapidly increase beyond standards permitted for home businesses shall be prohibited. Some types and examples of such businesses include, but are not limited to, the following: mortuaries, kennels (including mink, turkey, and other livestock stables), animal hospitals, veterinary services, clinics, dental or medical offices, hospitals, physical therapy, massage therapy or other healing arts, fitness centers (aerobic and jazzercise classes, or spas), dance and other schools, boutiques, or antique shops.

Note: Home based daycare centers shall not be deemed prohibited by the above but must remain small and not only comply with the provisions of this chapter but the requirements set down by the county, state, and federal agencies as well. (See proper county, state, and federal agencies for complete rules.)

C. Conditional Uses: Home business owners can apply to the planning and zoning commission for a conditional use. The planning commission, or when authorized, the zoning administrator, shall not authorize a conditional use permit unless evidence is presented to establish that:

1. The proposed use of the particular location is necessary or desirable to provide a service or facility which will contribute to the general well being of the community;
2. Such use will not, under the circumstances of the particular case and the conditions imposed, be detrimental to the health, safety and general welfare of persons, not injurious to property or improvements in the community, but will be compatible with and complementary to the existing surrounding uses, buildings and structures when considering traffic generation, parking, building design and location, landscaping and signs;
3. The proposed use will comply with the regulations and conditions specified in this title for such use;
4. The proposed use conforms to the goals, policies and governing principles and land use of the master plan;
5. The proposed use will not lead to the significant deterioration of the environment or ecology of the general area, nor will produce conditions or emit pollutants of such a type or of such a quantity so as to detrimentally affect to any appreciable degree public or private property including the operation of existing uses thereon in the immediate vicinity or the community or area as a whole; and
6. The conditions imposed on the use shall:
  - a. Comply with the intent, spirit, and regulations of the zoning ordinance and the zoning district where the use is to be located, and
  - b. Assure that the conditional use permit is granted if reasonable conditions can be imposed to mitigate the reasonably anticipated detrimental effects of the proposed use.

D. Business License Requirement: To assure compliance with the provisions of this chapter and to protect the character of residential neighborhoods in Spring City, a

home business license is required. It shall be unlawful for any person to operate or engage in a home business of any kind without a home business license, except as otherwise specifically provided herein. Application of the same shall be reviewed by and approved by the City as provided below before a dwelling unit in a residential zone may be used for business purposes. A home business license requiring a fee as provided below shall be renewable each year at the city offices, shall be nontransferable, and must be signed by the appropriate city officers. Home business licenses issued without a fee need not be evidenced by a certificate issued by the City, and will continue in effect until the nature of the business conducted changes from that set forth in the application. If at the request of the applicant the City issues a certificate evidencing a home business license for which it is not otherwise entitled to change a fee, the City may charge a reasonable administrative fee in connection with the issuance of such certificate.

**E. License Procurement Procedure:** The following procedure shall be followed by those wishing to obtain a home business license:

1. The applicant shall pick up an inner office information sheet and an application for home business license at the city offices, fill them out, and return them. The application for home business license will be forwarded to the City's Zoning Administrator for consideration and, as appropriate, forwarding for consideration of applicable issues by the City Council or Planning and Zoning Commission.
  - a. The application for home business license shall have attached, a copy of this section, "Home Businesses", for consideration by the applicant.
  - b. The application for home business license shall require the following information:
    - (1) Name, mailing address, and phone number of applicant.
    - (2) The address of the premises in question (location of proposed home business).
    - (3) A thorough and complete description of the proposed business.
    - (4) A thorough and complete impact evaluation to include estimations of noise, traffic, pollution, business hours and any other pertinent information to assist the City as well as the neighbors (if applicable) to understand the character of the home business being proposed.
    - (5) A certification by signature and date that applicant has read and is in compliance with this section, and the proposed home business will satisfy the applicable conditions set forth above, and will not involve any disallowed business as referenced above.
    - (6) If the fee payment obligation is to be avoided, a certification by the applicant that the operation of the proposed home-based business will not result in a material increase in the offsite impact of the residential use alone.

- c. If the combined offsite impact from the home-based business and the primary residential use materially exceeds the offsite impact of the residential use alone, the application must be accompanied by a non-refundable fee in an amount determined from time to time by the City, to cover the cost of the application process.
2. With respect to home-based business licenses for which a fee is payable as referenced above, the city shall identify all adjacent as well as across the street and diagonal property owners (hereinafter called "neighbors") to the proposed home business premises. The city shall then send, by regular mail, the following to all such neighbors:
  - a. A copy of the application for home business license submitted by the applicant.
  - b. A neighbor response form allowing the respective neighbor to comment on the impact of the proposed business. The neighbor response forms will be reviewed by the planning and zoning commission and/or city staff in connection with the review of the license application.
    - (1) Neighbors of the applicant shall have fourteen (14) days to respond by mailing (or otherwise returning) the neighbor response form back to the city.
    - (2) It is not required that all neighbors approve of the proposed business for the license to be approved by the planning and zoning commission and city staff.
    - (3) Any comments by a neighbor must not be frivolous or prejudicial to have weight in consideration in the application review process. A comment that is determined by the city or its representatives to be frivolous or prejudicial will be disregarded.
    - (4) The city may not charge a fee for the licensing and operation of a home-based business license unless the combined offsite impact from the home-based business and the primary residential use materially exceeds the offsite impact of the residential use alone.
3. The City's Zoning Administrator shall review each application for a home-based business license and determine if any review or action by the Planning and Zoning Commission or City Council is required. If any such action is required, the City shall notify the applicant of any need to appear or be represented at any meeting. In the case of applications requiring a notification of neighbors, adequate time (approximately 30 days) will be given for the City to send out neighbor response forms, receive their return, and consider their impact on the issuance of the home-based business license.
  - a. The applicant or his/her representative should be present at a meeting at which the issuance of a license will be considered prepared to discuss the particulars of compliance with the conditions of this

chapter, the neighbor responses, as well as any other pertinent information regarding their application for home business license. Because this is a public meeting those to whom it may concern will have opportunity to attend and be heard.

- b. The public body considering the matter by a vote of its members, may or may not approve or reject the application at this meeting.
  - c. If the proposed license is rejected, the reasons for such rejection shall be stated in writing and shall be made available to the applicant as well as the city council.
  - d. Appeals of any action taken or failed to be taken may be made in accordance with the provisions of the Spring City Municipal Code.
- F. Revocation Of Home Business License: Notwithstanding any other remedies at law available to the City relative to noncompliance or violations of this chapter, the City planning and zoning commission and/or city council shall have the right and authority to revoke any home business license if the applicable conditions and requirements are not met. At such time all home business operations shall cease.
- 1. The City may also issue warnings or citations as considered proper and shall set amounts of fines as deemed by them appropriate.
  - 2. All warnings, citations, and license revocations shall be presented in writing by the appropriate law enforcement agency.
  - 3. Upon the third cited violation of this section within a consecutive twelve (12) month period, the home business license will be revoked. At such time all home business operations shall cease.
  - 4. In extreme cases where public health, safety, or welfare is concerned, the City may waive all warnings and citations and elect to revoke the home business license at which time all business operations will cease.
- G. Zoning Changes: For zoning changes see the planning and zoning commission and/or the zoning administrator.
- H. Official Authority: Within the scope of authority given them by the city council, the planning and zoning commission and the zoning administrator shall be the official coalition authorized to clarify and interpret any provision related to this section. It shall consider violations thereof, issues of complaint, or other issues related to the planning and zoning of Spring City and shall make recommendations to the city council for settlement of any and all planning and zoning issues.
- I. Appeals: Should any Spring City resident feel they have been unfairly affected by any decision of the planning and zoning commission or any administrative decision of the city council, they may appeal to the board of adjustment. (Ord. 2010-04, 10-6-2010)

**SECTION 2:            AMENDMENT “10-5-5 ESTABLISHMENT OF ZONES AND MAP” of the Spring City Municipal Code is hereby *amended* as follows:**

**AMENDMENT**

## 10-5-5 ESTABLISHMENT OF ZONES AND MAP

- A. Planning And Zoning Commission:** The planning and zoning commission may recommend to the city council the division of the territory, over which said city council has jurisdiction, into zones of a number, shape, and area that it considers appropriate to carry out the purposes of this title.
1. Within those zones the planning and zoning commission may recommend the regulation, restriction, the erection, demolition, construction, reconstruction, alteration, repair, or use of buildings and structures, and the use of land.
  2. The planning and zoning commission shall ensure that the regulations are uniform for each class or kind of building throughout each zone, but the regulations in one zone may differ from those in other zones.
  3. The planning and zoning commission shall also interpret, for purposes of clarification, the meaning and intent of the particular use of the various zones.
- B. Zones:** In order to accomplish the purposes of this title, the city is hereby divided into zones in accordance with this title and said general plan, as herein set forth:
1. R-1 single-family residential agricultural zone;
  2. R-3 mobile home park residential zone;
  3. R-4 multiple residential assisted living zone;
  4. R-MF multi-family residential zone;
  5. LC-1 light commercial zone;
  6. LI-1 light industrial zone;
  7. PF-1 public facilities zone;
  8. RVP-1 recreational vehicle park zone; and
  9. HD historic district (this is not a zone; see SCMC 2-1 and SCMC 10-6, article H).
- C. Considerations:** In the preparation of this title, due and careful consideration was given, among other things, to the suitability of land for particular uses, to existing and probable future conditions within the city, and to the character of each of the several zones with an emphasis on conservation of the value of buildings and lands, meeting the needs of the citizens, complying with the majority of citizen desires as expressed in past surveys, and encouraging the most appropriate use of lands to protect the health, safety, and general welfare of the citizens throughout the city.
- D. Map:**
1. The location and boundaries of each of the zones as contained herein are shown on the zoning map entitled "Zoning Map of Spring City, Utah", and all boundaries, titles, notations and other data shown thereon are hereby adopted as part of this title.
  2. Where uncertainty exists as to the boundaries of zones as shown on city maps, the following shall apply:
    - a. Boundaries as approximately following the centerlines of streets, highways, or alleys shall be construed as moving with the centerline.
    - b. Boundaries indicated as approximately following the right of way lines of streets, highways, or alleys shall be construed to follow such right of way lines, and in the event of a change in the right of way

- lines, shall be construed as moving with the right of way line.
- c. Boundaries indicated as approximately following the centerlines of streams, rivers, canals or other bodies of water, or flood control channels, shall be construed to follow such centerlines and in the event of the change of the centerline, it shall be construed as moving with the centerline.
  - d. Boundaries indicated as approximately following platted or lot lines shall be construed to follow such lot lines.
  - e. In case of any further uncertainty existing, the board of adjustment shall determine the location of such boundaries.
  - f. Boundaries of each of said zones are hereby established as described herein and shown on the zoning map, as amended from time to time, to conform to the actions of the city council, which map is on file in the city office, and all boundaries shown thereon are made by this reference as much a part of this title as though fully described and detailed herein.
  - g. Fence lines are not true and correct property lines.
  - h. Surveys are required if property boundaries are questionable.
- E. **Zoning Changes:** Proposals for zoning changes must be presented by owners/developers to the planning and zoning commission for review and approval. Should the planning and zoning commission approve the change they will make such recommendations, in writing, to the city council who will then schedule a public hearing. After consideration of all recommendations, the city council will vote to adopt or reject the change. Should the planning and zoning commission disapprove the proposal, such disapproval with recommendations shall be passed on, in writing, to the city council. In such case the applicant may appeal to the board of adjustment whose approval or disapproval of recommendations shall be expressed, in writing, to the city council who, after a public hearing (if one has not been held on this issue) and consideration of all recommendations, will vote to adopt or reject the change.
- F. **Official Authority:** Within the scope of authority given them by the city council, the planning and zoning commission shall be the official coalition authorized to clarify and interpret any provision related to this chapter. It shall consider violations thereof, issues of complaint, or other issues related to the planning and zoning of Spring City and shall make recommendations to the city council for settlement of any and all planning and zoning issues.
- G. **Appeals:** Should any Spring City resident feel they have been unfairly affected by any decision of the planning and zoning commission or any administrative decision of the city council, they may appeal to the board of adjustment. (Ord. 2005-05, 9-8-2005)

PASSED AND ADOPTED BY THE SPRING CITY COUNCIL

\_\_\_\_\_.

	<b>AYE</b>	<b>NAY</b>	<b>ABSENT</b>	<b>ABSTAIN</b>
Councilmember Chris Anderson	_____	_____	_____	_____
Councilmember Marty McCain	_____	_____	_____	_____
Councilmember Michael Broadbent	_____	_____	_____	_____
Councilmember Courtney Syme	_____	_____	_____	_____
Councilmember Laurel Workman	_____	_____	_____	_____

Presiding Officer

Attest

\_\_\_\_\_  
Paul Penrod, Mayor, Spring City

\_\_\_\_\_  
Ruth Ann McCain, City Recorder,  
Spring City

**SPRING CITY  
ORDINANCE 2026-02**

**NOW THEREFORE**, be it ordained by the Council of the Spring City, in the State of Utah, as follows:

**SECTION 1:**        **ADOPTION** “10-7-6 DARK SKIES” of the Spring City Municipal Code is hereby *added* as follows:

**ADOPTION**

10-7-6 DARK SKIES(*Added*)

**SECTION 2:**        **ADOPTION** “10-7-6A PURPOSE AND INTENT” of the Spring City Municipal Code is hereby *added* as follows:

**ADOPTION**

10-7-6A PURPOSE AND INTENT(*Added*)

It is the purpose and intent of this ordinance to balance the goals of Spring City to maintain its rural, small-town character with the need to limit glare and light trespass, reduce night sky glow, conserve energy, provide safe lighting practices and promote astrotourism, while protecting individual property rights.

A. The use of outdoor lighting is often necessary for adequate nighttime safety and utility, but common lighting practices can also interfere with other legitimate public concerns. Principal among those concerns are:

1. The degradation of the nighttime visual environment by production of unsightly and dangerous glare;
2. Lighting practices that interfere with the health and safety of Spring City’s residents and visitors;
3. Unnecessary waste of energy and resources in the production of too much light or wasted light;
4. Interference in the use or enjoyment of property which is not intended to be illuminated at night, and the loss of the scenic view of the night sky due to increased urban sky glow.

B. The concerns of safety, utility and aesthetic appearance need not compete. Good modern lighting practices can provide adequate light for safety and utility without excessive glare or light pollution. In nearly all cases, careful attention to when, where and how much nighttime lighting is needed will lead to better lighting practices.

- C. The topography and atmospheric conditions in Sanpete County are well suited for astronomical observation in the area. Unnecessary or excessive uses of outdoor nighttime lighting have an adverse impact on astronomical observation, even at relatively great distance.
- D. Accordingly, it is the intent of this ordinance to require lighting practices and systems which will minimize light pollution, glare, light trespass and conserve energy, while maintaining nighttime safety, utility, security and productivity.
- E. In support of dark skies, Spring City will encourage the creation of a dark skies community club or committee, which will be requested to hold periodic events to educate our community both about the value of this effort and about the sky itself.
- F. Coordination of this effort will be overseen by the city council member asked to coordinate dark sky activities, under the direction of the police chief and mayor. Appeals will be made directly to the Spring City police chief or his designee, as the enforcement officer.

**SECTION 3:        ADOPTION “10-7-6B APPLICABILITY AND EXEMPTIONS”** of the Spring City Municipal Code is hereby *added* as follows:

ADOPTION

10-7-6B APPLICABILITY AND EXEMPTIONS(*Added*)

All exterior outdoor lighting installed in Spring City after the effective date hereof shall conform to the requirements established by this ordinance. This ordinance does not apply to indoor lighting. However, light trespass from interior lighting that negatively impacts adjacent properties is also prohibited.

A. Exemptions.

1. Temporary lighting for decoration/seasonal, theatrical, television, performance areas and construction sites, subject to control through permits issued at the discretion of the city council.
2. Lighting that is only used under emergency conditions.
3. Lighting required by federal, state, county or city ordinances and regulations.

**SECTION 4:        ADOPTION “10-7-6C DEFINITIONS”** of the Spring City Municipal Code is hereby *added* as follows:

ADOPTION

## 10-7-6C DEFINITIONS(*Added*)

CORRELATED COLOR TEMPERATURE (CCT): The the temperature at which a blackbody emits radiant energy competent to evoke a color the same as that evoked by radiant energy from a given source (such as a lamp).

DARK SKY FIXTURE OR FULLY SHIELDED: Any light fixture that emits its light below 90 degrees when measured from zero to 180 degrees vertical. Dark sky fixtures keep most of their light from reaching the night sky.

DARK SKY SHIELD: Anything that is used to shield a light fixture so that it behaves as a fully shielded fixture. These include but are not omitted to, for example, fixtures outfitted with caps or housings or installed under canopies, building overhangs, roof eaves or shielded by other structures, objectives or devices.

ELECTRONIC MESSENGER SYSTEM (EMS): Electronic messenger system with scrolling messages.

EMERGENCY: Refers to lighting as required by civil officers, agents and officials to perform their duties to maintain the public health, safety and welfare.

FULLY SHIELDED FIXTURE: Refers to any light fixture that emits its light below 45 degrees when measured from zero to 180 degrees vertical. Fully shielded fixtures keep most of their light from reaching the night sky and also minimize ground reflection and reduce light scatter beyond the property line.

KELVIN: relating to, conforming to, or having a thermometric scale on which the unit of measurement equals the Celsius degree and according to which absolute zero is okay

LIGHT FIXTURE: Any device intended to produce outdoor illumination.

LUMEN: A unit of luminous flux equal to the light emitted in a unit solid angle by a uniform point source of one candle intensity.

MOTION SENSOR: Any device that turns a light fixture on when it detects motion and off when motion stops.

NITS (CANDELA): The base unit of luminous intensity in the International System of Units that is equal to the luminous intensity in a given direction of a source which emits monochromatic radiation.

SWITCH: Any device that can be manually controlled by a person to turn a light fixture on and off. For the purpose of this ordinance, switches include motion sensors, but switches do not include light sensors or timers.

TEMPORARY: Refers to lighting as required by residents to carry out legally approved activities for durations as specified in the permits or approvals for those activities. These

include but are not omitted to, for example, activities such as nighttime agricultural operations, construction work lighting and seasonal decorations, but in no case for more than a period of 60 days without an exemption granted by Spring City.

**SECTION 5:           ADOPTION** “10-7-6D OUTDOOR LIGHTING STANDARDS” of the Spring City Municipal Code is hereby *added* as follows:

**ADOPTION**

**10-7-6D OUTDOOR LIGHTING STANDARDS(Added)**

- A. Temperature of Lamps.** Lamps shall not exceed a maximum correlated color temperature (“CCT”) of 3,000 degrees Kelvin.
- B. Lamp and Shielding.** All light fixtures over 1,500 lumens are required to be fully shielded and installed so that the shielding complies with the definition of a fully shielded light fixture.
- C. Light Trespass Standard.** All light fixtures, including motion sensing fixtures and security lighting, shall be aimed and shielded so that the direct illumination shall be confined to the property boundaries of the source, including any public or private street or road.
- D. Signs.**
  - 1. Front Lit.** Any light with the intention to illuminate a sign must be oriented from the top and shine down.
  - 2. Back Lit.**
    - a. The sign design may not contain any more than 25 percent white, including lettering.**
    - b. Transparent or clear materials are not allowed.**
    - c. Nonface portions of the sign (e.g., background and sides) shall be made of completely opaque material.**
    - d. Internal lights must not exceed 3,000 degrees Kelvin if greater than or equal to 1,500 lumens.**
  - 3. Neon.**
    - a. Any sign consisting of more than three feet of neon must be extinguished no more than four hours after sundown during daylight savings and six hours during regular mountain time.**
    - b. Signs with the purpose of historic preservation and/or historic mimicking may get approved by the city council to extend night illumination time.**
  - 4. Electronic.**
    - a. Luminance levels for operation after sundown shall not exceed 100 Nits (candela per square meter) as measured under conditions of a full white display**
    - b. Luminance levels for operation in the morning before sunrise shall not**

exceed 100 Nits.

- c. Messages appearing on EMSs shall not be displayed for less than 30 seconds and require no longer than 0.25 seconds to transition from one message to another. Moving text is prohibited.
- d. The luminous surface area of an individual EMS shall not exceed 10 square feet.
- e. EMSs shall not be placed within 1,000 feet (300 meters) of another off-premises changeable electronic variable message sign on the same side of the road, regardless of face orientation.
- f. EMSs shall not be placed within 1,000 feet (300 meters) of residential areas.
- g. The device owner or the permit holder shall continuously monitor signs 24 hours per day, including monitoring the reliability of hardware, software, network and other support infrastructure.
- h. Signs shall contain a default mechanism so that in the event 50 percent or more of an EMS's LED emitters have failed, the sign will immediately revert to an unlit black screen and remain in such condition until the malfunction is corrected.

E. Parking Lots.

1. Spot or flood lighting of parking lots from a building or other structure is prohibited.
2. The overall height of any light post used to illuminate parking lots in commercial zones shall not exceed 16 feet. All post mounted parking lot lights shall be set back from property lines a distance that is determined appropriate by the planning and zoning commission.
3. The overall height of any light post used to illuminate parking lots in residential zones shall not exceed 16 feet.
4. All parking lot lighting shall use fully shielded fixtures.

F. Gas Station Canopies. Gas station canopies may be illuminated, provided all light fixtures are mounted on the undersurface of the canopy, all light fixtures are fully shielded and diffusers are not visible from locations off the property. Except for directed beam lighting, merely placing the fixtures on the underside of the canopy does not qualify as fully shielding the light fixture. Directed beam lighting mounted under the canopy is allowed, provided the light source cannot be seen from outside the property boundaries.

G. Total Outdoor Light Output Standards - Nonresidential and Multifamily Uses.

1. Total outdoor unshielded light output shall not exceed 15,000 lumens per net acre for all development except single-family residential uses. This cap is not intended to be achieved in all cases or as a design goal. Instead, design goals should be the lowest levels of lumens necessary to meet the lighting requirements of the site. Of the 10,000 lumens, 5,000 lumens must be fully shielded with 5,000 unshielded.
2. Seasonal decorations are not counted toward this limit.

H. Total Outdoor Light Output Standards – Single-Family Residential Uses.

1. Outdoor lighting for single-family residential uses is subject to a lumen per net

acre cap of 10,000 lumens net. The policy per net acre is 10,000 lumens.

2. Outdoor lighting for single-family residential uses is subject to the lamp fixture and shielding requirements.

I. Roadway/Streetlights. Streetlights are allowable as recommended by the public works administrator or city council. All streetlights shall utilize lamp types that are energy efficient and minimize sky glow and other negative impacts of artificial lighting. They shall not exceed 10,000 lumens per net acre. Lighting shall meet safety concerns with a goal of using the lowest levels of lumens necessary.

1. All new streetlights are allowed as recommended by Spring City's public works administrator and city council. They will adhere to all standards as indicated in this ordinance including energy efficient lighting which minimizes sky glow. They shall not exceed 10,000 lumens per net acre. Lighting shall meet safety concerns with a goal of using the lowest levels of lumens necessary.

2. Public Property. Properties owned by Spring City Municipal Corporation such as parks and other community gathering spaces will adhere to all standards as indicated, including energy efficient lighting which minimizes sky glow. Lighting shall meet safety concerns with a goal of using the lowest levels of lumens necessary.

3. Rights-of-Way. All rights-of-way will adhere to all standards as indicated, including energy efficient lighting which minimizes sky glow. Lighting shall meet safety concerns with a goal of using the lowest levels of lumens necessary.

4. All new public lighting will be part of the planning and zoning process in which public buildings, public property and rights-of-way lighting is determined. This will be incorporated as part of the zoning process moving forward to ensure compliance with this chapter.

J. Prohibited Lighting.

1. Up lighting to illuminate buildings, other structures or vegetation.

2. Flashing, blinking, intermittent, or other lights that move or give the impression of movement, not including temporary holiday lighting.

3. Floodlights or spotlights affixed to buildings for the purpose of lighting parking lots or sales display lot areas.

4. Searchlights, laser source lights or any similar high intensity light.

5. Except when used in window signage as otherwise permitted in this ordinance, neon or luminous type lighting, either when outdoor mounted or indoor mounted, if visible beyond the property boundaries.

**SECTION 6:        ADOPTION "10-7-6E LIGHTING CONTROL" of the Spring City Municipal Code is hereby *added* as follows:**

**ADOPTION**

10-7-6E LIGHTING CONTROL *(Added)*

- A. Light fixtures with motion sensors and/or timers are required to minimize the duration of nighttime lighting.
- B. Fully shielded fixtures are required where any lights, even those below 1,500 lumens, are mounted on structures or poles higher than the first level above ground level to protect the view of the night sky, minimize ground reflection and reduce light scatter beyond the property line.
- C. Statuary and flags shall be lit from above to minimize sky glow.

**SECTION 7:           ADOPTION** “10-7-6F IMPLEMENTATION” of the Spring City Municipal Code is hereby *added* as follows:

**ADOPTION**

10-7-6F IMPLEMENTATION *(Added)*

- A. New Uses, Buildings and Major Additions or Modifications. If the total cumulative increase in floor area is greater than 50 percent for single-family residential or greater than 25 percent for all other uses, or if the total cumulative cost of any exterior modification, alteration or repair is greater than 25 percent of the valuation of the building as determined by the zoning administrator, then all outdoor lighting fixtures shall meet the requirements of this ordinance for the entire site, including previously installed and any new outdoor lighting. Cumulative modification or replacement of outdoor lighting constituting 25 percent or more of the permitted lumens for the parcel, no matter the actual amount of lighting already on a nonconforming site, shall constitute a major addition for purposes of this section.
- B. Minor Additions. If the total cumulative increase in the floor area is 50 percent or less for single family residential or 25 percent for all other uses, or if the total cumulative cost of any exterior modification, alteration or repair is less than 25 percent of the valuation of the building as determined by the zoning administrator, then full conformance of the existing portion of the building or structure is not required. However, such projects shall require the submission of a complete inventory and site plan detailing all existing and any proposed new outdoor lighting.
- C. New Lighting. Any new lighting on the site shall meet the requirements of this ordinance with regard to shielding and lamp type; the total outdoor light output after the modifications are complete shall not exceed that on the site before the modification, or that permitted by this ordinance, whichever is larger.
- D. Resumption of Use after Abandonment. If a property or use with nonconforming lighting is abandoned, sold or transferred, then all outdoor lighting relating to such property shall be reviewed and brought into compliance with this ordinance before the use is resumed or the sale or transfer takes place.
- E. Existing Lighting.

1. On or before five years from the date of adoption of this ordinance, all outdoor lighting shall comply with this ordinance.

a. This may be done through replacement or retrofitting.

F. Public Roadways. In general, this ordinance does not apply to city and state rights-of-way. However, all such streetlights must be fully shielded.

**SECTION 8:            ADOPTION “10-7-6G ENFORCEMENT AND PENALTIES”** of the Spring City Municipal Code is hereby *added* as follows:

**ADOPTION**

10-7-6G ENFORCEMENT AND PENALTIES(*Added*)

Lighting code enforcement is essential to achieving a sustained reduction of light pollution and conservation of the night sky.

A. The penalty for violation of any portion of this ordinance shall be as follows:

1. First Notice. A notice to the property owner requesting compliance within six months.

2. Second Notice. If after six months the violation exists a notice may be given to appear before the Spring City hearing officer to discuss options to come into compliance.

3. Third Notice. If after 12 months a violation of the provisions of this ordinance shall be an infraction punishable by penalties up to \$750.

**SECTION 9:            ADOPTION “10-7-6H CONFLICTS”** of the Spring City Municipal Code is hereby *added* as follows:

**ADOPTION**

10-7-6H CONFLICTS(*Added*)

Where any provision of federal, state, county, or city statutes, codes, or laws conflicts with any provision of this ordinance, the most restrictive shall govern unless otherwise regulated by law. If any provision of the Spring City Municipal Code should conflict with the provisions of this ordinance, this ordinance shall supersede and be the controlling and enforceable provision.

**SECTION 10:            EFFECTIVE DATE** This Ordinance shall be in full force and effect immediately upon the required approval and publication according to law.

PASSED AND ADOPTED BY THE SPRING CITY COUNCIL

\_\_\_\_\_.

	<b>AYE</b>	<b>NAY</b>	<b>ABSENT</b>	<b>ABSTAIN</b>
Councilmember Chris Anderson	_____	_____	_____	_____
Councilmember Marty McCain	_____	_____	_____	_____
Councilmember Michael Broadbent	_____	_____	_____	_____
Councilmember Courtney Syme	_____	_____	_____	_____
Councilmember Laurel Workman	_____	_____	_____	_____

Presiding Officer

Attest

\_\_\_\_\_  
Paul Penrod, Mayor, Spring City

\_\_\_\_\_  
Ruth Ann McCain, City Recorder,  
Spring City

**T&T LIGHTING AND UPFITTING**

547 S Deseret Dr.  
 Kaysville, UT 84037  
 Phone: 385-220-9675

**QUOTATION**

Quote ID: JDW00687

Page 1 of 1

Customer: Spring City

Quote Number: JDW00687

Quote Date: 12/22/2025

Quote valid until: 1/21/2026

Mobile: 801-867-4557

Email: jake.wahlin@youngauto.net

Salesperson: Jake Wahlin

Contact: Cory  
 Phone:

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
1	<b>Pick Up Truck Accessories</b>	<b>\$1,593.52</b>	<b>\$1,593.52</b>
1	DEC-YG5 Decked drawer system + accessory pack. Part # DEC-YG5 Bed Length: 5'1"  ***CASH AND CARRY***		

Quote Total:	\$1,593.52
Discount:	\$0.00
Sales Tax:	\$0.00
Total Due:	\$1,593.52

Customer must fill out the information below before the order can be processed...

Accepted by:	
Date:	
P.O. number:	

- ◆ Labor and installation are included in all pricing.
- ◆ Terms are Due Upon Receipt unless prior credit arrangements are made at the time of order.
- ◆ Please note if chassis is furnished, it is as a convenience and terms are Net Due on Receipt of Chassis

**Notes:**