

SPRINGVILLE CITY CORPORATION

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

For the Year Ended June 30, 2021

HBME

CERTIFIED PUBLIC ACCOUNTANTS

SPRINGVILLE CITY CORPORATION

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and
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Financial Section



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC
ACCOUNTANTS**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springville City Corporation, Utah (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springville City Corporation, Utah, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HBMC, LLC

November 30, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Springville City, we offer readers of Springville City's financial statements this narrative overview and analysis of the financial activities of Springville City for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position of Springville City increased \$28,117,131 to \$273,216,610. The governmental net position increased by \$14,054,750 and the business-type net position increased by \$14,062,381.
- The total net position of \$273,216,610 is made up of \$197,243,330 in capital assets net of depreciation and related outstanding debt and \$75,973,280 in other net position.
- Total long-term liabilities of the City decreased by \$5,434,413.
- The General Fund (the primary operating fund) had its fund balance increase by \$2,312,198 to \$10,953,340. The increase was primarily the result of higher-than-expected revenues coupled with lower-than-expected expenses. Significant development activity resulted in plan review fee and building permit fee revenues higher than budgeted. Additionally, the City received its allocation of Federal Coronavirus Aid, Relief, and Economic Security Act dollars. The \$1,908,152 received from this grant further bolstered revenues for the year.

REPORTING THE CITY AS A WHOLE

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

- *Governmental funds* - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and Capital Projects Fund. The remaining governmental funds are determined to be nonmajor and are included in the combining statements within this report.

- *Proprietary funds* - Springville City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Springville City uses enterprise funds to account for its Electric Utility, Water Utility, Sewer Utility, Storm Water Utility, Solid Waste Collection, and Golf Course. Internal service funds are an accounting device used to accumulate and allocate costs internally among Springville City's various functions. The City uses an internal service fund for procurement and maintenance of its vehicles and equipment as well as maintenance of the City's buildings and grounds. Because these services primarily benefit governmental activities, they have been included with governmental activities in the government-wide financial statements. As determined by generally accepted accounting principles, the Electric, Water and Sewer enterprise funds meet the criteria for major fund classification. The other enterprise funds are classified as nonmajor and are included in the combining statements within this report.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Springville City, assets exceed liabilities by \$273,216,610.

The largest portion of Springville City's net position (\$197,243,330) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment) net of accumulated depreciation and less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENT OF NET POSITION (In thousands of dollars)

	Governmental Activities		Business-type Activities	
	2020-2021	2019-2020	2020-2021	2019-2020
Current and Other Assets	\$ 36,109	\$ 29,848	\$ 55,697	\$ 45,077
Capital Assets	120,182	113,740	102,512	99,918
Total Assets	156,291	143,588	158,209	144,995
Deferred Outflows of Resources	1,291	1,126	621	664
Long-term Debt Outstanding	20,205	23,749	7,738	9,628
Other Liabilities	3,279	2,250	3,916	3,406
Total Liabilities	23,484	25,999	11,654	13,034
Deferred Inflow of Resources	6,798	5,469	1,260	771
Net Position:				
Net Investment in Capital				
Assets	101,551	93,398	95,692	92,228
Restricted	8,839	6,313	6,389	3,854
Unrestricted	16,910	13,535	43,835	35,772
Total Net Position	\$ 127,300	\$ 113,246	\$ 145,916	\$ 131,854

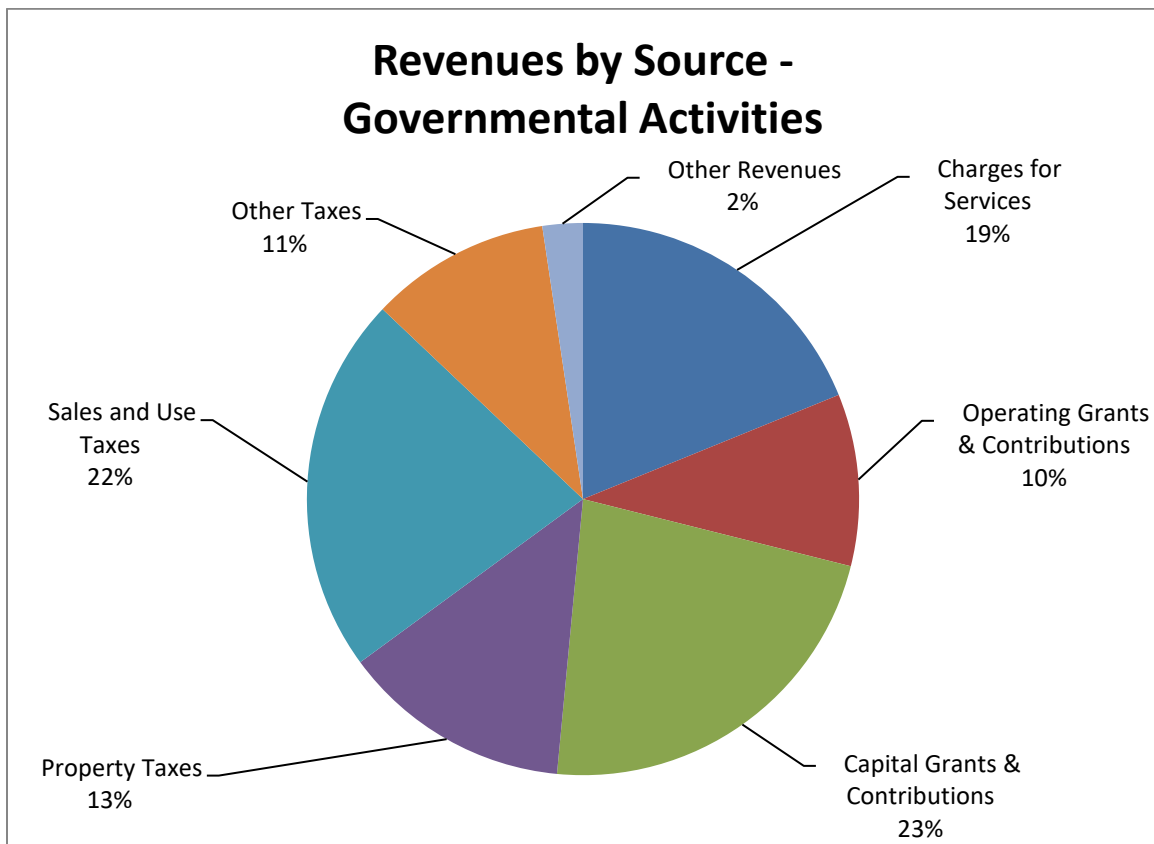
At the end of the current fiscal year, Springville City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CHANGES IN NET POSITION (In thousands of dollars)

	Governmental Activities		Business-type Activities	
	<u>2020-2021</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2019-2020</u>
Revenues				
Program Revenues:				
Charges for Services	\$ 6,465	\$ 4,957	\$ 45,519	\$ 43,646
Operating Grants and Contributions	3,454	2,987	-	-
Capital Grants and Contributions	7,751	4,469	6,004	4,065
General Revenues:				
Property Taxes	4,609	4,440	-	-
Sales and Use Taxes	7,593	8,469	-	-
Equity Investment Income	-	-	709	156
Other Taxes	3,626	1,326	-	-
Other Revenues	810	1,150	174	563
Total Revenues	<u>34,308</u>	<u>27,798</u>	<u>52,406</u>	<u>48,430</u>
Expenses				
General Government	5,243	6,002	-	-
Public Safety	6,214	6,269	-	-
Highways and Public Improvements	2,674	2,575	-	-
Community Development	915	766	-	-
Parks and Recreation	7,276	6,569	-	-
Interest on Long-Term Debt	527	835	-	-
Electric	-	-	25,547	24,837
Water	-	-	3,919	3,826
Wastewater Collection & Treatment	-	-	3,007	3,083
Storm Water	-	-	924	946
Solid Waste Collections	-	-	1,430	1,388
Golf Course	-	-	922	856
Total Expenses	<u>22,849</u>	<u>23,016</u>	<u>35,749</u>	<u>34,936</u>
Increase in Net Position Before Transfers	11,459	4,782	16,657	13,494
Transfers – net	2,595	2,620	(2,595)	(2,620)
Change in Net Position	<u>14,054</u>	<u>7,402</u>	<u>14,062</u>	<u>10,874</u>
Net Position Beginning	<u>113,246</u>	<u>105,844</u>	<u>131,854</u>	<u>120,980</u>
Net Position Ending	<u>\$ 127,300</u>	<u>\$ 113,246</u>	<u>\$ 145,916</u>	<u>\$ 131,854</u>

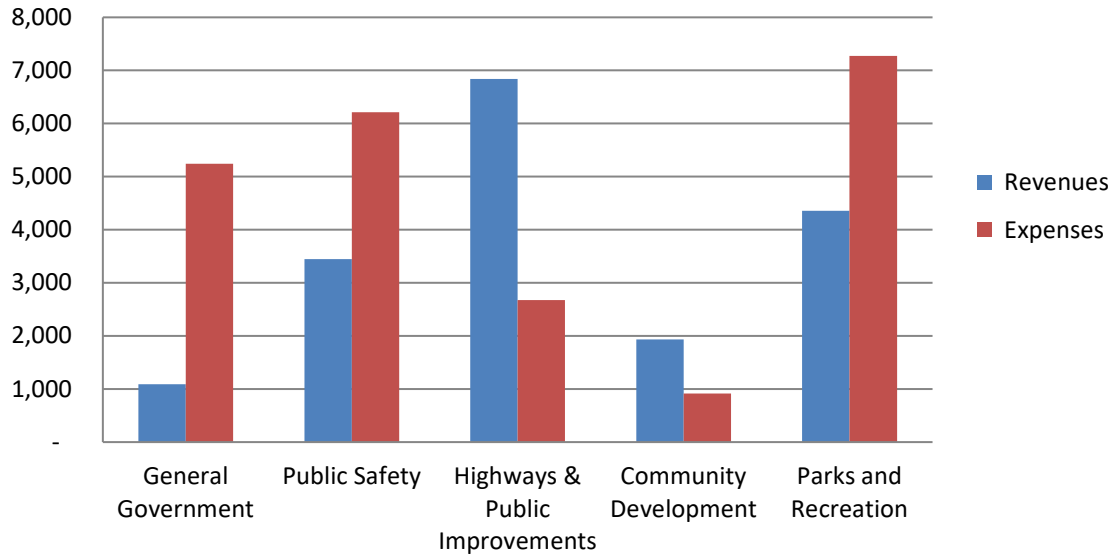
The Utah economy that surprisingly flourished during the height of the pandemic only gained strength as the pandemic subsided into FY 2021. In the governmental activities, revenue sources showed increases compared to last year primarily as a result of natural growth and new development. Sales tax revenues increased approximately 19% or \$1,198,771 in 2021 as a reflection of an expanding economy state-wide and new retail development in the City. Combined, operating and capital grants and contributions increased approximately \$3,749,000 compared to FY 2020. Included in these revenues were federal CARES Act dollars received to offset impacts of the pandemic response. This grant alone contributed \$1,908,152 to the general fund. The general government expenditures actually decreased approximately \$167,000 in 2021 compared to last year. Certain facilities were closed for a portion of the early part of the fiscal year and some services were limited, which produced some cost savings. Additionally, a tight labor market made it difficult to fill some budgeted positions resulting in personnel cost savings. In the business-type funds, revenue increases reflect system growth, infrastructure contributions from developers, and weather. As a result, total revenues increased approximately \$3,976,000 in 2021. Expenses reflect labor cost increases and system growth from new development for a total increase of approximately \$813,000 in 2021 compared to the prior year.

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



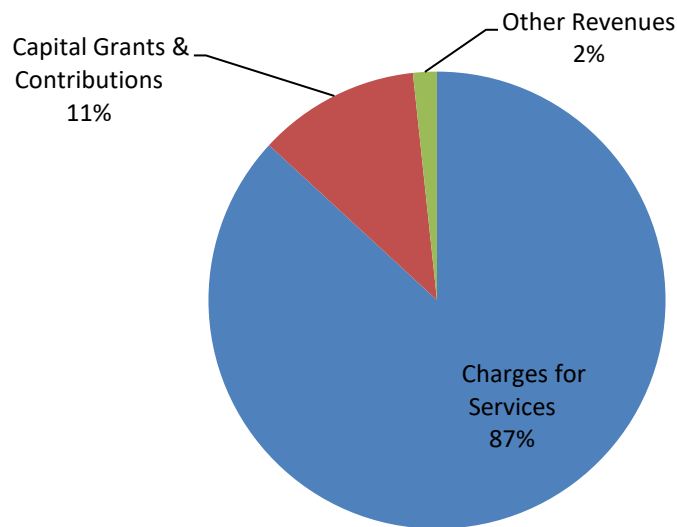
Program Revenues and Expenses - Governmental Activities

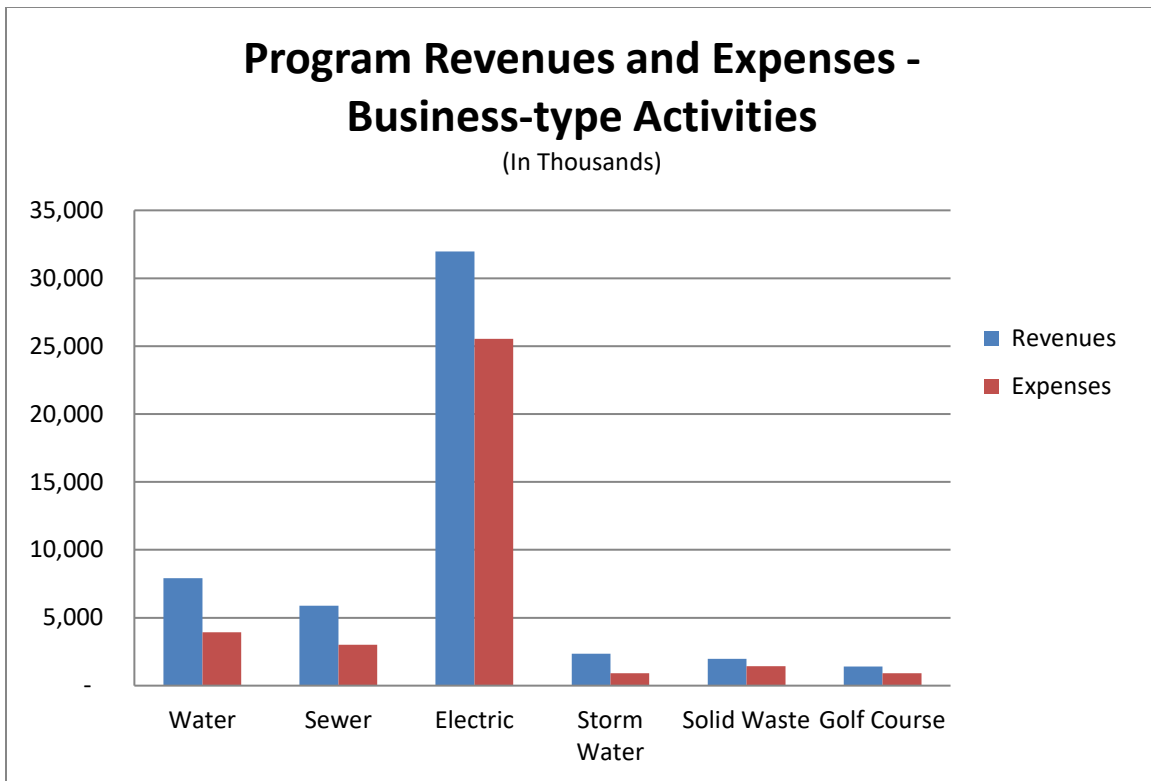
(In Thousands)



As can be seen from the following charts, the majority of revenues in the business-type activities are from charges for services with over 87% of the revenues coming from this source. The revenues from capital grants and contributions represent the value of grants or infrastructure systems donated to the City via subdivisions or other infrastructure being developed. Expenses for each fund only reflect direct operating costs. The expenses for capital projects, bond principal payments and inter-fund transfers are not included.

Revenues by Source - Business-type Activities





FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

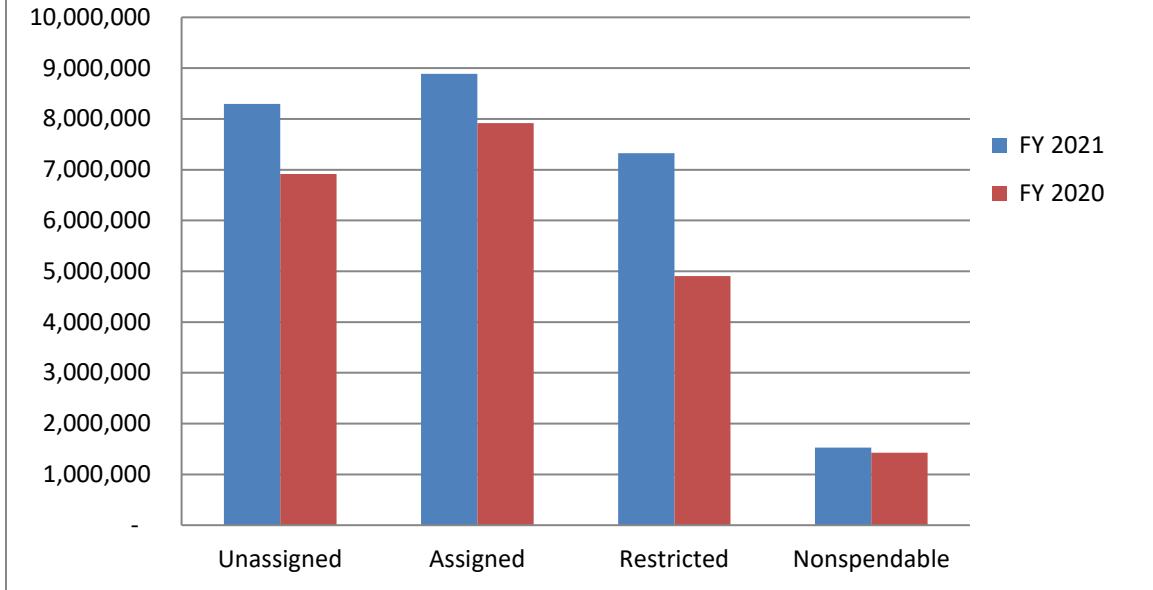
As noted earlier, Springville City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of June 30, 2021, the City’s governmental funds (General, Capital Projects, Debt Service, Special Revenue, and Permanent) reported combined fund balance of \$26,038,323. This represents an increase of \$4,866,470 from last year’s ending balances (\$21,171,853). The *unassigned fund balance*, which is available for spending at the City’s discretion, represents \$8,294,776 or 31.9% of the total fund balance. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$1,529,691), 2) legally restricted for particular purposes (\$7,327,334), 3) committed for particular purposes (\$0), or 4) assigned for particular purposes (\$8,886,522).

Combined Governmental Funds Components of Fund Balance

(June 30, 2020 and 2021)



The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds, either by state or local ordinance or by a desire to maintain a matching of revenues and expenses, are accounted for in this fund. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The unassigned fund balance increased \$1,379,194 to \$8,294,776, which is approximately 41% of total general fund expenditures, while total fund balance represents approximately 55% of that same amount. The increase in fund balance is attributable to higher-than-expected revenues, including federal CARES Act funding, coupled with lower-than-budgeted expenses, partially due to intentional budget reductions in anticipation of economic impact from the pandemic that did not materialize. An additional consideration is the fact that the State statute regarding General Fund reserve balance limits was recently increased to allow for unassigned fund balance of up to 35% of revenues. The current unassigned fund balance is 31% of revenues, which is higher than the previously allowed 25%, but well within the new fund balance limit.

The capital projects fund, a major fund, had a \$416,337 increase in fund balance during the current fiscal year which put the overall fund balance at \$6,734,121. The increase was primarily the result of transfers of surplus dollars from the general fund intended to fund deferred capital projects, which will now be planned for future budgets.

Nonmajor governmental fund balances increased \$2,137,935 to \$8,350,862. These funds include the Springville Redevelopment Agency, Special Services Fund, Debt Service Fund, Municipal Building Authority, and Permanent Fund. The RDA has seen increased development activity in recent years resulting in tax increment revenues that can now be programmed for project expenses in the RDA boundaries. The RDA's fund balance increased \$170,755 to \$916,441. The Special Services Fund accounts for activities related to governmental services funded through impact fees. Considerable new development activity within the City has resulted in increased impact fee revenue, which can be programmed for growth-related projects contemplated in various impact fee facility plans. The Special Services fund balance increased by \$1,833,369 to \$5,035,405 as a result

of higher-than-expected impact fee revenues. The Permanent Fund includes the Cemetery Trust Fund, which retains a portion of plot sales revenue intended to support long-term maintenance of the City’s cemeteries. The Permanent fund balance increased \$132,822 to \$2,231,694.

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

The City’s major proprietary funds had unrestricted net position amounts as follows: Water Fund - \$6,361,338, an increase \$1,740,807 from the previous year; Sewer Fund - \$6,879,891, an increase of \$694,260 over the previous year; and Electric Fund - \$19,843,636, an increase of \$3,496,076. The changes in net position are results of a number of factors. While it is typically the policy of the City to implement small, inflationary adjustments to rates when warranted, no rate increases were implemented in FY 2021 as a result of concerns for economic conditions given the pandemic. Rather, the City budgeted very conservatively with assumptions that there would be decreases in utility revenues. These concerns never materialized and the City experienced continued growth, higher-than-expected revenues and virtually no negative economic impacts from the pandemic.

The nonmajor proprietary funds (Storm Water, Solid Waste and Golf Course) had a combined unrestricted net position of \$6,069,125, which is an increase of \$1,685,373 over the previous year. Factors contributing to the increase include the same economic conditions affecting the major proprietary funds explained above and a record revenue year for the Golf Course as the result of the temporary closure of a neighboring golf course and increased play during the pandemic.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. During the fiscal year, the General Fund budget was amended from an original budget expenditure total (including transfers) of \$25,522,387 to a final budget of \$32,210,155. The budget increase represented adjustments of unanticipated expenditures primarily related to grants received from various sources as well as an increase in the budget to transfer general fund dollars to the capital improvement fund for previously unfunded projects.

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

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Taxes	\$14,013,148	\$15,792,546	\$1,779,398
Licenses and permits	\$1,145,555	\$1,830,944	\$685,389
Charges for services	\$3,473,933	\$4,150,066	\$676,133

Tax revenues increases were mostly from sales tax, which despite the anticipated decrease as a result of the COVID pandemic, actually showed increases over the previous year. Continued new development activity, both commercial and residential, resulted in higher-than-expected building permit and plan review revenue. Charges for services were anticipated to be impacted by health department restrictions on operations at several public facilities including the Library, Museum and Clyde Recreation Center. Ultimately most facilities were able to remain open and recognized higher-than-budgeted revenues.

Anticipating economic impacts from the pandemic, the Administration requested departments reduce operating budgets for the budget year. While there were some operating costs increases necessary for response to the pandemic, the City received federal assistance through Utah County to address these concerns. Closure of some facilities, reduced services, budget cuts by each

department and a tight labor market, which made filling some positions difficult, resulted in actual expenditures of \$4,204,125 less than the final adopted budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Springville City's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$197,243,330 (net of accumulated depreciation and associated debt). This investment in capital assets includes land, water shares, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, bridges, etc.), and machinery and equipment. The City's investment in capital assets (minus depreciation and outstanding debt) for the current year increased by \$11,617,501. Governmental activities' capital assets increased by \$8,153,662 while the business-type activities' capital assets increased by \$3,463,839.

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

- Property Purchases - \$3,612,820
- Road Improvements and Reconstruction (including impact fee projects) - \$1,040,233
- Vehicle Acquisition and Replacement - \$1,152,001
- New Development Infrastructure (Power Dept.) - \$382,338
- Transmission and Distribution Circuit Improvements (Power Dept.) - \$430,240
- Culinary Water Lines and Tanks (Water Dept.) - \$954,578
- Waste Water Treatment Projects (Sewer Dept.) - \$1,529,170

SPRINGVILLE CITY'S CAPITAL ASSETS (In Thousands of Dollars)

	Governmental Activities		Business-type Activities	
	<u>2020-2021</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2019-2020</u>
Land	\$ 31,037	\$ 25,892	\$ 1,718	\$ 1,718
Water Shares	-	-	1,375	1,375
Buildings	58,266	58,208	5,848	5,848
System Improvements	88,712	84,320	175,190	167,349
Machinery & Equipment	14,267	13,777	1,656	2,460
Construction in Progress	2,246	2,749	3,312	3,500
Less Accumulated Depreciation	(74,346)	(71,206)	(86,587)	(82,332)
Total	<u>\$ 120,182</u>	<u>\$ 113,740</u>	<u>\$ 102,512</u>	<u>\$ 99,918</u>

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

Long-term debt - At June 30, 2021, the City had total long-term bonded debt balances of \$25,450,203. Of the total, \$6,820,000 is debt secured by specific revenue sources (i.e. revenue bonds within the Water and Sewer Utilities). The remainder is in a Municipal Building Authority Lease Revenue Bond of \$3,695,000, and general obligation bonds of \$14,110,000. The City also has unamortized premiums on bonds of \$825,203; accrued compensated absences of \$1,474,077 and net pension liabilities of \$1,018,407 outstanding at June 30, 2021.

SPRINGVILLE CITY'S OUTSTANDING DEBT (In Thousands of Dollars)

	Governmental Activities		Business-type Activities	
	<u>2020-2021</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2019-2020</u>
General Obligation Bonds	\$ 14,110	\$ 15,000	\$ -	\$ -
Revenue Bonds	-	-	6,820	7,690
MBA Bonds	3,695	3,990	-	-
Sales Tax Revenue Bonds	-	500	-	-
Unamortized Bond Premium	825	890	-	-
Net Pension Liability	677	2,529	342	1,387
Compensated Absences	898	839	576	551
Total	<u>\$ 20,205</u>	<u>\$ 23,748</u>	<u>\$ 7,738</u>	<u>\$ 9,628</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$143,554,957. The City currently has \$14,110,000 outstanding in general obligation debt. State statute allows for an additional 8% to be used for water, sewer, storm water, or electrical projects. The current limitation for these water, sewer, storm water, and electrical projects is thus \$287,109,914. The City has issued significantly fewer bonds than this debt limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Amid the COVID-19 pandemic, Utah and Utah County, specifically, have largely been spared from severe economic impacts. The June 2021 unemployment rate for the Provo/Orem Metropolitan Area (of which Springville City is a part) was 2.2 percent compared to a state unemployment rate of 2.7 percent and a national rate of 5.9 percent. (Source: U.S. Bureau of Labor Statistics)

- Expenditures in the General Fund were approximately five percent higher than the previous year and approximately two percent higher in the Enterprise Funds. These increases reflect continued growth, inflationary factors, and minor service level increases. Actual expenditures for FY 2020-2021 were approximately 21 percent less than budgeted General Fund expenditures because of voluntary budget reductions enacted as a precaution when the COVID-19 pandemic began. Additionally, personnel savings from unfilled positions and other line-item savings contributed to actual expenditures being less than budget.

REQUESTS FOR INFORMATION

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

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

Basic Financial Statements

SPRINGVILLE CITY CORPORATION
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 24,351,120	\$ 40,902,747	\$ 65,253,867
Receivables:			
Accounts, net	572,489	3,715,799	4,288,288
Property taxes	4,224,011	-	4,224,011
Other taxes	2,406,087	-	2,406,087
Prepays	8,061	-	8,061
Inventory	9,721	1,461,479	1,471,200
Internal balances	(4,680,714)	4,680,714	-
Restricted cash and cash equivalents	9,074,317	1,924,426	10,998,743
Equity investment in joint venture	-	3,011,447	3,011,447
Net pension asset	144,854	-	144,854
Capital assets			
Non depreciable	33,282,553	6,404,466	39,687,019
Depreciable assets, net of depreciation	86,899,085	96,107,429	183,006,514
Total assets	156,291,584	158,208,507	314,500,091
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pensions	1,290,801	621,245	1,912,046
Total deferred outflows of resources	1,290,801	621,245	1,912,046
<u>LIABILITIES</u>			
Accounts payable	633,044	2,988,719	3,621,763
Accrued liabilities	492,691	153,486	646,177
Accrued interest payable	95,909	79,566	175,475
Developer and customer deposits	1,932,572	694,567	2,627,139
Unearned revenue	125,000	-	125,000
Noncurrent liabilities:			
Due within one year	1,669,113	1,182,923	2,852,036
Due in more than one year	17,859,318	6,212,926	24,072,244
Net pension liability	676,823	341,584	1,018,407
Total liabilities	23,484,470	11,653,771	35,138,241
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred revenue-property taxes	4,180,100	-	4,180,100
Deferred inflows related to pensions	2,617,446	1,259,740	3,877,186
Total deferred inflows of resources	6,797,546	1,259,740	8,057,286
<u>NET POSITION</u>			
Net investment in capital assets	101,551,435	95,691,895	197,243,330
Restricted for:			
Debt service	144,131	453,041	597,172
Impact fees	4,542,421	5,936,601	10,479,022
Perpetual care	1,511,909	-	1,511,909
Capital projects	1,966,069	-	1,966,069
Grants and other projects	674,713	-	674,713
Unrestricted	16,909,691	43,834,704	60,744,395
Total net position	\$ 127,300,369	\$ 145,916,241	\$ 273,216,610

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

SPRINGVILLE CITY CORPORATION
Statement of Activities
For the Year Ended June 30, 2021

	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 5,243,284	\$ 901,264	\$ 189,814	\$ -	\$ (4,152,206)		\$ (4,152,206)
Public safety	6,213,586	1,303,860	1,884,539	257,284	(2,767,903)		(2,767,903)
Community development	914,850	1,696,559	234,142	-	1,015,851		1,015,851
Highways and public improvements	2,673,449	146,440	607,510	6,087,916	4,168,417		4,168,417
Parks and recreation	7,275,745	2,416,469	537,649	1,405,337	(2,916,290)		(2,916,290)
Interest on long-term debt	526,899	-	-	-	(526,899)		(526,899)
Total governmental activities	22,847,813	6,464,592	3,453,654	7,750,537	(5,179,030)		(5,179,030)
Business-type activities							
Water	3,919,455	5,688,716	-	2,233,901		\$ 4,003,162	4,003,162
Sewer	3,007,206	4,675,081	-	1,211,590		2,879,465	2,879,465
Electric	25,547,143	30,510,137	-	1,468,793		6,431,787	6,431,787
Storm Water	923,659	1,250,574	-	1,089,992		1,416,907	1,416,907
Solid Waste	1,430,092	1,977,146	-	-		547,054	547,054
Golf	921,679	1,417,568	-	-		495,889	495,889
Total business-type activities	35,749,234	45,519,222	-	6,004,276		15,774,264	15,774,264
Total primary government	\$ 58,597,047	\$ 51,983,814	\$ 3,453,654	\$ 13,754,813	(5,179,030)	15,774,264	10,595,234
General Revenues:							
Taxes							
Property					4,609,385	-	4,609,385
Sales					7,592,706	-	7,592,706
Other taxes					3,626,402	-	3,626,402
Investment earnings					160,859	173,724	334,583
Miscellaneous					649,624	-	649,624
Equity investment income					-	709,197	709,197
Transfers - net					2,594,804	(2,594,804)	-
Total general revenue					19,233,780	(1,711,883)	17,521,897
Change in net position					14,054,750	14,062,381	28,117,131
Net position - beginning					113,245,619	131,853,860	245,099,479
Net position - ending					\$ 127,300,369	\$ 145,916,241	\$ 273,216,610

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

SPRINGVILLE CITY CORPORATION
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,946,281	\$ 6,917,322	\$ 3,169,753	\$ 17,033,356
Receivables:				
Property taxes	3,954,011	-	270,000	4,224,011
Other taxes and grants	2,406,087	-	-	2,406,087
Special assessment	-	-	7,717	7,717
Other, net	546,583	-	164	546,747
Due from other funds	345	-	-	345
Inventory	9,721	-	-	9,721
Prepays	8,061	-	-	8,061
Restricted cash and cash equivalents	3,900,744	-	5,173,573	9,074,317
Total assets	\$ 17,771,833	\$ 6,917,322	\$ 8,621,207	\$ 33,310,362
<u>LIABILITIES</u>				
Accounts payable	\$ 495,846	\$ 58,201	\$ -	\$ 554,047
Accrued liabilities	479,975	-	-	479,975
Due to other funds	-	-	345	345
Developer and customer deposits	1,932,572	-	-	1,932,572
Unearned revenue	-	125,000	-	125,000
Total liabilities	2,908,393	183,201	345	3,091,939
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue-property taxes	3,910,100	-	270,000	4,180,100
Total deferred inflows of resources	3,910,100	-	270,000	4,180,100
<u>FUND BALANCES</u>				
Nonspendable	17,782	-	1,511,909	1,529,691
Restricted:				
Debt service	-	-	144,131	144,131
Museum donations	2,103	-	-	2,103
B & C roads	1,966,069	-	-	1,966,069
Transportation	672,610	-	-	672,610
Impact fees	-	-	4,542,421	4,542,421
Assigned:				
Capital projects	-	6,734,121	-	6,734,121
Community improvements	-	-	2,152,401	2,152,401
Unassigned	8,294,776	-	-	8,294,776
Total fund balances	10,953,340	6,734,121	8,350,862	26,038,323
Total liabilities, deferred inflows of resources and fund balances	\$ 17,771,833	\$ 6,917,322	\$ 8,621,207	\$ 33,310,362

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

SPRINGVILLE CITY CORPORATION
Reconciliation of the Balance Sheet of Governmental Funds
To The Statement of Net Position
June 30, 2021

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

Total fund balances for governmental funds	\$ 26,038,323
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	120,181,638
Other long-term assets and deferred outflows of resources are not available for current period expenditures and, therefore, are not reported in the funds balance sheet.	1,435,655
The proprietary funds cumulative allocation of the internal service funds net income based on use of service are included in the entitywide statements.	(4,680,714)
Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not recorded in the funds.	(95,909)
Long-term liabilities, including bonds, compensated absences, and notes are not due and payable in the current period and, therefore, are not reported in the funds.	(19,528,431)
Other long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds balance sheet.	(3,294,269)
The internal service fund is used by management to charge the cost of vehicles and related maintenance to other funds. The assets and liabilities of the internal services fund are included in the governmental activities in the Statement of Net Position.	<u>7,244,076</u>
Net position of governmental activities	<u>\$ 127,300,369</u>

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

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ 15,792,546	\$ -	\$ 35,947	\$ 15,828,493
Licenses and permits	1,830,944	-	-	1,830,944
Intergovernmental	4,057,352	367,332	234,142	4,658,826
Charges for services	4,150,066	-	124,578	4,274,644
Impact fees	-	-	2,442,632	2,442,632
Fines and forfeitures	359,004	-	-	359,004
Interest	73,333	27,488	28,113	128,934
Donations and reimbursements	58,054	-	-	58,054
Miscellaneous	124,659	-	524,965	649,624
Total revenues	26,445,958	394,820	3,390,377	30,231,155
<u>EXPENDITURES</u>				
Current:				
General government	5,166,330	-	-	5,166,330
Public safety	6,642,458	-	-	6,642,458
Community development	816,005	23,178	112,837	952,020
Highways and public improvements	1,317,225	-	-	1,317,225
Park, recreation, and public property	6,146,041	-	-	6,146,041
Capital outlay	-	5,236,281	244,205	5,480,486
Debt service:				
Principal	-	-	1,685,000	1,685,000
Interest and fiscal expenses	-	-	566,929	566,929
Total expenditures	20,088,059	5,259,459	2,608,971	27,956,489
Excess (deficiency) of revenues over (under) expenditures	6,357,899	(4,864,639)	781,406	2,274,666
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,594,804	5,283,976	1,866,779	9,745,559
Transfers out	(6,640,505)	(3,000)	(510,250)	(7,153,755)
Total other financing sources (uses)	(4,045,701)	5,280,976	1,356,529	2,591,804
Net change in fund balances	2,312,198	416,337	2,137,935	4,866,470
Fund balances, beginning	8,641,142	6,317,784	6,212,927	21,171,853
Fund balances, ending	\$ 10,953,340	\$ 6,734,121	\$ 8,350,862	\$ 26,038,323

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

SPRINGVILLE CITY CORPORATION
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2021

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

Net change in fund balances for governmental funds	\$ 4,866,470
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of \$5,000 or more are capitalized and the cost is allocated over the assets estimated useful lives and reported as depreciation expense.	
Capital outlay	5,250,009
Depreciation expense	(3,305,307)
Contributed assets are not recorded in governmental funds because current resources are not expended for acquisition. The Statement of Activities records these contributed assets at their estimated fair value on the date of contribution.	
	4,044,679
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither type of transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued. These amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.	
Reduction of long-term liability	1,685,000
Amortization of bond premiums and deferred loss on refunding	48,915
Accrued pension costs are not reported as an expenditure in the current period for governmental funds but are recorded as an expense in the statement of activities.	
	892,343
Governmental assets deleted during the year with the respective gain (loss) on disposal are not shown in governmental funds.	
	(1,630)
Expenses are recognized in the governmental funds when paid or due; however, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenses are paid or due.	
Accrued interest	(8,885)
Compensated absences	(42,590)
The proprietary funds allocation of the internal service fund net gain is based on use of service included in the entity-wide statements.	
	(446,057)
Internal service fund is used by management to charge the cost of centralized services to individual funds. The net income of the internal service fund is reported with governmental activities.	
	1,071,803
Change in net position of governmental activities	<u>\$ 14,054,750</u>

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

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$ 13,836,593	\$ 14,013,148	\$ 15,792,546	\$ 1,779,398
Licenses and permits	950,407	1,145,555	1,830,944	685,389
Intergovernmental	1,675,607	4,139,867	4,057,352	(82,515)
Charges for services	3,411,662	3,473,933	4,150,066	676,133
Fines and forfeitures	431,000	431,000	359,004	(71,996)
Interest	101,000	101,000	73,333	(27,667)
Donations	67,250	67,250	58,054	(9,196)
Miscellaneous	100,000	100,000	124,659	24,659
Total revenues	<u>20,573,519</u>	<u>23,471,753</u>	<u>26,445,958</u>	<u>2,974,205</u>
<u>EXPENDITURES</u>				
Current:				
General government:				
City administrator	1,113,542	1,123,502	563,682	559,820
Information systems	503,294	512,978	371,043	141,935
Engineering	926,612	1,451,412	164,303	1,287,109
Cemetery	330,730	307,504	273,787	33,717
Mayor and city council	188,132	189,828	55,795	134,033
Finance and treasury	1,011,142	1,015,642	359,207	656,435
Nondepartmental	2,959,481	2,987,481	2,987,631	(150)
Legal services	665,035	670,273	390,882	279,391
Total general government	<u>7,697,968</u>	<u>8,258,620</u>	<u>5,166,330</u>	<u>3,092,290</u>
Public safety:				
Police	4,886,935	4,977,369	4,836,115	141,254
Fire	1,476,806	1,526,815	1,490,655	36,160
Court	375,387	385,830	315,688	70,142
Total public safety	<u>6,739,128</u>	<u>6,890,014</u>	<u>6,642,458</u>	<u>247,556</u>
Highways and public improvements:				
Public works	322,011	326,852	103,293	223,559
Streets	1,241,444	1,239,378	1,213,932	25,446
Total highways and public improvements	<u>1,563,455</u>	<u>1,566,230</u>	<u>1,317,225</u>	<u>249,005</u>

(Continued)

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

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund (Continued)
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Parks and recreation:				
Parks	1,592,305	1,597,704	1,278,741	318,963
Recreation	908,416	922,482	966,283	(43,801)
Art museum	1,017,352	1,067,533	1,010,313	57,220
Swimming pool	1,403,124	1,653,479	1,697,920	(44,441)
Library	1,073,013	1,097,123	1,082,861	14,262
Senior citizens	103,027	109,850	96,833	13,017
Arts commission	28,000	28,000	13,090	14,910
Total parks and recreation	<u>6,125,237</u>	<u>6,476,171</u>	<u>6,146,041</u>	<u>330,130</u>
Community development:				
Building inspection	444,867	516,807	451,874	64,933
Planning and zoning	505,261	584,342	364,131	220,211
Total community development	<u>950,128</u>	<u>1,101,149</u>	<u>816,005</u>	<u>285,144</u>
Total expenditures	<u>23,075,916</u>	<u>24,292,184</u>	<u>20,088,059</u>	<u>4,204,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,502,397)</u>	<u>(820,431)</u>	<u>6,357,899</u>	<u>7,178,330</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	4,889,087	4,889,087	2,594,804	(2,294,283)
Transfers out	<u>(2,446,471)</u>	<u>(7,917,971)</u>	<u>(6,640,505)</u>	<u>1,277,466</u>
Net other financing sources (uses)	<u>2,442,616</u>	<u>(3,028,884)</u>	<u>(4,045,701)</u>	<u>(1,016,817)</u>
Net change in fund balance	<u>\$ (59,781)</u>	<u>\$ (3,849,315)</u>	2,312,198	<u>\$ 6,161,513</u>
Fund balance, beginning of year			<u>8,641,142</u>	
Fund balance, end of year			<u>\$ 10,953,340</u>	

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

SPRINGVILLE CITY CORPORATION
Statement of Net Position – Proprietary Funds
June 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>					<u>Governmental Activities Internal Service Fund</u>
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 6,457,943	\$ 7,206,196	\$ 22,300,853	\$ 4,937,755	\$ 40,902,747	\$ 7,317,764
Accounts receivable, net	582,633	471,790	2,320,892	340,484	3,715,799	18,025
Inventory	367,686	-	1,093,793	-	1,461,479	-
Total current assets	<u>7,408,262</u>	<u>7,677,986</u>	<u>25,715,538</u>	<u>5,278,239</u>	<u>46,080,025</u>	<u>7,335,789</u>
Noncurrent assets:						
Restricted cash and cash equivalents	168,258	362,433	1,393,735	-	1,924,426	-
Capital assets:						
Land	201,267	40,860	273,498	1,202,282	1,717,907	-
Water shares	1,374,919	-	-	-	1,374,919	-
Construction in progress	192,247	1,439,097	1,201,091	479,205	3,311,640	22,528
Buildings	399,906	-	2,632,422	2,815,716	5,848,044	-
Improvements other than buildings	53,528,859	40,363,540	74,449,912	6,847,413	175,189,724	-
Machinery and equipment	249,046	338,960	355,193	713,221	1,656,420	9,472,721
Accumulated depreciation	<u>(17,065,979)</u>	<u>(18,374,378)</u>	<u>(47,527,839)</u>	<u>(3,618,563)</u>	<u>(86,586,759)</u>	<u>(5,805,824)</u>
Net capital assets	<u>38,880,265</u>	<u>23,808,079</u>	<u>31,384,277</u>	<u>8,439,274</u>	<u>102,511,895</u>	<u>3,689,425</u>
Other assets:						
Equity investment in joint venture	-	-	-	3,011,447	3,011,447	-
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,011,447</u>	<u>3,011,447</u>	<u>-</u>
Total noncurrent assets	<u>39,048,523</u>	<u>24,170,512</u>	<u>32,778,012</u>	<u>11,450,721</u>	<u>107,447,768</u>	<u>3,689,425</u>
Total assets	<u>46,456,785</u>	<u>31,848,498</u>	<u>58,493,550</u>	<u>16,728,960</u>	<u>153,527,793</u>	<u>11,025,214</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	93,613	79,276	355,305	93,051	621,245	58,466
Total deferred outflows of resources	<u>93,613</u>	<u>79,276</u>	<u>355,305</u>	<u>93,051</u>	<u>621,245</u>	<u>58,466</u>

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

SPRINGVILLE CITY CORPORATION
Statement of Net Position – Proprietary Funds (Continued)
June 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>				Total	Governmental Activities Internal Service Fund
	Water	Sewer	Electric	Nonmajor Enterprise Funds		
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable	\$ 280,307	\$ 538,284	\$ 2,071,033	\$ 99,095	\$ 2,988,719	\$ 78,997
Accrued liabilities	21,604	19,109	81,832	30,941	153,486	12,716
Deposits	77,650	-	616,917	-	694,567	-
Accrued interest payable	15,754	63,812	-	-	79,566	-
Compensated absences	37,794	25,912	187,494	36,723	287,923	20,178
Bonds payable	177,210	717,790	-	-	895,000	-
Total current liabilities	610,319	1,364,907	2,957,276	166,759	5,099,261	111,891
Noncurrent liabilities:						
Compensated absences	37,794	25,912	187,495	36,725	287,926	20,178
Bonds payable	1,173,150	4,751,850	-	-	5,925,000	-
Net pension liability	51,472	43,589	195,361	51,162	341,584	32,147
Total noncurrent liabilities	1,262,416	4,821,351	382,856	87,887	6,554,510	52,325
Total liabilities	1,872,735	6,186,258	3,340,132	254,646	11,653,771	164,216
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred inflows related to pensions	189,826	160,753	720,477	188,684	1,259,740	118,556
Total deferred inflows of resources	189,826	160,753	720,477	188,684	1,259,740	118,556
<u>NET POSITION</u>						
Net investment in capital assets	37,529,905	18,338,439	31,384,277	8,439,274	95,691,895	3,747,891
Restricted for impact fees	505,986	-	3,560,333	1,870,282	5,936,601	-
Restricted for debt service	90,608	362,433	-	-	453,041	-
Unrestricted	6,361,338	6,879,891	19,843,636	6,069,125	39,153,990	7,053,017
Total net position	\$ 44,487,837	\$ 25,580,763	\$ 54,788,246	\$ 16,378,681	141,235,527	\$ 10,800,908
Amounts reported for business activities in the statement of net position are different because:						
Internal service funds are used by management to charge the costs of vehicles and fleet services to other funds. The net adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time.					4,680,714	
Net position (proprietary funds/entity-wide)					<u>\$ 145,916,241</u>	

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

SPRINGVILLE CITY CORPORATION
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>				<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Nonmajor Enterprise Funds</u>		
<u>OPERATING REVENUES</u>						
Sales and charges for services	5,488,409	\$ 4,664,457	\$ 30,181,684	\$ 4,613,382	\$ 44,947,932	\$ 3,125,175
Connection fees	195,366	-	270,129	-	465,495	-
Miscellaneous income	4,941	10,624	58,324	31,906	105,795	4,730
Total operating revenues	5,688,716	4,675,081	30,510,137	4,645,288	45,519,222	3,129,905
<u>OPERATING EXPENSES</u>						
Salaries and benefits	848,521	757,388	3,086,925	1,004,707	5,697,541	676,970
Administrative	1,886,209	1,202,594	20,502,432	2,201,210	25,792,445	755,038
Depreciation	1,201,777	976,263	2,103,685	216,410	4,498,135	704,809
Total operating expenses	3,936,507	2,936,245	25,693,042	3,422,327	35,988,121	2,136,817
Operating income	1,752,209	1,738,836	4,817,095	1,222,961	9,531,101	993,088
<u>NONOPERATING REVENUES (EXPENSES)</u>						
Equity income of joint venture	-	-	-	709,197	709,197	-
Impact fees	867,116	596,428	1,468,793	520,918	3,453,255	-
Interest income	25,302	30,303	97,823	20,296	173,724	31,925
Interest and fiscal expenses	(41,024)	(166,146)	-	-	(207,170)	-
Gain on disposal of assets	-	-	-	-	-	43,790
Total nonoperating revenues (expenses)	851,394	460,585	1,566,616	1,250,411	4,129,006	75,715
Income before contributions and transfers	2,603,603	2,199,421	6,383,711	2,473,372	13,660,107	1,068,803
Capital contributions	1,366,785	615,162	-	569,074	2,551,021	-
Transfers in	-	60,000	-	-	60,000	3,000
Transfers out	(310,813)	(290,330)	(1,834,119)	(219,542)	(2,654,804)	-
Change in net position	3,659,575	2,584,253	4,549,592	2,822,904	13,616,324	1,071,803
Total net position, beginning	40,828,262	22,996,510	50,238,654	13,555,777	127,619,203	9,729,105
Total net position, ending	\$ 44,487,837	\$ 25,580,763	\$ 54,788,246	\$ 16,378,681	\$ 141,235,527	\$ 10,800,908
Change in net position (proprietary funds)					\$ 13,616,324	
Amounts reported for business activities in the statement of activities are different because:						
Internal service funds are used by management to charge the costs of vehicles and fleet services to other funds. The net current year activity associated with the internal service fund was allocated based on use of service to the individual funds in the statement of activities.					446,057	
Change in net position (proprietary funds/entity-wide)					<u>\$ 14,062,381</u>	

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

SPRINGVILLE CITY CORPORATION
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Water	Sewer	Electric	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities						
Receipts from customers and users	\$ 5,835,843	\$ 4,698,260	\$ 30,355,853	\$ 4,655,877	\$ 45,545,833	\$ 3,120,106
Payments to suppliers	(2,240,027)	(753,163)	(20,077,131)	(2,317,949)	(25,388,270)	(693,723)
Payments to employees	(936,859)	(836,607)	(3,344,325)	(1,052,110)	(6,169,901)	(617,907)
Net cash provided by operating activities	2,658,957	3,108,490	6,934,397	1,285,818	13,987,662	1,808,476
Cash flows from noncapital financing activities						
Transfers from other funds	-	60,000	-	-	60,000	3,000
Transfers to other funds	(310,813)	(290,330)	(1,834,119)	(219,542)	(2,654,804)	-
Net cash provided (used) by noncapital financing activities	(310,813)	(230,330)	(1,834,119)	(219,542)	(2,594,804)	3,000
Cash flows from capital and related financing activities						
Aquisition of capital assets	(1,060,670)	(1,570,878)	(1,641,124)	(268,281)	(4,540,953)	(1,162,586)
Proceeds from sale of assets	-	-	-	-	-	47,830
Impact fees received	867,116	596,428	1,468,793	520,918	3,453,255	-
Principal paid on capital debt	(187,640)	(682,360)	-	-	(870,000)	-
Interest paid on capital debt	(43,213)	(174,107)	-	-	(217,320)	-
Net cash used by capital and related financing activities	(424,407)	(1,830,917)	(172,331)	252,637	(2,175,018)	(1,114,756)
Cash flows from investing activities						
Interest received	25,302	30,303	97,823	20,296	173,724	31,925
Net cash provided by investing activities	25,302	30,303	97,823	20,296	173,724	31,925
Net increase (decrease) in cash and cash equivalents	1,949,039	1,077,546	5,025,770	1,339,209	9,391,564	728,645
Cash and cash equivalents, beginning of year	4,677,162	6,491,083	18,668,818	3,598,546	33,435,609	6,589,119
Cash and cash equivalents, end of year	\$ 6,626,201	\$ 7,568,629	\$ 23,694,588	\$ 4,937,755	\$ 42,827,173	\$ 7,317,764
Unrestricted cash	\$ 6,457,943	\$ 7,206,196	\$ 22,300,853	\$ 4,937,755	\$ 40,902,747	\$ 7,317,764
Restricted cash	168,258	362,433	1,393,735	-	1,924,426	-
Total cash and cash equivalents	\$ 6,626,201	\$ 7,568,629	\$ 23,694,588	\$ 4,937,755	\$ 42,827,173	\$ 7,317,764

(Continued)

SPRINGVILLE CITY CORPORATION
Statement of Cash Flows – Proprietary Fund (Continued)
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds					Governmental
	Water	Sewer	Electric	Nonmajor	Total	Internal Service Fund
				Enterprise Funds	Enterprise Funds	
Reconciliation of operating income to net cash provided by operating activities						
Operating income	\$ 1,752,209	\$ 1,738,836	\$ 4,817,095	\$ 1,222,961	\$ 9,531,101	\$ 993,088
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	1,201,777	976,263	2,103,685	216,410	4,498,135	704,809
Changes in assets and liabilities:						
Accounts receivable	88,527	23,179	(148,285)	10,589	(25,990)	(9,799)
Prepays	(26,958)	-	(19,702)	-	(46,660)	-
Accounts payable	(326,860)	449,431	445,003	(116,739)	450,835	61,315
Accrued liabilities	(552)	2,393	11,674	3,436	16,951	517
Deposits	58,600	-	59,273	-	117,873	-
Unearned revenue	-	-	(65,272)	-	(65,272)	-
Compensated absences	1,582	(13,309)	20,257	16,220	24,750	16,586
Net pension liability	(89,368)	(68,303)	(289,331)	(67,059)	(514,061)	41,960
Net cash provided by operating activities	\$ 2,658,957	\$ 3,108,490	\$ 6,934,397	\$ 1,285,818	\$ 13,987,662	\$ 1,808,476
Noncash investing, capital and financing activities						
Capital contributions - developers	\$ 1,366,785	\$ 615,162	\$ -	\$ 569,074	\$ 2,551,021	\$ -
Equity investment adjustment for net income and ownership changes	\$ -	\$ -	\$ -	\$ 709,197	\$ -	\$ -

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

SPRINGVILLE CITY CORPORATION

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SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

Internal Service Fund – The internal service fund accounts for the costs of procurement and maintenance of vehicles and equipment owned by the City.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables and Payables (Continued)

Management has estimated the allowance for uncollectibles to be \$289,224 for governmental funds and \$83,500 for proprietary funds, which is estimated based on historical trends related to collections.

Other receivables at June 30, 2021, consist of property taxes, franchise taxes, sales tax, grants and accounts (billings for user charged services, including unbilled utility services) and are shown net of an allowance for uncollectibles. The utility billings for charged services are billed to customers monthly.

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

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

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

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

Assets	Years
Buildings and structures	20 - 40
Improvements and infrastructure	7 - 40
Machinery, equipment, and vehicles	5 - 15

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

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

The total compensated absences liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absences liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when it is due for payment in the current fiscal year. Historically, compensated absences are paid by the individual funds as they become due, for governmental funds, most of the costs are paid by the General Fund.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Inflows and Outflows of Resources In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property taxes (property taxes which will be levied and collected more than 60 days after year end) in this category. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available. The City also has deferred inflows relating to pensions as of June 30, 2021.

Deferred outflows of resources represent a consumption of net position that applies to a future period and is therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The City also has deferred outflows relating to pensions as of June 30, 2021.

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

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

- (1) *Nonspendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- (2) *Restricted fund balance* classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditor, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- (3) *Committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.
- (4) *Assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance and Net Position (Continued)

(5) *Unassigned fund balance* classification is the residual classification for the General Fund or funds with deficit fund balances. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

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

Estimates The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from those estimates.

Reclassifications

Certain amounts have been reclassified in the 2020 financial statements to conform with the 2021 presentation.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Data (Continued)

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

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

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

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

Tax Revenues

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

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

3. DEPOSITS AND INVESTMENTS

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

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

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

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value of Investments

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

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

At June 30, 2021, the City had the following recurring fair value measurements.

	06/30/21	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
PTIF	\$ 74,119,700	\$ -	\$ 74,119,700	\$ -
Total debt securities	<u>\$ 74,119,700</u>	<u>\$ -</u>	<u>\$ 74,119,700</u>	<u>\$ -</u>

The City’s cash and cash equivalents and investments are exposed to certain risks as outlined below:

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned. As of June 30, 2021, \$2,455,898 of the City’s \$2,705,898 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. UMMA does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. UMMA requires that the City keep deposits in a qualified depository, which the City has done.

Custodial credit risk – investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. Of the City’s investment in the Utah Public Treasurer’s Investment Fund (PTIF) of \$74,119,700, the City has no custodial credit risk exposure as the PTIF is an external investment pool managed by the Utah State Treasurer and is not categorized as to custodial credit risk.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

As of June 30, 2021, the City’s investments had the following maturities and ratings:

Investment Type	Fair Value	Investment Maturities (in Years)		Quality Ratings
		Less Than 1	1-5	
PTIF	\$ 74,119,700	\$74,119,700	\$ -	Unrated
	<u>\$ 74,119,700</u>	<u>\$74,119,700</u>	<u>\$ -</u>	

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

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

For the year ended June 30, 2021, the City had investments of \$74,119,700 with the PTIF. The fair value of these investments was \$74,368,177 using a fair value factor of 1.00335237.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Following are the City's cash and cash equivalents at June 30, 2021:

	Carrying Value
Cash on hand and on deposit:	
Cash on hand	\$ 4,250
Cash on deposit	2,128,660
PTIF accounts	74,119,700
Total cash on hand and deposit	<u>\$ 76,252,610</u>

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

	Transfers In	Transfers Out
General Fund	\$ 2,594,804	\$ 6,640,505
Capital Projects Fund	5,283,976	3,000
Nonmajor Governmental Funds	1,866,779	510,250
Water Fund	-	310,813
Sewer Fund	60,000	290,330
Electric Fund	-	1,834,119
Nonmajor Proprietary Funds	-	219,542
Internal Service Fund	3,000	-
	<u>\$ 9,808,559</u>	<u>\$ 9,808,559</u>

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

5. CAPITAL ASSETS

Capital asset activity of the governmental activities, including the internal service fund, for the year ended June 30, 2021 was as follows:

	6/30/2020	Increases	Decreases	Transfers	06/30/21
<u>Governmental activities</u>					
Capital assets, not being depreciated:					
Land	\$ 25,892,230	\$ 5,144,388	\$ -	\$ -	\$ 31,036,618
Construction in progress	2,764,030	217,425	(735,520)	-	2,245,935
Total capital assets, not being depreciated	28,656,260	5,361,813	(735,520)	-	33,282,553
Capital assets, being depreciated:					
Buildings and structures	58,208,066	58,327	-	-	58,266,393
Improvements	84,320,065	4,438,202	(45,954)	-	88,712,313
Machinery, equipment, and vehicles	13,761,739	1,334,452	(829,122)	-	14,267,069
Total capital assets, being depreciated	156,289,870	5,830,981	(875,076)	-	161,245,775
Less accumulated depreciation	(71,205,980)	(4,010,116)	869,406	-	(74,346,690)
Total capital assets being depreciated, net	85,083,890	1,820,865	(5,670)	-	86,899,085
Governmental capital assets, net	\$ 113,740,150	\$ 7,182,678	\$ (741,190)	\$ -	\$ 120,181,638

Capital asset activity of the business-type activities for the year ended June 30, 2021 was as follows:

	6/30/2020	Increases	Decreases	Transfers	06/30/21
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 1,717,907	\$ -	\$ -	\$ -	\$ 1,717,907
Construction in progress	3,500,242	2,217,366	(2,405,968)	-	3,311,640
Water shares	1,374,919	-	-	-	1,374,919
Total capital assets, not being depreciated	6,593,068	2,217,366	(2,405,968)	-	6,404,466
Capital assets, being depreciated:					
Buildings and structures	5,848,044	-	-	-	5,848,044
System improvements	167,349,139	7,131,191	-	709,394	175,189,724
Machinery, equipment, and vehicles	2,460,365	149,385	(243,936)	(709,394)	1,656,420
Total capital assets, depreciated	175,657,548	7,280,576	(243,936)	-	182,694,188
Less accumulated depreciation	(82,332,560)	(4,498,135)	243,936	-	(86,586,759)
Total capital assets being depreciated, net	93,324,988	2,782,441	-	-	96,107,429
Business-type capital assets, net	\$ 99,918,056	\$ 4,999,807	\$ (2,405,968)	\$ -	\$ 102,511,895

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 394,788
Public safety	221,220
Community development	5,925
Highways and public improvements	1,318,871
Parks and recreation	1,364,503
Internal service funds	704,809
Total depreciation expense - governmental activities	<u>\$ 4,010,116</u>
Business-type activities:	
Water Fund	\$ 1,201,777
Sewer Fund	976,263
Electric Fund	2,103,685
Storm Water Fund	160,592
Solid Waste Fund	18,225
Golf Course Fund	37,593
Total depreciation expense - business-type activities	<u>\$ 4,498,135</u>

6. INVESTMENT IN JOINT VENTURES

South Utah Valley Solid Waste District

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

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

Annually, the City recognizes its pro-rata share of the District's operating income or loss. For fiscal year , the District reported an increase in net position of \$4,727,983. The City recognized its 15% of the District's income as equity income of a joint venture of \$709,197 in the Solid Waste Fund. The complete financial statements for Utah Valley Solid Waste District are available at the District's offices, 2450 West 400 South, Springville, Utah.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

7. LONG-TERM DEBT

The following is a summary of changes in long-term debt for governmental activities of the City at June 30, 2021:

	<u>6/30/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/21</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
General obligation bonds	\$ 15,000,000	\$ -	\$ (890,000)	\$ 14,110,000	\$ 915,000
Sales tax revenue bonds	500,000	-	(500,000)	-	-
Municipal Building Authority					
lease revenue bonds	3,990,000	-	(295,000)	3,695,000	305,000
Plus: unamortized premiums	890,429	-	(65,226)	825,203	-
Total bonds payable	<u>20,380,429</u>	<u>-</u>	<u>(1,750,226)</u>	<u>18,630,203</u>	<u>1,220,000</u>
Compensated absences	<u>839,052</u>	<u>544,858</u>	<u>(485,682)</u>	<u>898,228</u>	<u>449,113</u>
Governmental activities, long-term liabilities	<u>\$ 21,219,481</u>	<u>\$ 544,858</u>	<u>\$ (2,235,908)</u>	<u>\$ 19,528,431</u>	<u>\$ 1,669,113</u>

Long-term debt and obligations for governmental activities payable at June 30, 2021 were as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-Term Balance</u>
Municipal Building Authority Lease Revenue Bonds, Series 2008 (original amount - \$6,435,000)	2.55%	2031	\$ 305,000	\$ 3,390,000
General Obligation Bonds, Series 2016 (original amount - \$10,785,000)	2.00% to 5.00%	2036	455,000	8,415,000
General Obligation Bonds, Series 2020 (original amount - \$5,695,000)	2.00% to 3.00%	2031	460,000	4,780,000
Unamortized Premium on Bond				<u>825,203</u>
Total Governmental Activities Long-term Debt			<u>\$ 1,220,000</u>	<u>\$ 17,410,203</u>

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

7. LONG-TERM DEBT (CONTINUED)

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

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

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

The following is a summary of changes in long-term debt for business-type activities of the City at June 30, 2021:

	<u>6/30/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/21</u>	<u>Due in One Year</u>
<u>Business-type activities</u>					
Water and sewer revenue bonds	\$ 7,690,000	\$ -	\$ (870,000)	6,820,000	\$ 895,000
Compensated absences	<u>551,099</u>	<u>273,627</u>	<u>(248,877)</u>	<u>575,849</u>	<u>287,923</u>
Business-type activities, long-term liabilities	<u>\$ 8,241,099</u>	<u>\$ 273,627</u>	<u>\$ (1,118,877)</u>	<u>\$ 7,395,849</u>	<u>\$ 1,182,923</u>

Long-term debt and obligations for business-type activities payable at June 30, 2021 were as follows:

<u>Business-type Activities</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-Term Balance</u>
Water and Sewer Revenue Refunding Bonds, Dated April 22, 2008 (original amount - \$15,135,000)	2.80%	2028	<u>\$ 895,000</u>	<u>\$ 5,925,000</u>
Total Business-type Activities Long-term Debt			<u>\$ 895,000</u>	<u>\$ 5,925,000</u>

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

7. LONG-TERM DEBT (CONTINUED)

The proceeds of the 2008 water and sewer revenue bonds were used to upgrade the sewer treatment plant, install the water main along 400 South and sewer lines along 1500 West. The City pledges the revenues of the water and sewer funds to repay these bonds through the maturity dates listed above. Annual principal and interest payments are expected to require less than forty percent of the total sewer revenues.

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

Year Ending June 30,	Governmental Activities		Business-type Activities		Government-Wide	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,220,000	\$ 520,021	\$ 895,000	\$ 190,960	\$ 2,115,000	\$ 710,981
2023	1,270,000	475,503	920,000	165,900	2,190,000	641,403
2024	1,315,000	429,215	945,000	140,140	2,260,000	569,355
2025	1,370,000	381,059	975,000	113,680	2,345,000	494,739
2026	1,425,000	330,820	1,000,000	86,380	2,425,000	417,200
2027-2031	7,800,000	1,088,614	2,085,000	87,920	9,885,000	1,176,534
2032-2036	3,405,000	429,210	-	-	3,405,000	429,210
	<u>\$ 17,805,000</u>	<u>\$ 3,654,441</u>	<u>\$ 6,820,000</u>	<u>\$ 784,980</u>	<u>\$ 24,625,000</u>	<u>\$ 4,439,421</u>

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

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

	<u>Bonds</u>	<u>Bonds</u>
Net revenues		
Operating revenues	\$ 5,688,716	\$ 4,675,081
Operating expenses (excluding depreciation and amortization)	(2,734,730)	(1,959,982)
Impact fees	867,116	596,428
Interest income	25,302	30,303
Net revenues	<u>\$ 3,846,404</u>	<u>\$ 3,341,830</u>
Maximum Aggregate Debt Service	<u>\$ 211,000</u>	<u>\$ 844,000</u>
Ratio of Net Revenues to Aggregate Debt Service	<u>1823%</u>	<u>396%</u>
Minimum Ratio	<u>130%</u>	<u>130%</u>

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS

General Information about the Pension Plan

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

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

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

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

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS (CONTINUED)

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4%
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.50%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year to June 30, 2020; 2.0% per year July 1, 2020 to present	Up to 2.50%

*with actuarial reductions

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

Contributions As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2021 are as follows:

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

Utah Retirement Systems

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
11 - Local Government Division Tier 1	6.00%	14.46%	N/A
111 - Local Governmental Division Tier 2	N/A	15.80%	0.89%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.47%	N/A
Public Safety Retirement System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety Contributory	2.27%	25.83%	N/A
Noncontributory			
43 - Other Division A Noncontributory with 2.5% COLA	N/A	34.04%	N/A
Firefighters Retirement System			
31 Other Division A	15.05%	4.61%	N/A
132 Tier 2 DB Hybrid Firefighters	2.27%	14.08%	N/A
Tier 2 DC Only			
211- Local Government	N/A	6.69%	10.00%
222-Public Safety	N/A	11.83%	14.00%
232-Firefighters	N/A	0.08%	14.00%

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

For fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

System	Contributions	Contributions
Noncontributory System	\$ 1,083,686	N/A
Public Safety System	293,824	-
Firefighters System	9,114	24,073
Tier 2 Public Employees System	487,002	-
Tier 2 Public Safety and Firefighter System	200,071	18,308
Tier 2 DC Only System	22,054	N/A
Tier 2 DC Public Safety and Firefighter System	16,256	N/A
Total Contributions	\$ 2,112,007	\$ 42,381

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS (CONTINUED)

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

At June 30, 2021, the City reported a net pension asset of \$144,854 and a net pension liability of \$1,018,407.

	Measurement Date: December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2019	Change (Decrease)
Noncontributory System	\$ -	\$ 366,343	0.7141967%	0.7414277%	-0.0272310%
Public Safety System	-	587,617	0.7077670%	0.6461895%	0.0615775%
Firefighters System	144,854	-	0.5180401%	0.4527187%	0.0653214%
Tier 2 Public Employees System	-	26,116	0.1815803%	0.1813525%	0.0002278%
Tier 2 Public Safety and Firefighter	-	38,331	0.4273484%	0.4662243%	-0.0388759%
Total Net Pension Asset / Liability	<u>\$ 144,854</u>	<u>\$1,018,407</u>			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 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, 2021, the City recognized pension expense of \$743,622.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 665,789	\$ 18,380
Changes in assumptions	64,412	72,275
Net difference between projected and actual earnings on pension plan investments	-	3,622,467
Changes in proportion and differences between contributions and proportionate share of contributions	133,685	164,064
Contributions subsequent to the measurement date	<u>1,048,160</u>	<u>-</u>
Total	<u>\$ 1,912,046</u>	<u>\$ 3,877,186</u>

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS (CONTINUED)

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

\$1,048,160 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2020.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources	
2021	\$	(838,868)
2022		(403,006)
2023		(1,261,021)
2024		(588,182)
2025		12,827
Thereafter		64,950

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense of \$226,690.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 491,474	\$ -
Changes in assumptions	-	47,920
Net difference between projected and actual earnings on pension plan investments	-	2,675,051
Changes in proportion and differences between contributions and proportionate share of contributions	3,401	144,214
Contributions subsequent to the measurement date	533,136	-
Total	<u>\$ 1,028,011</u>	<u>\$ 2,867,185</u>

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS (CONTINUED)

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

\$533,136 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2020.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (665,609)
2022	(323,308)
2023	(939,905)
2024	(443,488)

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

For the year ended June 30, 2021, the City recognized pension expense of \$183,722.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 108,157	\$ 569
Changes in assumptions	-	16,713
Net difference between projected and actual earnings on pension plan investments	-	759,328
Changes in proportion and differences between contributions and proportionate share of contributions	79,289	13,105
Contributions subsequent to the measurement date	140,958	-
Total	\$ 328,404	\$ 789,715

\$140,958 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2020.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS (CONTINUED)

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

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$ (136,925)
2022	(66,166)
2023	(273,311)
2024	(125,867)

Firefighters System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense of (\$39,304).

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,297	\$ 5,840
Changes in assumptions	22,470	2,585
Net difference between projected and actual earnings on pension plan investments	-	87,254
Changes in proportion and differences between contributions and proportionate share of contributions	984	5,830
Contributions subsequent to the measurement date	<u>3,807</u>	<u>-</u>
Total	<u>\$ 49,558</u>	<u>\$ 101,509</u>

\$3,807 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2020.

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS (CONTINUED)

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$ (18,802)
2022	(2,886)
2023	(24,131)
2024	(11,604)
2025	1,665

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

For the year ended June 30, 2021, the City recognized pension expense of \$255,457.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 24,041	\$ 11,959
Changes in assumptions	33,034	950
Net difference between projected and actual earnings on pension plan investments	-	76,338
Changes in proportion and differences between contributions and proportionate share of contributions	37,946	-
Contributions subsequent to the measurement date	<u>263,790</u>	<u>-</u>
Total	<u>\$ 358,811</u>	<u>\$ 89,247</u>

\$263,790 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2020.

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS (CONTINUED)

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$ (13,264)
2022	(7,900)
2023	(17,961)
2024	(5,402)
2025	8,675
Thereafter	41,626

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

For the year ended June 30, 2021, the City recognized pension expense of \$117,057.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,820	\$ 12
Changes in assumptions	8,908	4,107
Net difference between projected and actual earnings on pension plan investments	-	24,496
Changes in proportion and differences between contributions and proportionate share of contributions	12,065	915
Contributions subsequent to the measurement date	<u>106,469</u>	<u>-</u>
Total	<u>\$ 147,262</u>	<u>\$ 29,530</u>

\$106,469 reported as deferred outflows of resources related to pension results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2020.

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS (CONTINUED)

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (4,268)
2022	(2,746)
2023	(5,713)
2024	(1,821)
2025	2,487
Thereafter	23,324

Actuarial assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption 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, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

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

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	37%	6.30%	2.33%
Debt securities	20%	0.00%	0.00%
Real assets	15%	6.19%	0.93%
Private equity	12%	9.50%	1.14%
Absolute return	16%	2.75%	0.44%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
		<u>Inflation</u>	<u>2.50%</u>
		<u>Expected arithmetic nominal return</u>	<u>7.34%</u>

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.95 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. The discount rate remained unchanged at 6.95 percent.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

8. RETIREMENT PLANS (CONTINUED)

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

<u>System</u>	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 6,351,284	\$ 366,342	\$ (4,623,007)
Public Safety System	2,480,832	587,617	(949,669)
Firefighters System	65,809	(144,854)	(315,237)
Tier 2 Public Employees System	439,459	26,116	(290,080)
Tier 2 Public Safety and Firefighter System	180,717	38,331	(75,231)
Total	<u>\$ 9,518,101</u>	<u>\$ 873,552</u>	<u>\$ (6,253,224)</u>

Pension Plan Fiduciary Net Position

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

9. DEFINED CONTRIBUTION SAVINGS PLAN

The City sponsors a defined contribution deferred compensation plan administered by The Benefit Source under the Internal Revenue Code Section 401(k) for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to all permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City participates at rates between 0% and 2%, depending on the employees' contributions. The rate of City participation can be changed by the City Council.

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

401(k) Plan	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer contributions	\$ 210,164	\$ 193,433	\$ 205,895
Employee contributions	262,185	272,725	266,649

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

9. DEFINED CONTRIBUTION SAVINGS PLAN (CONTINUED)

The City sponsors a defined contribution deferred compensation plan administered by The Benefit Source under the Internal Revenue Code Section 457 for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to certain permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 457 deferred compensation monies are not available to the City or its general creditors.

457 Plan	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employee contributions	\$ 16,996	\$ 29,370	\$ 35,253

The City participates in a Defined Contribution Saving Plan, which is administered by the Utah Retirement Systems Board and is a supplemental plan 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 section 401(k) of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

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

401(k) Plan	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer contributions	\$ 96,058	\$ 64,872	\$ 75,561
Employee contributions	11,502	4,733	21,600
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	850	-	-
Traditional IRA			
Employer contributions	N/A	N/A	N/A
Employee contributions	-	375	-

* The employer paid 401(k) contributions include the totals paid for employees in the Tier 2 Defined Contribution 401(k) Plan.

10. REDEVELOPMENT AGENCY OF SPRINGVILLE CITY

In accordance with Utah State law, the City makes the following disclosures relative to the Redevelopment Agency of Springville City (RDA): The RDA collected \$270,089 of tax increment monies for its project areas of which \$112,837 was paid for development incentives. During 2021, the RDA expended \$0 for administrative costs.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

11. TAX ABATEMENTS

As of June 30, 2021, the City provides tax abatements under one program: the Redevelopment Agency of Springville City (the Agency). Pursuant to the provisions of the Utah Community Development and Renewal Agencies Act, Utah State Code Title 17C, the City established the Redevelopment Agency. The City authorizes the rebate of sales and property tax increment through the budget process. The annual budget is adopted by City ordinance. The amount of the tax rebate (abatement) is based on the provisions as stated in the written agreement between the Agency and the outside entity. The abatement recipient remits their full property or sales tax obligation to the taxing authority. Once the taxes have been paid and it has been verified that the provisions of the agreement have been met, then the agreed amount is rebated to the recipient entity. The qualifying provisions of the agreements generally focus on affordable housing and transit-oriented housing or business relocation, business development, job creation, and sales and property tax generation.

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

Tax Abatement Program	Taxes Abated in 2021	Taxes Abated in Prior Years	Total Maximum Tax Abatement	Primary Purpose of Abatement	Abatement Expires
Redevelopment Agency of Springville City					
Frontage Road Neighborhood HWP Properties, LLC	\$ -	\$ 36,560	Property tax: 100% through 2020, then reducing 10% per year.	Sales and Property Tax generations	2025
HWP Properties, LLC	\$ 9,634	\$ 65,333	Sales tax: \$200,000	Sales and Property Tax generations	2022
Olds Family Trust	\$ 112,836	\$ 354,629	Property tax: 70% per year; \$657,230 maximum	Sales and Property Tax generations	2025

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

12. COMMITMENTS AND CONTINGENCIES

Utah Associates Municipal Power System (UAMPS)

The City is a member of Utah Associated Municipal Power System (UAMPS), a political subdivision of the State of Utah created to secure electric power for the members of UAMPS. As a member, the City has entered into power supply agreements and contracts with respect to various projects in which UAMPS participates. The total cost of the power the City will be required to purchase in future years is not determinable. During the year ended June 30, 2021, the City purchased power totaling approximately \$17.96 million.

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

UAMPS Payson Nebo Generation Plant

In June 2002, the City entered into a power service contract with UAMPS which expires on the later of (1) the date the principal, premium, if any, and interest on all of the UAMPS Payson Nebo Generation Plant revenue bonds have been paid or (2) the final shutdown date of the Payson Nebo Generation Plant. The contract entitles the City to approximately 19.12 percent of the output of the Payson Nebo Generation Plant. The City is obligated for 19.12 percent of the total project debt service of approximately \$26,020,000 (City portion - \$4,973,697) in revenue bonds outstanding at June 30, 2021, issued to finance construction of the plant.

UAMPS - Horse Butte Wind Project

In August of 2010 the City entered into Power Sales Contract with UAMPS to take delivery of energy from a 57.6 MW nameplate capacity wind farm located 16 miles east of the City of Idaho Falls in Bonneville County, Idaho. The PSC entitles the City to approximately 5.21% of the daily output associated with the 32 Vestas V-100 1.8 MW wind turbines installed on the project site. Construction of the Facility was completed in August of 2012 and commenced commercial operation. The City is obligated for 5.18% and 5.21% of the total project debt service of approximately \$78,930,000 (City portion - \$4,109,886) outstanding at June 30, 2021, issued to finance a prepayment for a specified supply of electricity to be delivered over a 20-year term.

SPRINGVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2021

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Future Commitments and Contingencies

San Juan – An equity purchase of 4 megawatts of energy from the San Juan coal-fired plant started in July 2005. The four megawatts represents approximately 11.43% of the UAMPS entitlement to the plant’s capacity and Springville City is obligated for 14.87% of the 2011 (1998 refunding) bonded debt and 16.39% of the 2008 bonded debt. The total outstanding 2011 (1998 refunding) and 2008 bond principal amounts as of June 30, 2021 were \$3,605,000 and \$215,000 respectively, with the City’s portions being \$536,060 and \$35,246. This power is a base load project, meaning that power is delivered 24 hours per day whenever the plant is operating. Springville City expects to receive approximately 25-30.0 million kilowatt hours of energy over the course of an average year.

13. RELATED PARTY TRANSACTIONS

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

The City’s Mayor is the President of Child Enterprises, Inc., a local contracting company. Child Enterprises, Inc. is periodically awarded bids to act as a City contractor and/or subcontractor to the City’s contractor. The City did not have any payments to Child Enterprises, Inc. in the 2021 fiscal year.

14. RISK MANAGEMENT

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

15. SUBSEQUENT EVENTS

The City received its first of two \$1,971,130 installments from the ARPA State and Local Fiscal Recovery Fund (SLFRF) in July 2021. The second installment will be received in July 2022. The City must encumber all SLFRF funds by December 31, 2024 and spend the funds by December 31, 2026 on qualifying costs and projects.

SPRINGVILLE CITY CORPORATION

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Required Supplementary Information

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

	As of December 31,	Proportion of Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
Noncontributory System	2014	0.8173763%	\$ 3,549,240	\$ 7,022,000	50.50%	90.20%
	2015	0.8157080%	4,615,673	6,986,652	66.06%	87.80%
	2016	0.7984120%	5,126,782	6,917,208	74.12%	87.30%
	2017	0.7552263%	3,308,873	6,311,269	52.43%	91.90%
	2018	0.7615219%	5,607,637	6,391,261	87.74%	87.00%
	2019	0.7414277%	2,794,344	6,286,171	44.45%	93.70%
	2020	0.7141967%	366,342	5,962,447	6.14%	99.20%
Contributory System	2014	0.2162152%	\$ 62,366	\$ 115,606	53.90%	94.00%
	2015	0.1624709%	114,193	69,227	164.96%	85.70%
	2016	0.2191155%	71,894	52,575	136.75%	92.90%
Public Safety System	2014	0.8436610%	\$ 1,060,974	\$ 1,277,517	83.00%	90.50%
	2015	0.7830661%	1,402,668	1,190,697	117.80%	87.10%
	2016	0.7358229%	1,493,188	1,122,930	132.97%	86.50%
	2017	0.6793483%	1,065,665	1,009,058	105.61%	90.20%
	2018	0.6680134%	1,718,521	960,909	178.84%	84.70%
	2019	0.6461895%	1,037,533	850,836	121.94%	90.90%
	2020	0.7077670%	587,617	893,393	65.77%	95.50%
Firefighters System	2014	0.0048448%	\$ (27,646)	\$ 127,036	-21.80%	103.50%
	2015	0.5238695%	(9,488)	140,853	-6.74%	101.00%
	2016	0.4948301%	(3,901)	139,102	-2.80%	100.40%
	2017	0.5260681%	(32,856)	153,906	-21.35%	103.00%
	2018	0.4924004%	63,937	152,669	41.88%	94.30%
	2019	0.4527187%	(56,146)	144,949	-38.74%	105.00%
	2020	0.5180401%	(144,854)	169,004	-85.71%	110.50%
Tier 2 Public Employees System	2014	0.1155009%	\$ (3,500)	\$ 566,929	-0.60%	103.50%
	2015	0.1220505%	(266)	788,707	-0.03%	100.20%
	2016	0.1565131%	17,459	1,283,531	1.36%	95.10%
	2017	0.2009037%	17,713	1,966,429	0.90%	97.40%
	2018	0.1933419%	82,804	2,259,183	3.67%	90.80%
	2019	0.1813525%	40,788	2,520,371	1.62%	96.50%
	2020	0.1858030%	26,116	2,903,091	0.90%	98.30%
Tier 2 Public Safety and Firefighter System	2014	0.7602135%	\$ (11,246)	\$ 314,072	-3.60%	120.50%
	2015	0.6507001%	(9,507)	387,183	-2.46%	110.70%
	2016	0.5275480%	(4,579)	435,875	-1.05%	103.60%
	2017	0.5000307%	(5,786)	527,821	-1.10%	103.00%
	2018	0.4670312%	11,702	625,103	1.87%	95.60%
	2019	0.4662243%	43,855	768,520	5.71%	89.60%
	2020	0.4273484%	38,331	852,902	4.49%	93.10%

Note:

* This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

SPRINGVILLE CITY CORPORATION
Schedule of Pension Contributions
Last Ten Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Noncontributory System	2014	\$ 1,239,038	\$ 1,239,038	\$ -	\$ 7,232,984	17.13%
	2015	1,275,631	1,275,631	-	6,925,081	18.42%
	2016	1,290,326	1,290,326	-	700,657	18.43%
	2017	1,215,101	1,215,101	-	6,606,911	18.39%
	2018	1,169,372	1,169,372	-	6,368,944	18.36%
	2019	1,169,703	1,169,703	-	6,365,799	18.37%
	2020	1,127,301	1,127,301	-	6,123,310	18.41%
	2021	1,083,686	1,083,686	-	5,872,054	18.45%
Contributory System	2014	\$ 15,157	\$ 15,157	\$ -	\$ 114,135	13.28%
	2015	14,530	14,530	-	100,484	14.46%
	2016	7,822	7,822	-	54,094	14.46%
	2017	3,728	3,728	-	25,785	14.46%
Public Safety System	2014	\$ 375,860	\$ 375,860	\$ -	\$ 1,279,356	29.38%
	2015	390,158	390,158	-	1,260,158	30.96%
	2016	345,081	345,081	-	1,122,174	30.75%
	2017	327,949	327,949	-	1,079,312	30.38%
	2018	294,671	294,671	-	985,351	29.91%
	2019	264,272	264,272	-	896,951	29.46%
	2020	295,502	295,502	-	841,707	35.11%
	2021	293,824	293,824	-	848,042	34.65%
Firefighters System	2014	\$ 3,675	\$ 3,675	\$ -	\$ 124,142	2.96%
	2015	5,119	5,119	-	133,992	3.82%
	2016	5,439	5,439	-	132,324	4.11%
	2017	5,864	5,864	-	150,738	3.89%
	2018	6,018	6,018	-	153,129	3.93%
	2019	7,138	7,138	-	154,832	4.61%
	2020	9,801	9,801	-	150,167	6.53%
	2021	9,114	9,114	-	169,477	5.38%
Tier 2 Public Employees System*	2014	\$ 59,033	\$ 59,033	\$ -	\$ 421,962	13.99%
	2015	94,905	94,905	-	635,651	14.93%
	2016	157,435	157,435	-	1,055,839	14.91%
	2017	243,094	243,094	-	1,626,048	14.95%
	2018	324,744	324,744	-	2,151,431	15.09%
	2019	366,027	366,027	-	2,357,624	15.53%
	2020	428,169	428,169	-	2,734,868	15.66%
	2021	487,002	487,002	-	3,087,748	15.77%
Tier 2 Public Safety and Firefighter System*	2014	\$ 57,093	\$ 57,093	\$ -	\$ 291,898	19.56%
	2015	70,386	70,386	-	345,953	20.35%
	2016	79,980	79,980	-	396,966	20.15%
	2017	100,909	100,909	-	495,223	20.38%
	2018	125,570	125,570	-	579,013	21.69%
	2019	154,074	154,074	-	710,560	21.68%
	2020	172,121	172,121	-	811,379	21.21%
	2021	200,071	200,071	-	830,171	24.10%
Tier 2 Public Employees DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	2,041	2,041	-	30,377	6.72%
	2016	2,142	2,142	-	32,016	6.69%
	2017	4,289	4,289	-	64,118	6.69%
	2018	2,708	2,708	-	40,476	6.69%
	2019	8,320	8,320	-	124,369	6.69%
	2020	16,173	16,173	-	241,746	6.69%
	2021	22,054	22,054	-	329,658	6.69%
Tier 2 DC Public Safety and Firefighter DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	741	741	-	6,262	11.83%
	2018	5,020	5,020	-	75,634	6.64%
	2019	5,161	5,161	-	43,628	11.83%
	2020	6,669	6,669	-	56,391	11.83%
	2021	16,256	16,256	-	138,287	11.76%

Note:

This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

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

SPRINGVILLE CITY CORPORATION
Notes to the Required Supplementary Information
June 30, 2021

1. CHANGES IN ASSUMPTIONS

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

SPRINGVILLE CITY CORPORATION

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Supplementary Information

SPRINGVILLE CITY CORPORATION
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue		Capital Projects		Debt Service		Permanent Fund	Total Nonmajor Governmental Funds
	Special Improvement District	Redevelopment Agency	Community Theater	Special Services	Debt Service	Municipal Building Authority		
ASSETS								
Cash and cash equivalents	\$ -	\$ 916,441	\$ 15,819	\$ 492,984	\$ 140,109	\$ 3,460	\$ 1,600,940	\$ 3,169,753
Receivables:								
Accounts	-	-	-	-	-	-	164	164
Special assessment	7,717	-	-	-	-	-	-	7,717
Property taxes	-	270,000	-	-	-	-	-	270,000
Restricted cash and cash equivalents	-	-	-	4,542,421	541	21	630,590	5,173,573
Total assets	\$ 7,717	\$ 1,186,441	\$ 15,819	\$ 5,035,405	\$ 140,650	\$ 3,481	\$ 2,231,694	\$ 8,621,207
LIABILITIES								
Due to other funds	\$ 345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345
Total liabilities	345	-	-	-	-	-	-	345
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	-	270,000	-	-	-	-	-	270,000
Total deferred inflows of resources	-	270,000	-	-	-	-	-	270,000
FUND BALANCES								
Nonspendable endowments	-	-	-	-	-	-	1,511,909	1,511,909
Restricted:								
Impact fees	-	-	-	4,542,421	-	-	-	4,542,421
Debt Service	-	-	-	-	140,650	3,481	-	144,131
Assigned	7,372	916,441	15,819	492,984	-	-	719,785	2,152,401
Total fund balances	7,372	916,441	15,819	5,035,405	140,650	3,481	2,231,694	8,350,862
Total liabilities and fund balances	\$ 7,717	\$ 1,186,441	\$ 15,819	\$ 5,035,405	\$ 140,650	\$ 3,481	\$ 2,231,694	\$ 8,621,207

SPRINGVILLE CITY CORPORATION
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Debt Service</u>			
	<u>Special Improvement District</u>	<u>Redevelopment Agency</u>	<u>Community Theater</u>	<u>Special Services</u>	<u>Debt Service</u>	<u>Municipal Building Authority</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>REVENUES</u>								
Property tax	\$ -	\$ 35,947	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,947
Charges for services	-	-	-	-	-	-	124,578	124,578
Intergovernmental	-	234,142	-	-	-	-	-	234,142
Impact fees	-	-	-	2,442,632	-	-	-	2,442,632
Interest	-	3,869	-	15,083	680	237	8,244	28,113
Miscellaneous	-	-	72	130,109	-	394,784	-	524,965
Total revenues	-	273,958	72	2,587,824	680	395,021	132,822	3,390,377
<u>EXPENDITURES</u>								
Current:								
Community development	-	112,837	-	-	-	-	-	112,837
Debt service:								
Principal	-	-	-	-	1,390,000	295,000	-	1,685,000
Interest and fiscal expenses	-	-	-	-	467,145	99,784	-	566,929
Capital outlay	-	-	-	244,205	-	-	-	244,205
Total expenditures	-	112,837	-	244,205	1,857,145	394,784	-	2,608,971
Excess of revenues over (under) expenditures	-	161,121	72	2,343,619	(1,856,465)	237	132,822	781,406
<u>OTHER FINANCING SOURCES (USES)</u>								
Transfers in	-	9,634	-	-	1,857,145	-	-	1,866,779
Transfers out	-	-	-	(510,250)	-	-	-	(510,250)
Total other financing sources (uses)	-	9,634	-	(510,250)	1,857,145	-	-	1,356,529
Net change in fund balance	-	170,755	72	1,833,369	680	237	132,822	2,137,935
Fund balance, beginning of year	7,372	745,686	15,747	3,202,036	139,970	3,244	2,098,872	6,212,927
Fund balance, end of year	\$ 7,372	\$ 916,441	\$ 15,819	\$ 5,035,405	\$ 140,650	\$ 3,481	\$ 2,231,694	\$ 8,350,862

SPRINGVILLE CITY CORPORATION
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2021

	Business-type Activities - Enterprise Funds			Total Nonmajor Enterprise Funds
	Storm Water	Solid Waste	Golf Course	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,088,411	\$ 1,003,441	\$ 845,903	\$ 4,937,755
Accounts receivable, net	124,658	191,870	23,956	340,484
Total current assets	3,213,069	1,195,311	869,859	5,278,239
Noncurrent assets:				
Capital assets:				
Land	373,329	487,433	341,520	1,202,282
Construction in progress	479,205	-	-	479,205
Buildings	-	850,266	1,965,450	2,815,716
Improvements other than buildings	6,847,413	-	-	6,847,413
Machinery and equipment	205,596	360,717	146,908	713,221
Accumulated depreciation	(1,250,078)	(661,817)	(1,706,668)	(3,618,563)
Net capital assets	6,655,465	1,036,599	747,210	8,439,274
Other assets:				
Equity investment in joint venture	-	3,011,447	-	3,011,447
Total other assets	-	3,011,447	-	3,011,447
Total noncurrent assets	6,655,465	4,048,046	747,210	11,450,721
Total assets	9,868,534	5,243,357	1,617,069	16,728,960
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	21,320	34,687	37,044	93,051
Total deferred outflows of resources	21,320	34,687	37,044	93,051

SPRINGVILLE CITY CORPORATION
Combining Statement of Net Position (Continued)
Nonmajor Enterprise Funds
June 30, 2021

	Business-type Activities - Enterprise Funds			Total Nonmajor Enterprise Funds
	Storm Water	Solid Waste	Golf Course	
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 9,420	\$ 61,837	\$ 27,838	\$ 99,095
Accrued liabilities	4,943	7,865	18,133	30,941
Compensated absences	3,325	11,878	21,520	36,723
Total current liabilities	17,688	81,580	67,491	166,759
Noncurrent liabilities:				
Compensated absences	3,326	11,878	21,521	36,725
Net pension liability	11,722	19,072	20,368	51,162
Total noncurrent liabilities	15,048	30,950	41,889	87,887
Total liabilities	32,736	112,530	109,380	254,646
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows related to pensions	43,231	70,337	75,116	188,684
Total deferred inflows of resources	43,231	70,337	75,116	188,684
<u>NET POSITION</u>				
Net investment in capital assets	6,655,465	1,036,599	747,210	8,439,274
Restricted for impact fees	1,870,282	-	-	1,870,282
Unrestricted	1,288,140	4,058,578	722,407	6,069,125
Total net position	\$ 9,813,887	\$ 5,095,177	\$ 1,469,617	\$ 16,378,681

SPRINGVILLE CITY CORPORATION
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds			Total Nonmajor Enterprise Funds
	Storm Water	Solid Waste	Golf Course	
<u>OPERATING REVENUES</u>				
Sales and charges for services	\$ 1,229,593	\$ 1,974,255	\$ 1,409,534	\$ 4,613,382
Miscellaneous income	20,981	2,891	8,034	31,906
Total operating revenues	1,250,574	1,977,146	1,417,568	4,645,288
<u>OPERATING EXPENSES</u>				
Salaries and benefits	213,501	338,273	452,933	1,004,707
Administrative	573,883	1,179,660	447,667	2,201,210
Depreciation	160,592	18,225	37,593	216,410
Total operating expenses	947,976	1,536,158	938,193	3,422,327
Operating income	302,598	440,988	479,375	1,222,961
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Equity income of joint venture	-	709,197	-	709,197
Impact fees	520,918	-	-	520,918
Interest income	13,436	4,208	2,652	20,296
Total nonoperating revenues (expenses)	534,354	713,405	2,652	1,250,411
Income before contributions and transfers	836,952	1,154,393	482,027	2,473,372
Capital contributions	569,074	-	-	569,074
Transfers out	(78,867)	(140,675)	-	(219,542)
Change in net position	1,327,159	1,013,718	482,027	2,822,904
Total net position, beginning	8,486,728	4,081,459	987,590	13,555,777
Total net position, ending	\$ 9,813,887	\$ 5,095,177	\$ 1,469,617	\$ 16,378,681

SPRINGVILLE CITY CORPORATION
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	Storm Water	Solid Waste	Golf Course	Total Nonmajor Enterprise Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 1,245,446	\$ 1,961,583	\$ 1,448,848	\$ 4,655,877
Payments to suppliers	(692,286)	(1,172,170)	(453,493)	(2,317,949)
Payments to employees	(219,563)	(359,905)	(472,642)	(1,052,110)
Net cash provided by operating activities	<u>333,597</u>	<u>429,508</u>	<u>522,713</u>	<u>1,285,818</u>
Cash flows from noncapital financing activities				
Transfers to other funds	(78,867)	(140,675)	-	(219,542)
Net cash used by noncapital financing activities	<u>(78,867)</u>	<u>(140,675)</u>	<u>-</u>	<u>(219,542)</u>
Cash flows from capital and related financing activities				
Aquisition of capital assets	(211,215)	(57,066)	-	(268,281)
Impact fees received	520,918	-	-	520,918
Net cash used by capital and related financing activities	<u>309,703</u>	<u>(57,066)</u>	<u>-</u>	<u>252,637</u>
Cash flows from investing activities				
Interest received	13,436	4,208	2,652	20,296
Net cash provided by investing activities	<u>13,436</u>	<u>4,208</u>	<u>2,652</u>	<u>20,296</u>
Net increase (decrease) in cash and cash equivalents	577,869	235,975	525,365	1,339,209
Cash and cash equivalents, beginning of year	<u>2,510,542</u>	<u>767,466</u>	<u>320,538</u>	<u>3,598,546</u>
Cash and cash equivalents, end of year	<u>\$ 3,088,411</u>	<u>\$ 1,003,441</u>	<u>\$ 845,903</u>	<u>\$ 4,937,755</u>
Total cash and cash equivalents	<u>\$ 3,088,411</u>	<u>\$ 1,003,441</u>	<u>\$ 845,903</u>	<u>\$ 4,937,755</u>

SPRINGVILLE CITY CORPORATION
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021

	<u>Storm Water</u>	<u>Solid Waste</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 302,598	\$ 440,988	\$ 479,375	\$ 1,222,961
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	160,592	18,225	37,593	216,410
Changes in assets and liabilities:				
Accounts receivable	(5,128)	(15,563)	31,280	10,589
Accounts payable	(118,403)	7,490	(5,826)	(116,739)
Accrued liabilities	560	307	2,569	3,436
Compensated absences	1,509	245	14,466	16,220
Net pension liability	(8,131)	(22,184)	(36,744)	(67,059)
Net cash provided by operating activities	<u>\$ 333,597</u>	<u>\$ 429,508</u>	<u>\$ 522,713</u>	<u>\$ 1,285,818</u>
Noncash investing, capital and financing activities				
Capital contributions - developers	\$ 569,074	\$ -	\$ -	\$ 569,074
Equity investment adjustment for net income and ownership changes	\$ -	\$ 709,197	\$ -	\$ 709,197

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Capital Projects Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ 367,332	\$ 367,332
Interest	75,000	75,000	27,488	(47,512)
Total revenues	75,000	75,000	394,820	319,820
<u>EXPENDITURES</u>				
Current:				
Community services	-	30,000	23,178	6,822
Capital outlay	1,487,476	9,608,772	5,236,281	4,372,491
Total expenditures	1,487,476	9,638,772	5,259,459	4,379,313
Excess (deficiency) of revenues over (under) expenditures	(1,412,476)	(9,563,772)	(4,864,639)	4,699,133
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,062,476	6,533,976	5,283,976	(1,250,000)
Transfers out	-	-	(3,000)	(3,000)
Net other financing sources (uses)	1,062,476	6,533,976	5,280,976	(1,253,000)
Net change in fund balance	\$ (350,000)	\$(3,029,796)	416,337	\$ 3,446,133
Fund balance, beginning of year			6,317,784	
Fund balance, end of year			\$ 6,734,121	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Special Improvement District Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<u>EXPENDITURES</u>				
Debt service:				
Interest and fiscal expenses	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			7,372	
Fund balance, end of year			\$ 7,372	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Redevelopment Agency Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Property tax	\$ 175,000	\$ 175,000	\$ 35,947	\$ (139,053)
Intergovernmental	-	-	234,142	234,142
Interest	-	-	3,869	3,869
Total revenues	175,000	175,000	273,958	98,958
<u>EXPENDITURES</u>				
Current:				
RDA expenditures	135,000	135,000	112,837	22,163
Total expenditures	135,000	135,000	112,837	22,163
Excess of revenues under expenditures	40,000	40,000	161,121	121,121
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	35,000	35,000	9,634	(25,366)
Net other financing sources (uses)	35,000	35,000	9,634	(25,366)
Net change in fund balance	\$ 75,000	\$ 75,000	170,755	\$ 95,755
Fund balance, beginning of year			745,686	
Fund balance, end of year			\$ 916,441	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Community Theater Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous	\$ -	\$ -	\$ 72	\$ 72
Total revenues	-	-	72	72
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	72	<u>\$ 72</u>
Fund balance, beginning of year			15,747	
Fund balance, end of year			<u>\$ 15,819</u>	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Special Services Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Impact fees	\$ 906,300	\$ 906,300	\$ 2,442,632	\$ 1,536,332
Interest	84,000	84,000	15,083	(68,917)
Miscellaneous	-	-	130,109	130,109
Total revenues	<u>990,300</u>	<u>990,300</u>	<u>2,587,824</u>	<u>1,597,524</u>
<u>EXPENDITURES</u>				
Capital outlay	-	323,638	244,205	79,433
Total expenditures	<u>-</u>	<u>323,638</u>	<u>244,205</u>	<u>79,433</u>
Excess of revenues over expenditures	<u>990,300</u>	<u>666,662</u>	<u>2,343,619</u>	<u>1,676,957</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(510,250)	(510,250)	(510,250)	-
Net other financing sources (uses)	<u>(510,250)</u>	<u>(510,250)</u>	<u>(510,250)</u>	<u>-</u>
Net change in fund balance	<u>\$ 480,050</u>	<u>\$ 156,412</u>	1,833,369	<u>\$ 1,676,957</u>
Fund balance, beginning of year			<u>3,202,036</u>	
Fund balance, end of year			<u>\$ 5,035,405</u>	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Debt Service Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Interest	\$ -	\$ -	\$ 680	\$ 680
Total revenues	<u>-</u>	<u>-</u>	<u>680</u>	<u>680</u>
<u>EXPENDITURES</u>				
Debt service:				
Principal	1,390,000	1,390,000	1,390,000	-
Interest and fiscal expenses	469,245	370,350	467,145	(96,795)
Bond issuance costs	-	98,895	-	98,895
Total debt service	<u>1,859,245</u>	<u>1,859,245</u>	<u>1,857,145</u>	<u>2,100</u>
Total expenditures	<u>1,859,245</u>	<u>1,859,245</u>	<u>1,857,145</u>	<u>2,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,859,245)</u>	<u>(1,859,245)</u>	<u>(1,856,465)</u>	<u>2,780</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,859,245	1,859,245	1,857,145	(2,100)
Net other financing sources (uses)	<u>1,859,245</u>	<u>1,859,245</u>	<u>1,857,145</u>	<u>(2,100)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>680</u>	<u>\$ 680</u>
Fund balance, beginning of year			<u>139,970</u>	
Fund balance, end of year			<u>\$ 140,650</u>	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Municipal Building Authority Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous	\$ 394,634	\$ 394,634	\$ 394,784	\$ 150
Interest	-	-	237	237
Total revenues	<u>\$ 394,634</u>	<u>\$ 394,634</u>	<u>\$ 395,021</u>	<u>\$ 387</u>
<u>EXPENDITURES</u>				
Debt service:				
Principal	295,000	295,000	295,000	-
Interest and fiscal expenses	99,634	99,634	99,784	(150)
Total expenditures	<u>394,634</u>	<u>394,634</u>	<u>394,784</u>	<u>(150)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	237	<u>\$ 237</u>
Fund balance, beginning of year			<u>3,244</u>	
Fund balance, end of year			<u>\$ 3,481</u>	

SPRINGVILLE CITY CORPORATION
Schedule of the Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Permanent Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ 85,000	\$ 85,000	\$ 124,578	\$ 39,578
Interest	500	500	8,244	7,744
Total revenues	<u>85,500</u>	<u>85,500</u>	<u>132,822</u>	<u>47,322</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(25,000)	(25,000)	-	25,000
Net other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>
Net change in fund balance	<u>\$ 60,500</u>	<u>\$ 60,500</u>	132,822	<u>\$ 72,322</u>
Fund balance, beginning of year			<u>2,098,872</u>	
Fund balance, end of year			<u>\$ 2,231,694</u>	

SPRINGVILLE CITY CORPORATION

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Compliance Section



COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
- CLARKE R. BRADSHAW, CPA
- GARY E. MALMROSE, CPA
- EDWIN L. ERICKSON, CPA
- MICHAEL L. SMITH, CPA
- JASON L. TANNER, CPA
- ROBERT D. WOOD, CPA
- AARON R. HIXSON, CPA
- TED C. GARDINER, CPA
- JEFFREY B. MILES, CPA
- SHAWN F. MARTIN, CPA

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Springville City Corporation, Utah (the City), as of and for the year ended June 30, 2021, 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 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) 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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Responses as item 2021-1.

City's Response to Finding

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

HBMC, LLC

November 30, 2021



COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

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

Report On Compliance

We have audited Springville City Corporation, Utah's (the City) compliance with state compliance requirements described in the *State Compliance Audit Guide* issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2021.

State compliance requirements were tested for the year ended June 30, 2021 in the following areas:

- | | |
|------------------------------|---------------------------------------|
| Budgetary Compliance | Restricted Taxes and Related Revenues |
| Fund Balance | Governmental Fees |
| Justice Courts | Enterprise Fund Transfers, |
| Fraud Risk Assessment | Reimbursements, Loans, and |
| Tax Levy Revenue Recognition | Services |

Management’s Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor’s Responsibility

Our responsibility is to express an opinion on the City’s compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirements referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

In our opinion, Springville City Corporation complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance or other matters, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying Schedule of Findings and Responses as item 2021-1. Our opinion on compliance is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance 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, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of 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 *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

HBMC, LLC

November 30, 2021

SPRINGVILLE CITY CORPORATION
Schedule of Findings and Responses
For the Year Ended June 30, 2021

State Compliance Finding

2020-1 Justice Court Costs

Condition: For the fiscal year ended June 30, 2021, we noted 4 sampled items that were inappropriately categorized as court costs.

Criteria: The Administrative Office of the Courts (AOC) has issued guidance that court costs should be restricted to investigator fees and specially incurred costs according to *Utah Code 77-32a-107*.

Cause: Court Clerks were trained incorrectly in properly coding court costs. When payments are receipted to court costs in error, trust funds are not properly accounted for and revenue is not correctly categorized.

Effect: The City is not in compliance with AOC guidance for properly coding court costs, which could result in potential misstatements on the financial statements.

Recommendation: Court Clerks should set up trust and revenue account receivables per established AOC accounting policies and procedures, so payments are properly receipted and court costs are properly reported.

Management's Response:

Management concurs and will properly review inappropriately coded court costs for proper categorization in CORIS.