



CITY COUNCIL AGENDA

PUBLIC NOTICE is hereby given that the City Council of Spanish Fork, Utah, will hold a regular public meeting in the Council Chambers in the City Office Building, **40 South Main Street**, Spanish Fork, Utah, commencing at **6:00 p.m. on December 17, 2013.**

AGENDA ITEMS:

1. CALL TO ORDER, PLEDGE, OPENING CEREMONY, RECOGNITIONS:

- a. Pledge, led by invitation

2. PUBLIC COMMENTS:

Please note: In order to be considerate of everyone attending the meeting and to more closely follow the published agenda times, public comment will be limited to three minutes per person. A spokesperson who has been asked by a group to summarize their concerns will be allowed five minutes to speak. Comments which cannot be made within these limits should be submitted in writing. The Mayor or Council may restrict the comments beyond these guidelines.

3. COUNCIL COMMENTS:

4. SPANISH FORK 101: Parlant-Seth Perrins

5. CONSENT ITEMS:

These items are considered by the City Council to be routine and will be enacted by a single motion. If discussion is desired on any particular consent item, that item may be removed from the consent agenda and considered separately.

- a. * Minutes of Spanish Fork City Council Meeting – January 11 & 12, 2013; November 19, 2013
- b. * 200 East Miscellaneous Concrete Change Order #2
- c. * National Guard North Substation Lease Agreement Renewal
- d. * Cold Springs Front Collection System and Butler Springs Pond Bid Award

6. NEW BUSINESS:

- a. * Ordinance #19-13 Amending the Home Occupation Requirements
- b. * Reagan Settlement Agreement
- c. * Ordinance #20-13 Amending Title 5 Chapter 28 of the Spanish Fork Municipal Code Concerning Sexually Oriented Businesses
- d. * Skyhawk Condominiums Preliminary Plat –This proposal would permit an existing commercial building at 300 North Main to be subdivided into individual units.
- e. * Elsie S. Thomas Annexation Acceptance –It is proposed that the City Council accept this Annexation for further study.
- f. * FY 2013 Independent Audit
- g. Request to continue proposed Zone Change for Park View Townhome Development located at 200 East Volunteer Drive

7. CLOSED SESSION:

The Spanish Fork City Council may temporarily recess the regular meeting and convene in a closed session to discuss pending or reasonably imminent litigation, and the purchase, exchange, or lease of real property, as provided by Utah Code Annotated §52-4-205

ADJOURN:

* Supporting documentation is available on the City's website www.spanishfork.org

Notice is hereby given that:

- In the event of an absence of a quorum, agenda items will be continued to the next regularly scheduled meeting.
- By motion of the Spanish Fork City Council, pursuant to Title 52, Chapter 4 of the Utah Code, the City Council may vote to hold a closed meeting for any of the purposes identified in that Chapter.
- This agenda is also available on the City's webpage at www.spanishfork.org

SPANISH FORK CITY does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in the employment or the provision of services. The public is invited to participate in all Spanish Fork City Council Meetings located at 40 South Main St. If you need special accommodation to participate in the meeting, please contact the City Manager's Office at 804-4530.

**Tentative Minutes
Spanish Fork City Council Meeting
January 11 & 12, 2013**

Elected Officials Present: Mayor G. Wayne Andersen, Councilmembers Steve Leifson, Rod Dart, Keir A. Scoubes, Richard Davis, Brandon Gordon.

Staff Present: David Oyler, City Manager; Junior Baker, City Attorney; Seth Perrins, Assistant City Manager; Junior Baker, City Attorney; Chris Thompson, Public Works Director; Kent Clark City Recorder/Finance Director; John Bowcut, IS Director; Dale Robinson, Parks & Recreation Director; Steve Adams, Public Safety Director; Pam Jackson, Library Director; Angie Warner, Deputy Recorder.

FRIDAY, JANUARY 11, 2013

CALL TO ORDER:

Mayor Andersen called the meeting to order at 10:23 p.m.

FINANCE

Kent Clark

City Cash Reserves -Currently there is \$39,703,881.00 in the bank. There is \$4 million in bonds for projects. There is about \$1 million that is spendable reserves.

Impact Fees (number balancing)

General Fund Revenues

Sales Tax – Costco is doing well and bringing money in. Macey’s business is up 10% since Costco opened. Also, Mr. Clark reviewed Macey’s electric bill with in the last year put them on a different rate and it saved them approximately \$2,500-\$3,000 per month.

RAP or ZAP Tax – Mr. Clark explained what a RAP tax is. In the commercial areas non-residents & residents are paying towards this tax. The City could do 1/10 of 1% maximum but cannot charge it on food. Mr. Clark presented the breakdown of what makes up 6.75% tax. The RAP or ZAP tax has to be voted on by the residents.

Property Tax – Spanish Fork’s property tax is the lowest in Utah County. Mr. Clark presented the comparison between the cities in Utah County. If the City wanted to increase expenses in the general fund, the City would raise property taxes to increase revenue. Mr. Clark explained what would happen if the economy goes back up and the option of freezing the property tax rate. Mr. Clark said that the City would have to have a truth in taxation to be able to raise property tax rates. It was suggested to have truth in taxation every year and to start early talking to the citizens.

Utility Revenue and Rates

Rate Comparisons – Electric, Water, Pressurized Irrigation, Sewer, Solid Waste, Storm Drain. Mr. Clark gave a comparison of the cities in Utah County. The solid waste is trying to figure out how they are going to find more money.

City Debt – The City has approximately \$33 million in debt.

RDA Review – Mr. Clark said that North Industrial and Kirby Lane are the active areas that are collecting money and some of that money will be used this year.

Budget Issues – Mr. Clark said that at the next council meeting the FY2013 budget revision will be presented. Mr. Clark presented the new changes to the election process. The new date for the primary election is August 13th and the general election will be November 5th.

Administration Insurance Costs

Seth Perrins has spent time with Dave Jackson from First West Benefits reviewing the changes that will be coming with the Affordable Care Act (ACA). Mr. Perrins said that the new ACA will be effective January 2014. Every American will have to have insurance and if they don't they will have to pay a penalty tax. The City will have to make changes to our plans or the City will have to pay a penalty tax. The options for the City are to offer insurance or not offer insurance and pay the penalties.

Mr. Perrins explained that the City will have to track monthly employee hours very close because employee's working an average of 30 hours per week or 120 hours a month could be eligible for insurance. The penalty tax is \$2,000 per full time or full time equivalent.

Mr. Perrins directed the department directors to start reviewing the work status for every employee. Mr. Perrins said that right now, if an employee is eligible for insurance then they are eligible for the URS. Mr. Perrins said there are a lot of unknowns and there will be a lot of discussions to come and there will be more changes.

Paperless

Kent Clark said with technology and loosing space at the City Office we are looking at paperless systems. This will be for daily work flows, procedures as well as record keeping.

Boards and Committee Appointments

Dave Oyler explained some of the process the City has had for recommending a resident to serve on a committee or board. Staff would like input if the City Council likes the process or if they would like to change it.

Discussion took place on which procedure would be best.

The City Council agreed to receive recommendations from the committees, then, approve the recommendations in a city council meeting.

WORKING LUNCH

SFCN

John Bowcut

SFCN in the News

Mr. Bowcut presented a couple of articles printed in the paper about SFCN.

Cable Television Changes

- Digital Simulcast –Take the channels under 100 and move those to the 600's.
- Add Whole Home DVR capability –One main box, then satellite boxes in other rooms.
- Replacement of old STB's –will be sending out new STB's that are digital only.
- Turn Off Analog –all cable customers will have to have the new digital STB.
- Convert all channels to HD – can get 3 HD channels to 1 analog channel. When all channels are HD we can get rid of the simulcast.
- Other Technologies –SFCN App, Roku, Ultra or Super HD.
- Turning off HITS
- Industry Trends

High Speed Internet Changes

- Residential Internet –Starter-6200; Plus-461; Premium-79
- Business Internet –SOHO-123; Business-5; Dedicated-4
- Competition Comparison – SFCN is the best value in the state

Phone Service - 2,319 customers -Mr. Bowcut said that the growth has slowed because the cell phone is taking over.

SF17 Changes -Mr. Bowcut said we are not perfect and we are learning.

Information Systems -Mr. Bowcut said they are trying to do more custom programming, with that, SFCN currently has a programmer analyst position open to help with all the projects that need to be done like: Rodeo Arena Software, Upgrade PARR (Parks and Recreation Registration).

Councilman Leifson asked when the rodeo ticket program will be ready. Mr. Bowcut said hopefully in 2014.

LEGAL

Junior Baker

Open Meetings & Technology – Social media is content created by people using highly accessible internet based publishing technologies. Mr. Baker stressed that once the words are out there, you cannot get them back. And with all the technology it is much easier to violate the Open Meetings Act. City Council & Staff need to be careful of their actions. Mr. Baker also pointed out that emails, city or personal, can be GRAMA requested.

Food Vendor Ordinance –Mr. Baker said that a mobile food vendor, the waffle truck, would like to park in the Spanish Fork City and sell product. The City Council would have to change the ordinance. Mr. Baker presented the proposed changes.

Discussion took place regarding the fee schedule and where they would be allowed to park.

Future Needs -Mr. Baker said he would like to hire a part time prosecutor and make a part time secretary full time either this year or next.

COMMUNITY DEVELOPMENT

Dave Anderson

Review of 2012

- Issued more building permits
- Saw Costco begin construction and open for business
- Construction commenced for other retail buildings
- New churches under construction
- Construction started on an assisted living facility
- Implemented new Business License Program
- Employed Citizenserve software

Mr. Anderson said as of Jan 1, 2013 the City had 205 vacant subdivision lots.

Business Visits – Dave Anderson, Dave Oyler & Mayor Andersen have visited businesses to receive their concerns or to see how their business is being run and their plans for the future. One example: Smith Auto said they have concerns of security and that they would like to bid on the city vehicles that are purchased. The City contacted Smith Auto and they were given an opportunity to bid on some trucks.

Dave Anderson said the Chamber of Commerce Board is requesting more money. The plan was to help them at first until they were able to run on their own.

Business License Program – Mr. Anderson said they have a new software program for business licensing and building permits. There is a new fee of \$40.00. The fee is to pay for the administrative process and the City will not generate revenue from the fee.

Retail Development –Mr. Anderson said that Kneaders opened today; Sprint is open; Costa Vida and Starbucks will be opening soon; Bajio is closing this Saturday; and the City has received an application from Wells Fargo for a new building.

Discussion took place regarding the North Park Development.

Planning for 2013

- Develop new webpage to promote the City's economic development opportunities.
- For use on the webpage, develop an inventory of existing sites and properties in Spanish Fork.
- Restructure the City's signage regulations.

Proposed Signage Changes for I-15 Corridor

Mr. Anderson said that City received requests from Tenedor and Amsource to allow taller signs. Mr. Anderson presented pictures of signs with the proposed height and sites that Tenedor would like to put the signs. Mr. Anderson suggested take a tour and seeing some sites that would relate.

Council agreed that the ordinance needs to be changed and would like to take a tour.

Zoning Regulations and Code Enforcement

Mr. Anderson would like to make some changes with procedures. With more recent changes the City has done the City has been a little more lenient. Mr. Anderson reviewed some photos of some problem properties. The one major issue is citizens building accessory buildings and carports.

Discussion took place regarding the different options to address illegal buildings.

LIBRARY

Pam Jackson

Ms. Jackson said the library has been very busy. Ms. Jackson presented the attendance numbers for all the programs provided at the library. Patrons request books, audio, and e-books. The facility is at its capacity again for another year. Ms. Jackson has started compiling a list of amenities that other libraries are implementing into the plans of new buildings.

Councilman Dart said that obviously there is a need for a new library, when will that happen.

Dave Oyler said that the Library has the most pressure but there are other city buildings as well.

Ms. Jackson said they are very open to having multiple departments in the building; a City Center, Library, Senior Center.

Mr. Oyler reviewed some different ways to approach getting a new facility.

Dinner 6:00pm

SATURDAY, JANUARY 12, 2013

CALL TO ORDER:

Mayor Andersen called the meeting to order at 8:34 p.m.

PUBLIC WORKS

Chris Thompson

Impact Fee Study – Mr. Thompson presented tentative rates for the following areas: water, sewer, Parks & Recreation, storm water, public safety, streets, pressurized irrigation, and electric.

Utility Rates- Mr. Thompson reviewed the utility rates for the following areas: residential electric, general service electric, large power electric, drinking water, pressurized irrigation, sanitary sewer, storm drain, and solid waste.

Electric

- Electric Model 138/46kVA Transmission Redundancy
- Electric Model Distribution Redundancy

Last year the City had 11 outages, several caused by tree limbs. Crews will be more aggressive in removing tree limbs around power lines.

Solid Waste

Mr. Thompson reviewed the history of budget issues at South Utah Valley Solid Waste District (SUVSWD). The solid waste district is proposing to request \$6 more per household for garbage and compost. After meetings were held, the request is now at about \$1.90 per house hold. Mr. Thompson reviewed the problems with composting and some other options that might available. Mr. Thompson is requesting that we go away from the "black gold". Mr. Thompson pointed out an area for a new compost site and to have one location. This would cut back on equipment purchasing and labor.

Discussion took place regarding the City contract with Republic and comparing with other cities.

Fire Line Policy on Private Property- Mr. Thompson said in the Food 4 Less parking lot there was a water line break. The City went out and fixed the break and the property owner complained that we messed up his parking lot. Staff has researched what other cities do. Mr. Thompson suggested the City implement the policy where the City would take care of the break and then the property owner is in charge of the surface improvements.

Council agreed to move forward with the fire line policy.

Lower Crab Creek Trunkline – Completed

Cold Springs – Mr. Thompson said they are working with the Army Corp of Engineers permit to be able to fill Cold Springs. Then to replace it the City will develop another pond located on south Main Street.

Water Transmission

Mr. Thompson presented a map that included the future ULS line, Powerhouse Road Diversion, PI trunk line, PRV Connection and the Highline Canal.

Strawberry Water Dedication Agreements

Mr. Thompson said that the City received a lot of Strawberry Water. Staff is waiting for a decision from the Commissioner of Reclamation. 2012 was the driest year in 30 years.

Snow Pack – Mr. Thompson presented a graph with numerous years and the snow pack. By looking and the comparisons Mr. Thompson projects that the City will have an average year.

Flood Control

Mr. Thompson reviewed the areas that the City will be doing flood & erosion control. The NRCS Grant: River Invasive Tree & Debris Removal- This project was put out for bid and the first bid came in so low that staff decided to add another project.

Mr. Thompson reviewed the following areas and what utility and road upgrades will be happening.

- 1560 E Canyon Road Subdivision
- Sterling/Nebo/Flonette Subdivision

Streets

Mr. Thompson gave an update on the 7 year plan for street resurfacing and it is working very well.

Mr. Thompson would like to budget money to upgrade the guard rail along Del Monte Road. The residents that are below the road are requesting it so cars do not end up in their back yards or homes. The other area that will need to be addressed is the Oaks. The snow plow trucks need the curb & gutter to help clear the road. Staff would like to use sidewalk money to construct curb & gutter in the Oaks area.

Industrial Park Drive- The businesses along Industrial Park Drive are losing money and customers because the public does not know how to get to their businesses. It has been requested to construct a right in and right out instead of the cul-de-sac.

Cut Bridge & Center Street Widening – This project will be postponed until the summer 2015. The City has funding for 93.7% of this project, including grant money in the amount of \$3,053,000.

Airport Runway Extension– Staff is still working with the Williams to acquire land.

Winter Water Main Construction – The winter time is best time and the best crews to do road work. With that, the projects can be done year round instead of trying to do them all in the summer. Mr. Thompson reviewed the comparison of the savings between winter and summer projects. The only issue with winter projects is that you cannot pave until the spring. Is the savings worth the wait for the asphalt?

New Inter-Active GIS Map –Presented the new inter-active mapping for the city.

Waste Water Masterplan Deficiency Map – Only had 2 deficiencies in the waste water system. Mr. Thompson reviewed the 2 deficiencies.

Motor Pool -Maintenance Costs have been staying consistent.

PUBLIC SAFETY

Ambulance & Fire

Chief Adams said they currently have 40 ambulance members and presented their volume of calls for the year. Chief Adams reviewed the fire department members and their call volume.

Part Time Employees - Federal Regulations

Dave Oyler said that the City has very dedicated volunteer fire & ambulance. The City is now up against federal regulations. The City has volunteer fire and ambulance that get paid a small amount. With federal regulations it may change their status to part time.

Seth Perrins said that these changes are coming from the Affordable Care Act(ACA). Currently the fire is paid hourly and the ambulance is paid at a piece rate. Another concern is the overtime for the current employees that are fire or ambulance.

Fire

Mr. Perrins reviewed the following changes that will be looked at and may be proposed to be implemented:

- Fire department must stay under 1560 hours per year
- Payroll change of paying the fire bi-weekly

- Propose to redo pay scale and eliminate the stipend
- Review of general time at the station
- Review rescue truck call outs

Ambulance

Mr. Perrins reviewed the following changes that will be looked at and may be proposed to be implemented:

- Ambulance department must stay under 1560 hours per year
- Change to hourly rate instead of the piece rate
- Payroll change of paying the ambulance bi-weekly
- Propose to redo pay scales

Full Time Employees that are also Fire/Ambulance

- Change the pay so we are not paying double
- Full Time hours will count toward the 40 hour work week
- Overtime pay rate when they exceed 40 hours
- Need to understand the wildfire reimbursement rates
- Have non full time employees fulfill officer responsibilities

Mr. Perrins said that staff will have to look at our Emergency Preparedness Officer position that is also our Ambulance Captain. The position will probably need to be made a salary position. Staff will also need to monitor the hours of the fire & ambulance crewmembers, and also those that are city employees.

Mr. Oyler said some other cities are combining the fire & ambulance and cutting down to around 30 people to run both. The city will need to comply with this new federal law, so staff will figure out which way is going to be best. The majority of the people are there for the service, not the money.

Police Department

Chief Adams reviewed current staff and positions. Chief Adams gave comparison of the year for crimes and the call volume for the police.

School Resource Officer

Chief Adams said that the City now has officers at Spanish Fork High School & Maple Mountain High School. The Maple Mountain High School officer is currently part time and the school is requesting a full time officer and will pay half of the wages. With making that officer full time at the school the department loses an officer position that will need to be filled.

Mayor Andersen suggested that Chief Adams sit down with the city manager to figure out where they can find the money for a new officer.

City Vehicle Use

Chief Adams reviewed the current policy and would like to request a revision to add that passengers are allowed in the police vehicles. This would add police visibility at the schools when they pick up their children.

Costco Impact

Chief Adams reviewed the impact since Costco has opened.

WORKING LUNCH

PARKS & RECREATION

Dale Robinson

Recreation

Mr. Robinson presented the cost comparison with Nebo and ALA of the schools using City facilities and the City using school facilities.

Non-Resident Fee (consider all non-resident fees: Library, cemetery, recreation, etc)

Mr. Robinson said that the public is going to other cities because it is cheaper. Mr. Robinson is requesting to have the non-resident fee of \$20 lowered to \$10.

Discussion took place regarding what surrounding cities do and what their rates are.

Council would like to leave it at the \$20 for this year and track it.

Parks & Trails

- Trails Update – Review of what areas will be worked on this year.
- Capital Facilities Plan
- National Parks Land Designation Development
- Additional Tennis Courts at Sports Park
- Nelson Field Grandstand Renovation – Presented a design that would cost \$1 million for new grandstands.
- Maple Mountain Park

Fairgrounds

- Dairy Barn – Demo the building and turn into parking.
- RV Parking Upgrades
- Parking to the South – Would like to look into the property to the south of the fairgrounds for future parking.

Mayor Andersen would like water lines in the stadium to wash the bleachers.

Buildings & Grounds

- Veteran's Flag Pole Relocation- move from the fairgrounds to the City Park at the Rose Garden.

Councilman Leifson recognized that we need to look at all of what the veterans are asking for. They are asking for this as well as major upgrades for the memorial building.

Mr. Robinson said that he had staff walk through the memorial building and figure out what it would cost for upgrades and it came to approximately \$120,000. Do we want to update it or move the veterans to another building?

Discussion took place regarding whether to keep the memorial building or to sell it to the veterans.

Mr. Robinson said that are 4 buildings that need repairs and upgrades or have outgrown their capacity. Mr. Robinson gave a brief report on each building and need to start thinking of how and when these buildings can be addressed.

Cemetery

- Road Project (2nd phase)
- Inventory of Burial Positions
- Parking around Records Building
- Expansion Update (new restroom)

Mr. Robinson said that staff has contacted family members of old unused lots to see if they are still going to use the plots, if not, they can come back into use.

Mr. Robinson said that the restroom building at the Centennial Park was started on fire. It will need to be rebuilt.

Discussion took place regarding relocating the building on the property.

Council agreed to relocate the building.

Special Events

- Fiesta Days Financial Summary - A lot of the Fiesta Days events are paying for themselves.
- Festival of Lights - 2012 was our best year.

Financial Review of Enterprise Funds

- Golf Course –Great year at the golf course, the numbers are looking better.
- Water Park –The numbers are down because of the new splash pad at the North Park.
- Gun Club
- Concessions

Dave Oyler asked the council what direction they would like to go for looking at a new city office/library/senior center.

Council agreed to have a committee start looking at that process.

ADJOURN:

Councilman Leifson made a Motion to adjourn.

Councilman Dart Seconded and the motion Passed all in favor at 4:02 p.m.

ADOPTED:

Angie Warner, Deputy Recorder

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PUBLIC HEARING:

Ordinance #Z09-13 Changing the Zoning Designation & Amending the Official Zoning Map of Spanish Fork City for Ludlow Farms. The proposal also involves approving a Preliminary Plat for a parcel located at 475 West 100 South to allow for the development of ten twin home units.

Dave Anderson explained that at a previous meeting the City Council approved the zoning for this property to R-3. The applicant is back to propose the in-fill overlay as well as a preliminary plat. The in-fill overlay is required for multi-family housing. The Development Review Committee and Planning Commission recommend approval of the in-fill overlay zone change and the preliminary plat.

Councilman Dart made a **Motion** to move into Public Hearing.

Councilman Davis **Seconded** and the motion **Passed** all in favor at 6:11 p.m.

Mayor Andersen welcomed public comment.

There was none.

Councilman Gordon made a **Motion** to move out of Public Hearing.

Councilman Scoubes **Seconded** and the motion **Passed** all in favor at 6:12 p.m.

Councilman Gordon asked how many units there will be.

Dave Anderson said there will be 5 units, 10 homes total.

Councilman Dart made a **Motion** to **approve** the Ordinance #Z09-13 Changing the Zoning Designation & Amending the Official Zoning Map of Spanish Fork City for Ludlow Farms with the infill overlay and approve the preliminary plat.

Councilman Davis **Seconded** and the motion **Passed** all in favor with a roll call vote.

NEW BUSINESS:

2013 Canvass of General Municipal Election

Angie Warner presented the canvass documents from each district to the City Council for review.

Councilman Scoubes made a **Motion** to **approve** the 2013 Canvass of General Municipal Election.

Councilman Dart **Seconded** and the motion **Passed** all in favor.

Reagan Billboard Settlement Agreement

This item was removed from the agenda.

Ordinance #Z08-13 Changing the Zoning Designation & Amending the Official Zoning Map of Spanish Fork City for Cerna

This item was removed from the agenda.

ADJOURN:

Councilman Dart made a **Motion** to **adjourn** to Closed Session to discuss Land Acquisition & Litigation.

Councilman Gordon **Seconded** and the motion **Passed** all in favor at 6:22 p.m.

ADOPTED:



Memo

To: Mayor and City Council
From: Chris Thompson P.E., Public Works Director/City Engineer
Date: December 4, 2013
Re: Misc. Concrete Sites 4 & 5, Change Order 2

Staff Report

RECOMMENDED ACTION

I recommend approval of the Misc. Concrete Sites 4 & 5, Change Order 2 for the amount of \$5,199.00.

BACKGROUND

The city council has already approved adding a significant amount of pipe work to this project in Change Order 1. This change order is to compensate for all the modifications required for the pedestrian ramps at each corner that pipe was installed.

DISCUSSION

This is the first year the city has bid out the excavation work required for our miscellaneous concrete projects. In years past we have provided this work through our Streets Division. Because of this pipe work was done by city crews and often not accounted for in our concrete projects. We will need to do a better job adding these pipe projects to the designs in the future.

Attached: change order



Spanish Fork City

Contract Change Order

Change Order Number: 2

Contract for	Misc Concrete Sites 4 & 5	Date	12/3/2013
Owner	Spanish Fork City		
To	RB Construction		

You are hereby requested to comply with the following changes from the contract plans and specifications:

Description of Changes (Supplemental Plans and Specifications Attached)	Decrease in Contract Price	Increase in Contract Price
200 E 200 N SW Corner-Extra Beaver Slide added 25' of 12" pipe and 113' Sidewalk		\$2,633.00
200 E 200 N SE Corner-Added 39' of Curb and Gutter, 26' of sidewalk, Raised Grade 6"		\$1,422.00
200 E 200 N NW Corner-Added 106' of sidewalk, 15' Curb & Gutter and a 12" drain into 48" pipe		\$1,296.00
200 E 200 N NE Corner-Added 343' of sidewalk, 11' Curb & Gutter and 116 sq ft ADA Ramp		\$2,818.00
200 E 300 N NE Corner-Extra beaver slide, cut additional asphalt and add 25' feet of 12" pipe		\$1,100.00
200 E 300 N NW Corner-176 sq ft of extra concrete		\$500.00
Loop the existing Gas line that conflicts with proposed storm drain/CO #1 Not required	\$800.00	
Loop the existing 8" PI Line that conflicts with proposed storm drain/CO #1 Not required	\$3,770.00	
TOTALS :	\$4,570.00	\$9,769.00
NET CHANGE IN CONTRACT PRICE :		\$5,199.00

JUSTIFICATION

The Engineering Division recommends that we rebuild all of the corners (ADA Ramps) in these two intersection while we are replacing the storm drainage. We also plan to overlay the street next year so we would like to have the storm drain replaced before we overlay the street.

The amount of the contract will be increased by the sum of : Five Thousand One Hundred Ninty Nine and 00/100 Dollars
Dollars \$5,199.00

The contract total including this and previous change orders will be : Sixty Six Thousand Seven Hundred One and 50/100 Dollars
Dollars \$66,701.50

This document will become a supplement to the contract and all provisions will apply herein.

Recommended: _____
Engineering Division Manager

Date: _____

Approved: _____
Public Works Director

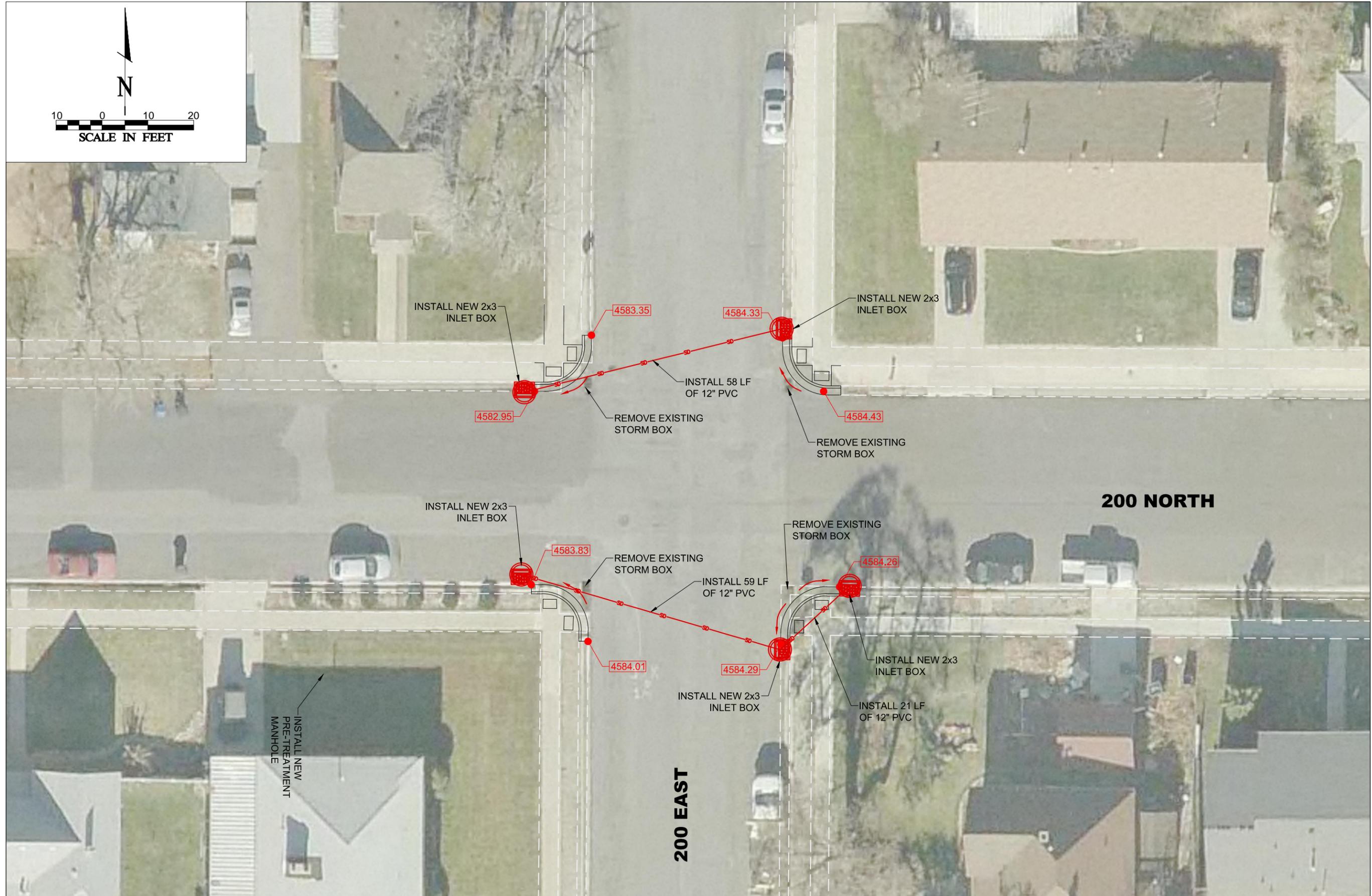
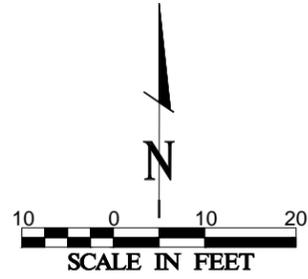
Date: _____

Approved: _____
Mayor

Date: _____

Accepted: _____
Contractor

Date: _____

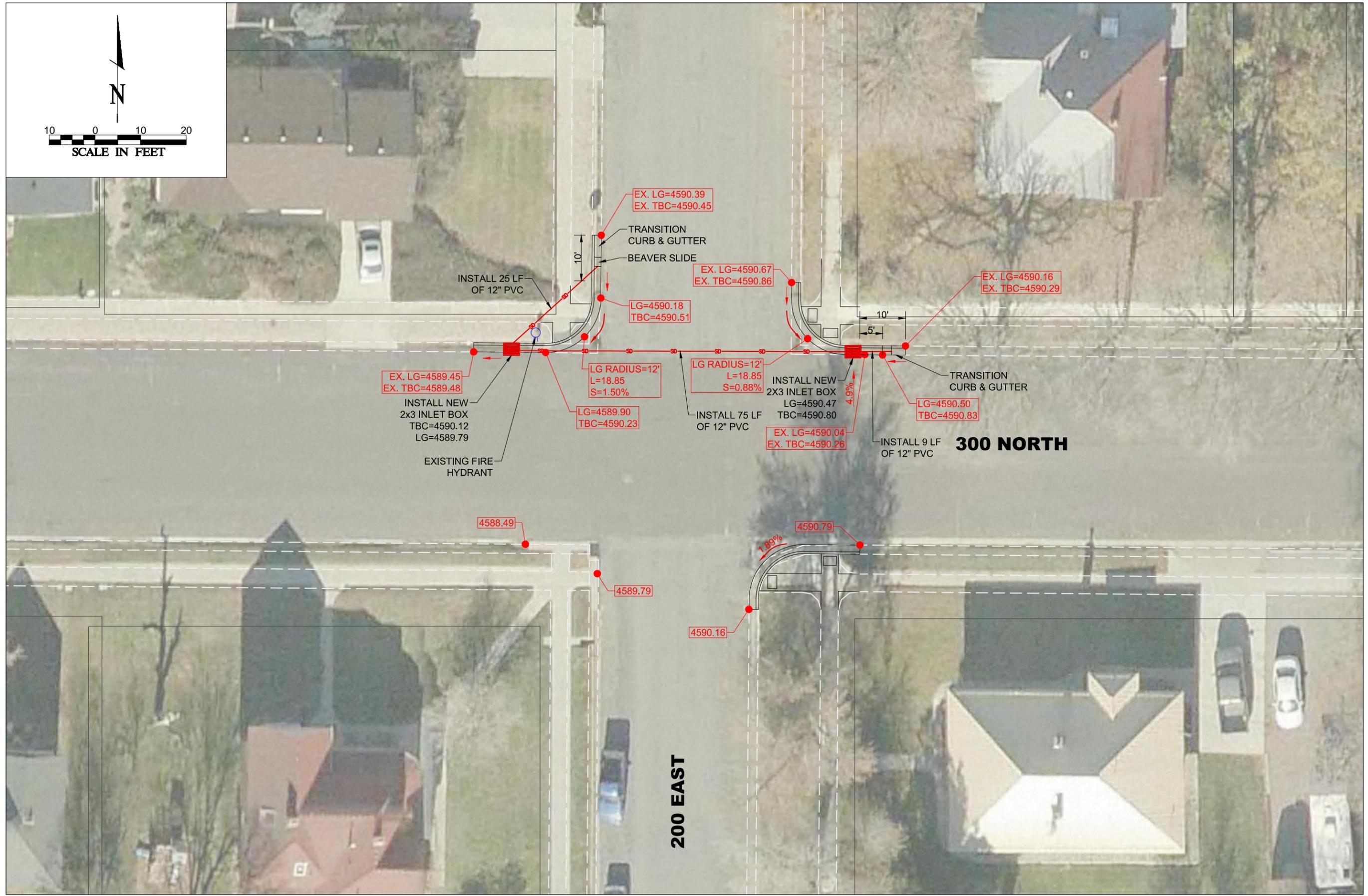
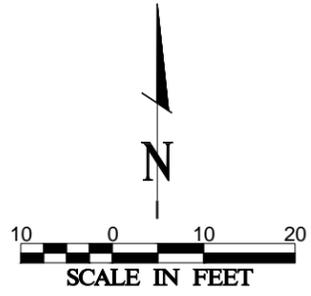


SPANISH FORK CITY
ENGINEERING & SURVEYING
40 SOUTH MAIN STREET
SPANISH FORK, UTAH 84660
(801) 804-4550



SITE 4
200 EAST, 200 NORTH
MISC. CONCRETE

DRAWN:	TRA	REVISION	BY	DATE
DESIGN:	LCS			
CHECK:	CMT			
DATE:		9/23/2013		
1"=20'				
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SPANISH FORK CITY
 ENGINEERING & SURVEYING
 40 SOUTH MAIN STREET
 SPANISH FORK, UTAH 84660
 (801) 804-4550



SITE 5
 200 EAST 300 NORTH
 MISC. CONCRETE

DRAWN:	TRA	REVISION	BY	DATE
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CHECK:	CMT			
DATE:				10/8/2013

SCALE: 1"=20'
 DRAWING #: 1



PO Box 806 Spanish Fork, UT 84660 801-794-1330 Fax 801-794-1332

Spanish Fork City
Misc Concrete 2013
Change Order # 2

200 E 200 N - South West Corner	2633.00
Extra beaver slide. Added 25' of 12" pipe, raise grade 10", 21' of curb and gutter and 113 sq ft of sidewalk.	
200 E 200 N -South East Corner	1422.00
Added 39' of curb and gutter, 26 sq ft of sidewalk, 40' of new landscape rock and raised grade 6"	
200 E 200 N -North West Corner	1296.00
Added 106 sq ft of sidewalk, 15' curb & gutter and 12" drain Into 48" concrete pipe.	
200 N 200 E - North East Corner	2818.00
Added 343 sq ft of sidewalk, 11' of curb and gutter, and 116 sq ft ADA	
300 N 200 E - North East Corner	1100.00
Extra beaver slide, cut additional asphalt and 25' of pipe.	
300 N 200 E - North West Corner	500.00
176 sq ft of concrete	
Total Price	\$9769.00



Memo

To: Mayor and City Council
From: Chris Thompson P.E., Public Works Director/City Engineer
Date: November 22, 2013
Re: National Guard North Substation Lease Agreement Renewal

Staff Report

RECOMMENDED ACTION

I recommend approval of the National Guard North Substation Lease Agreement Renewal for the amount of \$90.00 for a period of 9 years.

BACKGROUND

The City currently leases a portion of the land that the North Substation sits on from the National Guard. This lease needed to be renewed every 5 years. We were able to negotiate to have the lease be for 9 years in the future.

DISCUSSION

We inquired whether we could extend the lease for longer than 9 years but were told that anything 10 years or longer would have to go through a process of board review. Our contact with the National Guard recommended against this.

ALTERNATIVES

Formally request that the National Guard board for our area to consider a longer term lease. We feel this is not necessary.

Attached: agreement



LEASE AGREEMENT NO. 07-1099

LESSOR

**STATE OF UTAH
DEPARTMENT OF ADMINISTRATIVE SERVICES
DIVISION OF FACILITIES CONSTRUCTION AND MANAGEMENT
STATE OFFICE BUILDING, SUITE 4110
P. O. BOX 141160
SALT LAKE CITY, UTAH 84114-1160**

FOR AND IN BEHALF OF

**UTAH NATIONAL GUARD
12953 SOUTH MINUTEMAN DRIVE
DRAPER, UTAH 84020-1776**

LESSEE

**SPANISH FORK CITY
40 SOUTH MAIN STREET
SPANISH FORK, UTAH 84660**

VACANT LAND LOCATED AT:

**UTAH NATIONAL GUARD ARMORY
2751 NORTH MAIN STREET
SPANISH FORK, UTAH 84660-9565**

**COMMENCEMENT DATE: OCTOBER 1, 2006
AMENDMENT NO. 1: OCTOBER 1, 2013
TERMINATION DATE: SEPTEMBER 30, 2022**

**STATE OF UTAH
DEPARTMENT OF ADMINISTRATIVE SERVICES
DIVISION OF FACILITIES CONSTRUCTION AND MANAGEMENT**

**LEASE AGREEMENT
AMENDMENT NO. 1
Contract No. 07-1099**

THIS LEASE AGREEMENT is made and entered into by and between the **STATE OF UTAH, DIVISION OF FACILITIES CONSTRUCTION AND MANAGEMENT**, for and in behalf of the Utah National Guard, whose principal place of business is 4110 State Office Building in Salt Lake City, Utah, hereinafter called "**LANDLORD**" and the **CITY OF SPANISH FORK**, a political subdivision, having its principal place of business at 40 South Main Street, Spanish Fork, Utah hereinafter called "**TENANT.**"

WITNESSETH

THAT WHEREAS, LANDLORD and TENANT have heretofore entered into that certain Lease Agreement (Contract No. 07-1099) for vacant land next to the Utah National Guard Spanish Fork Armory, 1751 North Main Street, Spanish Fork, Utah, which Lease Agreement commenced July 1, 2008, and currently expires September 30, 2013; and

WHEREAS, LANDLORD and TENANT are mutually desirous to renew the subject Lease Agreement for an additional nine (9) years renewal or extended term; and

NOW THEREFORE, for and in consideration of the mutual covenants, conditions, and agreements herein contained, and other good and valuable considerations, it is covenanted and agreed between the parties that the aforesaid Lease Agreement be modified and amended as follows:

NOW THEREFORE IT IS MUTUALLY AGREED AS FOLLOWS:

PARAGRAPH 1. RENEWAL OR EXTENDED TERM

1.1 This Lease Agreement is hereby renewed and extended for an additional term of five years which term shall commence October 1, 2013, and shall expire September 30, 2022 and shall continue thereafter on a month-to-month rental basis, if option to renew is not exercised by TENANT as provided for in Paragraph 2 of this Lease Amendment No. 1, until terminated by either party by giving thirty (30) days advance written notice to the other party.

PARAGRAPH 2. OPTION TO RENEW

2.1 LANDLORD covenants with TENANT that LANDLORD shall, at TENANT'S option, again grant and lease to TENANT at the expiration of the lease term, the Premises pursuant to the provisions of this Lease for and during the term of five (5) years thereafter, with a like covenant for future renewals of the Lease as is contained in this Amendment No. 1, and on the same terms and conditions.

PARAGRAPH 3. CONSIDERATION

3.1 In consideration of granting this Lease Amendment, the annual rentals payable by Tenant to Landlord shall be based on the amounts shown in Exhibit "A" Rental Schedule attached.

PARAGRAPH 4. MANNER OF GIVING NOTICE

4.1 Any notice to be given by either party to the other pursuant to the provisions of this Lease or of any law, present or future, shall be in writing and delivered personally to the party to whom notice is to be given, or by certified mail, return receipt requested, addressed to the party for whom notice is intended at the address stated below or such other address as it may have designated in writing. Notice shall be deemed to have been duly given, if delivered personally, upon receipt thereof, and if mailed, upon the third day after mailing thereof.

If to Tenant:

Division of Facilities
Construction and Management
Attention: Real Estate and Debt Manager
State Office Building, Suite 4110
P. O. Box 141160
Salt Lake City, Utah 84114-1160

If to Landlord:

City of Spanish Fork
40 South Main Street
Spanish Fork, Utah 84660

With a Copy to:

Utah National Guard
Attention: CFMO
12953 South Minuteman Drive
Draper, Utah 84020-1776

PARAGRAPH 5. TERMINATION

5.1 The space requirements of this Lease Agreement may be altered by a federal act or an act of the Utah State Legislature occurring before the expiration of this Lease Agreement. Landlord, therefore, reserves the right for the above reasons to terminate the Lease Agreement by giving ninety (90) days notice in the manner heretofore stated in this Lease Agreement.

PARAGRAPH 6. DEBARMENT

6.1 The LANDLORD certifies that neither it nor its principals, contractors or subcontractors, including project and site managers, have been, or are under consideration for, debarment or suspension, or any action that would exclude such from participation in this transaction (contract), by any governmental department or agency.

6.2 If the LANDLORD cannot certify this statement, attach a written explanation for review by the State of Utah, Division of Facilities Construction and Management. The LANDLORD or its principals, contractors or subcontractors must notify the State of Utah, Division of Facilities Construction and Management Real Estate and Debt Manager within 30 days if debarred by any governmental entity during the contract period.

EXHIBIT "A"
RENTAL SCHEDULE

	FISCAL YEAR	FULL PAYMENT
YEAR 1 Partial Year	2013-2014 10/1/2013-6/30/2014 (9 Months)	\$ 8.00
YEAR 2	2014-2015 7/1/2014-6/30/2015 (12 Months)	\$10.00
YEAR 3	2015-2016 7/1/2015-6/30/2016 (12 Months)	\$10.00
YEAR 4	2016-2017 7/1/2016-6/30/2017 (12 Months)	\$10.00
YEAR 5	2017-2018 7/1/2017-6/30/2018 (12 Months)	\$10.00
YEAR 6	2018-2019 7/1/2018-6/30/2019 (12 Months)	\$10.00
YEAR 7	2019-2020 7/1/2019-6/30/2020 (12 Months)	\$10.00
YEAR 8	2020-2021 7/1/2020-6/30/2021 (12 Months)	\$10.00
YEAR 9	2021-2022 7/1/2021-6/30/2022 (12 Months)	\$10.00
YEAR 10 Partial Year	2022-2023 7/1/2022-9/30/2022 (3 Months)	\$ 2.00
TOTAL		\$90.00



Memo

To: Mayor and City Council
From: Chris Thompson P.E., Public Works Director/City Engineer
Date: December 6, 2013
Re: Cold Springs Front Collection System Bid - Revised

Staff Report

RECOMMENDED ACTION

I move that we award Sunroc the bid for the Cold Springs Front Collection Project for the amount of \$2,064,850 with the following conditions:

- There will be no cost adjustments because of the delay in award.
- Sunroc will not be able to access, do any work on or use any material from the Butler Springs property until a purchase agreement is signed or permission is otherwise obtained from the property owner.
- There will be no cost adjustments to the project for any delay related to negotiations for land to construct the future pond.
- The time frame for bonus will be negotiated into 2 projects independent of each other. First would be Cold Springs, this would be our priority and the bulk of the bonus. Second, Butler Springs Pond.

BACKGROUND

This project was planned to mitigate the cross contamination between the Cold Springs pond and collection system. It is anticipated that it will increase the amount of water that can be collected at the spring. The city has bonded to pay for this project.

The Army Corp of Engineers is requiring at that similar pond and wetland area double in size be constructed near a spring to mitigate the effects of eliminating the pond at Cold Springs. This pond is anticipated to be constructed near Main Street south of the Spanish Fork River. The construction of



DISCUSSION

This bid was awarded previously by the City Council on condition that the Army Corp permit was obtained and the necessary easements were obtained for the Butler Springs Pond. We have since obtained the Army Corp Permit but it looks like it will still take some time to obtain the necessary easements for Butler Springs Pond.

The pond will be a beautiful feature near the entrance to the city. The budget for this project was originally set for \$2,000,000 or half of the water bond. This was a rough number which we realized would be a little low once the design finalized. Rather than adjust the budget multiple times we budgeted \$426,306 in a system improvement fund to cover any shortfall with the balance going to water improvement and replacement projects. We anticipate that this money will cover the difference in budget for the project and related engineering costs.

We discussed the recommended conditions with Sunroc and they are agreeable to them. We believe this will allow the project to commence and meet critical deadlines for our water supply.

ALTERNATIVES

We do a full rebid of the project once easements are obtained. We fear this would delay the project enough that we wouldn't have Cold Springs through another summer.

Attached: bid tabulation, notice of award

SPANISH FORK CITY
Cold Springs Drain Line Phase II & Butler Springs Pond
October 4, 2013
Bid Tabulation

Note: Bids shall include sales tax and all other applicable taxes and fees.

NO.	DESCRIPTION	QTY	UNIT	Cop Const UNIT PRICE	S&L Inc UNIT PRICE	Sunroc UNIT PRICE	Whitaker UNIT PRICE	Lyndon Jones UNIT PRICE	Vancon UNIT PRICE	Newman UNIT PRICE	Engineers Est UNIT PRICE	AVG UNIT PRICE	
1	Mobilization/ Demobilization	1	LS	\$40,000.00	\$43,610.19	\$40,000.00	\$85,000.00	\$190,000.00	\$42,500.00	\$25,070.00	\$60,000.00	\$71,030.03	
2	Remove & Dispose of Existing Soil	23000	LF	\$5.60 \$128,800.00	\$8.00 \$184,000.00	\$8.75 \$201,250.00	\$8.00 \$184,000.00	\$8.30 \$190,900.00	\$7.70 \$177,100.00	\$19.75 \$454,250.00	\$7.00 \$161,000.00	\$9.44	
3	Import & Place Gravel Fill	64000	LF	\$19.75 \$1,264,000.00	\$19.58 \$1,253,120.00	\$15.50 \$992,000.00	\$20.50 \$1,312,000.00	\$19.80 \$1,267,200.00	\$24.40 \$1,561,600.00	\$24.75 \$1,584,000.00	\$15.00 \$960,000.00	\$20.61	
4	Import (From Butler Pond) & Place Clay Barrier	10000	LF	\$5.60 \$56,000.00	\$12.16 \$121,600.00	\$14.00 \$140,000.00	\$11.25 \$112,500.00	\$14.23 \$142,300.00	\$20.00 \$200,000.00	\$21.60 \$216,000.00	\$25.00 \$250,000.00	\$14.12	
5	Place PVC Liner	15000	LF	\$6.00 \$90,000.00	\$6.26 \$93,900.00	\$7.00 \$105,000.00	\$5.75 \$86,250.00	\$5.30 \$79,500.00	\$7.25 \$108,750.00	\$6.05 \$90,750.00	\$6.00 \$90,000.00	\$6.23	
6	Import & Place Select Fill	5000	LF	\$26.00 \$130,000.00	\$9.61 \$48,050.00	\$8.00 \$40,000.00	\$10.00 \$50,000.00	\$20.22 \$101,100.00	\$19.00 \$95,000.00	\$24.70 \$123,500.00	\$8.00 \$40,000.00	\$16.79	
7	Final Grading	1	EA	\$5,400.00	\$26,587.49	\$30,000.00	\$25,000.00	\$29.42	\$29,500.00	\$7,895.00	\$15,000.00	\$17,773.13	
8	24" PVC Collection Line	340	EA	\$82.00 \$27,880.00	\$59.86 \$20,352.40	\$68.00 \$23,120.00	\$85.00 \$28,900.00	\$63.50 \$21,590.00	\$73.00 \$24,820.00	\$84.90 \$28,866.00	\$100.00 \$34,000.00	\$73.75	
9	18" PVC Collection Line	458	EA	\$49.00 \$22,442.00	\$50.76 \$23,248.08	\$47.00 \$21,526.00	\$65.00 \$29,770.00	\$45.25 \$20,724.50	\$52.00 \$23,816.00	\$64.50 \$29,541.00	\$75.00 \$34,350.00	\$53.36	
10	12" PVC Collection Line	243	EA	\$36.00 \$8,748.00	\$38.00 \$9,234.00	\$28.00 \$6,804.00	\$40.00 \$9,720.00	\$40.50 \$9,841.50	\$33.00 \$8,019.00	\$41.00 \$9,963.00	\$50.00 \$12,150.00	\$36.64	
11	5' Junction Manhole	6	EA	\$5,800.00 \$34,800.00	\$5,007.24 \$30,043.44	\$6,000.00 \$36,000.00	\$4,900.00 \$29,400.00	\$6,420.00 \$38,520.00	\$5,370.00 \$32,220.00	\$5,560.00 \$33,360.00	\$7,000.00 \$42,000.00	\$5,579.61	
12	Chain Link Fence - Cold Springs	1500	EA	\$21.00 \$31,500.00	\$16.37 \$24,555.00	\$22.00 \$33,000.00	\$22.00 \$33,000.00	\$15.40 \$23,100.00	\$18.00 \$27,000.00	\$22.65 \$33,975.00	\$16.00 \$24,000.00	\$19.63	
13	Connect to Existing Manhole	1	EA	\$5,500.00	\$4,240.41	\$1,000.00	\$7,000.00	\$1,030.00	\$2,000.00	\$1,250.00	\$8,000.00	\$3,145.77	
14	Dewatering	1	EA	\$31,000.00	\$95,716.50	\$145,000.00	\$120,000.00	\$42,000.00	\$120,500.00	\$10,540.00	\$80,000.00	\$80,679.50	
15	Install 3" Vent Pipe	1	EA	\$5,600.00	\$7,517.40	\$4,350.00	\$18,000.00	\$5,000.00	\$15,500.00	\$7,605.00	\$15,000.00	\$9,081.77	
16	Traffic Control	1	EA	\$6,600.00	\$4,644.00	\$25,000.00	\$27,000.00	\$4,000.00	\$42,000.00	\$9,795.00	\$20,000.00	\$17,005.57	
Schedule A Grand Total				\$1,888,270.00	\$1,990,418.91	\$1,844,050.00	\$2,157,540.00	\$2,136,835.42	\$2,510,325.00	\$2,666,360.00	\$1,845,500.00	\$2,170,542.76	
17	Mobilization/ Demobilization	1	EA	\$15,000.00	\$15,694.02	\$10,000.00	\$37,000.00	\$24,000.00	\$20,300.00	\$13,110.00	\$25,000.00	\$19,300.57	
18	Excavation and Grading	1	EA	\$72,000.00	\$57,034.87	\$50,000.00	\$115,000.00	\$145,650.00	\$37,000.00	\$43,485.00	\$50,000.00	\$74,309.98	
19	Construct Pond Inlet and Modify Existing Spring Box	1	EA	\$11,000.00	\$4,309.54	\$6,500.00	\$13,000.00	\$11,450.00	\$23,300.00	\$11,120.00	\$20,000.00	\$11,525.65	
20	Construct Pond Outlet and Ditch Crossing	1	EA	\$21,000.00	\$19,579.35	\$16,700.00	\$24,000.00	\$10,700.00	\$22,800.00	\$26,190.00	\$35,000.00	\$20,138.48	
21	Vegetation and Planting	1	EA	\$65,000.00	\$53,450.37	\$55,000.00	\$71,000.00	\$67,000.00	\$61,700.00	\$12,645.00	\$90,000.00	\$55,113.62	
22	Install 120 LF of 12" & 16" Steel Casing Across SF River	1	EA	\$24,000.00	\$21,137.28	\$17,000.00	\$36,000.00	\$14,310.00	\$20,000.00	\$18,380.00	\$40,000.00	\$21,546.75	
23	Erosion Control Mat - NAG C125 or Approved Equal	150	SY	\$21.00 \$3,150.00	\$4.47 \$670.50	\$4.00 \$600.00	\$3.00 \$450.00	\$1.50 \$225.00	\$2.00 \$300.00	\$4.30 \$645.00	\$5.00 \$750.00	\$5.75	
Schedule B Grand Total				\$211,150.00	\$171,875.93	\$155,800.00	\$296,450.00	\$273,335.00	\$185,400.00	\$125,575.00	\$260,750.00	\$202,797.99	
24	Import & Place Clay Barrier From Non-Butler Spring Source (Optional Line Item)	16500	Ton	\$14.00 \$231,000.00	\$16.16 \$266,640.00	\$37.50 \$618,750.00	\$23.00 \$379,500.00	\$37.25 \$614,625.00	\$20.50 \$338,250.00	\$19.00 \$313,500.00	No Estimate Given	\$23.92	
25	Schedule A Completion Bonus	1	LS	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	
26	Schedule B Completion Bonus	1	LS	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	
GRAND TOTAL (MINUS LINE ITEM 4):				\$2,339,420.00	\$2,372,334.84	\$2,543,600.00	\$2,785,990.00	\$2,947,495.42	\$2,898,975.00	\$2,954,435.00			
RANKING:				1	2	3	4	6	5	7			
Cost Difference Between 1 and 2				\$32,914.84									
GRAND TOTAL (MINUS LINE ITEM 24):				\$2,164,420.00	\$2,227,294.84	\$2,064,850.00	\$2,518,990.00	\$2,475,170.42	\$2,760,725.00	\$2,856,935.00	\$2,171,250.00		
RANKING:				2	3	1	5	4	6	7			
Cost Difference Between 1 and 2				\$99,570.00									
PROJECT BUDGET				\$1,901,490.00									
GL#				7171-5365									

NOTICE OF AWARD

DATE: October 8, 2013

TO: Sunroc Corporation

525 West Arrowhead Trail

Spanish Fork, UT 84660

PROJECT DESCRIPTION:

COLD SPRINGS DRAIN LINE PHASE II & BUTLER SPRINGS POND

The OWNER has considered the bid submitted by you for the above described work.

You are hereby notified that your bid has been accepted in the amount of **\$2,064,850.00; Two Million Sixty Four Thousand Eight Hundred Fifty Dollars and Zero Cents.**

You are required by the Information for Bidders to execute the Agreement and furnish the required CONTRACTOR's Performance Bond, Payment Bond and Certificates of Insurance **within ten (10) calendar days** from the date of this notice to you.

If you fail to execute said Agreement and to furnish said bonds within ten (10) days from the date of this notice, said OWNER will be entitled to consider all your rights arising out of the OWNER's acceptance of your bid as abandoned and as a forfeiture of your Bid Bond. The OWNER will be entitled to such other rights as may be granted by law. You are required to return an acknowledged copy of this Notice of Award to the OWNER.

DATED THIS _____ DAY OF _____, 2013

SPANISH FORK CITY CORPORATION

By: _____
Jered Johnson, Engineering Division Manager Date

By: _____
Lua Saluone, Design Engineer Date

By: _____
John Waters, Water Division Manager Date

By: _____
G. Wayne Andersen, Mayor Date

By: _____
Kent R. Clark, City Recorder/ Finance Director Date

**ACCEPTANCE OF NOTICE
RECEIPT OF THE ABOVE NOTICE OF AWARD IS HEREBY ACKNOWLEDGED**

BY: _____

THIS THE _____ DAY OF _____, 2013

ORDINANCE No. 19-13

ROLL CALL

VOTING	YES	NO
G. WAYNE ANDERSEN <i>MAYOR,</i> <i>(VOTES ONLY IN CASE OF A TIE)</i>		
ROD DART <i>COUNCIL MEMBER</i>		
RICHARD M. DAVIS <i>COUNCIL MEMBER</i>		
BRANDON B. GORDON <i>COUNCIL MEMBER</i>		
STEVE LEIFSON <i>COUNCIL MEMBER</i>		
KEIR A. SCUBES <i>COUNCIL MEMBER</i>		

I MOVE this ordinance be adopted:

I SECOND the foregoing motion:

ORDINANCE No. 19-13

AN ORDINANCE AMENDING THE HOME OCCUPATION REQUIREMENTS

WHEREAS, Spanish Fork City allows certain types of businesses to be conducted from residences, upon compliance with rules and regulations established by ordinance, and upon obtaining a home occupation business license; and

WHEREAS, the current ordinance limits the amount of square footage in the home or accessory building which can be used for the home occupation; and

WHEREAS, the current ordinance limits the number of patrons permitted at a home occupation at the same time; and

WHEREAS, modifying the square footage and number of patron limits will accommodate more home occupations without creating an adverse impact on residential neighbors;

NOW THEREFORE, be it ordained and enacted by the Spanish Fork City Council as

follows:

I.

Spanish Fork City Municipal Code §5.40.040(A) is hereby amended as follows:

5.40.040 Conditions.

A. The following conditions must be met in order to obtain and keep a home occupation business license:

1 ~ 2 [no change]

3. The business may occupy no more than 300 square feet if located in an accessory building, or the lesser of 300 square feet or 15% of the floor space of the residence if located in the residence. An exception exists for swim lesson home occupations if the swimming pool meets residential pool standards and is constructed primarily for the personal use of the occupants of the residence.

4. No more than two nonresident patrons are permitted to be at the dwelling at any one time by reason of the home occupation, except that daycares and preschools are permitted to have no more than eleven (11) patrons, including the provider's own children four years of age and younger.

5 ~ 15 [no change]

II.

This Ordinance shall become effective 20 days after passage and publication.

PASSED AND ORDERED PUBLISHED BY THE CITY COUNCIL OF SPANISH FORK, UTAH, this 17th day of December, 2013.

G. WAYNE ANDERSEN, Mayor

Attest:

KENT R. CLARK, City Recorder

**SETTLEMENT AGREEMENT
AND GENERAL RELEASE OF ALL CLAIMS**

ROA General, Inc., a Utah corporation, **dba Reagan Outdoor Advertising** (“Reagan”), and **Spanish Fork City**, a municipality and political subdivision of the State of Utah (“City”), hereby enter into this Settlement Agreement and General Release of All Claims (the “Agreement”) as of this ____ day of _____, 2013, for the purpose of settling and resolving certain claims, controversies and disputes between them on the terms and conditions and for the considerations set forth below.

1. Intent of the Parties. There is a dispute between the parties to this Agreement regarding the application of the City’s ordinances and regulations with respect to a request submitted to the City by Reagan to relocate two nonconforming signs or billboards previously located at approximately 1215 North SR-51 in the City, Utah Department of Transportation Permit Numbers _____ and _____, (the “Subject Billboards”), which resulted in the filing of a lawsuit currently pending in the Fourth Judicial District Court for Utah County, State of Utah, Civil No. 130400695 (the “Litigation”). Without waiving or conceding their respective positions in the Litigation with respect to the Subject Billboards, it is the intent and purpose of the parties of this Agreement to fully settle, compromise and resolve all claims and controversies between them arising out of or in any way referring or relating to the Subject Billboards and the Litigation.

2. Issuance of Sign Permit. The City hereby agrees to issue a permit to Reagan authorizing the construction of one (1) off-premise outdoor advertising sign or billboard subject to compliance with the terms and conditions of this Agreement and the conditions set forth below:

a. One (1) sign to be located on property located at 689 North Lynbrook Drive, with a copy area or face no larger than 14 feet by 48 feet; and a height which does not exceed ~~forty-five (45) to twenty-five (25)~~ feet from the existing ground level or grade of above the sound wall adjacent to the property to the bottom of the sign(the “Replacement Billboard”).

b. The Replacement Billboard shall be constructed in compliance with the provisions of §5.36.070 of the City’s Municipal Code.

c. The Replacement Billboard shall have only one static display and no animated or digital media of any type.

d. The Replacement Billboard shall not be illuminated between the hours of 11:00 p.m. to 7:00 a.m.

3. Removal and Relinquishment of Rights with Respect to the Subject Billboards. As part of this Agreement, Reagan shall remove the Subject Billboards and relinquish all rights

with respect to the Subject Billboards including, but not limited to, the right to seek relocation of such billboards to any other location within the City.

4. Dismissal of Litigation. The parties hereby agree that a stipulation, motion and order of dismissal will be executed by counsel for Reagan and the City and filed in the Fourth Judicial District Court for Utah County in Civil No. 130400695, dismissing the Litigation with prejudice and upon the merits with all parties to bear their own costs and attorney's fees.

5. Mutual General Release of All Claims. As part of this Agreement, Reagan and the City, for and on behalf of themselves and their respective owners, officers, employees, agents, indemnitors, insurers, successors, and assigns, hereby release and forever discharge each other, together with their officers, employees, agents, indemnitors, insurers, successors, and assigns, from any and all claims, demands, liabilities, damages, causes of action, costs and expenses, including attorney's fees, arising out of or in any way connected with the Subject Billboards and the Litigation. It is the intent of Reagan and the City to fully and completely release each other from any and all claims in any way related to the Subject Billboards and subject matter of the Litigation.

6. Integration. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof, and integrates all prior conversations, discussions or undertakings of whatever kind or nature and may only be modified by a subsequent writing duly executed by the parties hereto.

7. Counterparts. This document may be executed in one or more counterparts, which together shall constitute one and the same document.

8. Amendment. This Agreement may not be modified except by an instrument in writing signed by the parties hereto.

9. Time of Essence. Time is the essence of this Agreement and every provision hereof.

10. Interpretation. This Agreement shall be interpreted, construed and enforced according to the substantive laws of the state of Utah.

11. Additional Acts. The parties shall do such further acts and things and shall execute and deliver such additional documents and instruments as may be necessary or reasonably requested by a party or its counsel to obtain approvals or other benefits described in this Agreement.

12. Authorization. Each individual executing this Agreement does thereby represent and warrant to the other signers that the individual has been duly authorized to execute and deliver this Agreement in the capacity and for the party specified.

13. Mutual Participation in Document Preparation. Each party has participated materially in the negotiation and preparation of this Agreement and any related items; in the

SPANISH FORK CITY

By _____
Mayor G. Wayne Andersen

Attest:

Kent Clark, Spanish Fork City Recorder

273483.1

ORDINANCE No. 20-13

ROLL CALL

VOTING	YES	NO
G. WAYNE ANDERSEN <i>MAYOR,</i> <i>(VOTES ONLY IN CASE OF A TIE)</i>		
ROD DART <i>COUNCIL MEMBER</i>		
RICHARD M. DAVIS <i>COUNCIL MEMBER</i>		
BRANDON B. GORDON <i>COUNCIL MEMBER</i>		
STEVE LEIFSON <i>COUNCIL MEMBER</i>		
KEIR A. SCUBES <i>COUNCIL MEMBER</i>		

I MOVE this ordinance be adopted:

I SECOND the foregoing motion:

ORDINANCE No. 20-13

AN ORDINANCE AMENDING TITLE 5 CHAPTER 28 OF THE SPANISH FORK MUNICIPAL CODE CONCERNING SEXUALLY ORIENTED BUSINESSES

WHEREAS, Spanish Fork City has previously adopted business license regulations concerning sexually oriented businesses, as codified at Title 5, Chapter 28 (the "Ordinance") of the Spanish Fork Municipal Code (the "Code"); and

WHEREAS, there is convincing documented evidence that sexually-oriented businesses have a deleterious effect on both the existing businesses around them and residential areas of the City adjacent to them, causing increased crime, urban blight, the downgrading of property values, the downgrading of quality of life, and other harmful effects; and

WHEREAS, the City Council desires to amend the Ordinance to better minimize and control these adverse effects and thereby protect the health, safety, and welfare of the citizens of the City, protect the citizens from increased crime, preserve the quality of life, preserve the property values and character of neighborhoods, and deter the spread of the urban blight;

NOW THEREFORE, be it ordained and enacted by the Spanish Fork City Council, as follows:

I.

Spanish Fork Municipal Code, 5.28.040 is hereby amended to amend the following definition to read as follows:

5.28.040 Definitions.

“Sexual device shop” means a commercial establishment that, as its principal purpose, sells or otherwise provides sexual devices. For purposes of this definition, “principal purpose” means:

1. At least 15% of the commercial establishment’s displayed merchandise consists of such items;
2. At least 15% of the wholesale or retail value of the commercial establishment’s displayed merchandise consists of such items;
3. The commercial establishment derives at least 15% of its revenues from the sale or rental, for any form of consideration, of such items;
4. The commercial establishment maintains at least 15% of its interior business space for the sale or rental of such items;
5. The display of such items is visible from any location outside the store.

II.

Spanish Fork Municipal Code, 5.28.220 is hereby amended to read as follows:

Section 5.28.220 Regulations and Unlawful Activities

It is unlawful for any sexually oriented business or sexually oriented business employee to:

A ~ K [no change]

L. Sexual devices displayed for sale cannot be displayed where they would be visible from any location outside the store.

III.

In order to protect the health, safety, and welfare of the residents of Spanish Fork City, this ordinance shall become effective immediately upon passage.

PASSED AND ORDERED PUBLISHED BY THE CITY COUNCIL OF SPANISH FORK, UTAH, this 10th day of December, 2013.

G. WAYNE ANDERSEN, Mayor

Attest:

KENT R. CLARK, City Recorder



PRELIMINARY PLAT

REPORT TO THE CITY COUNCIL SKYHAWK CONDOMINIUMS

Agenda Date: December 10, 2013.

Staff Contacts: Dave Anderson, Community Development Director.

Reviewed By: Development Review Committee, Planning Commission

Request: The applicant is proposing to have a condominium plat approved so as to allow individual spaces in the Main Street Plaza building to be sold individually.

Zoning: Commercial Downtown.

General Plan: Mixed Use.

Project Size: .64 acres.

Number of lots: 10 units.

Location: 300 North Main Street.

Background Discussion

The concept of this proposal is rather simple. The applicant has proposed a Preliminary Plat to start the process to create individual spaces for the various businesses that are located in the Main Street Plaza. As of right now, Main Street Plaza is owned by one entity. Should Spanish Fork City approve a Preliminary and then Final Plat for the Skyhawk Condominiums, the owner would then be able to sell the individual units in the building to separate owners.

Staff has reviewed the proposed Plat and the only significant concern that has been raised pertains to the need for the applicant to potentially modify the building to comply with Building Code requirements. In short, the requirements for things like the installation of firewalls between spaces is more stringent with condominiums than it is with buildings that are owned by one party.

Development Review Committee

The Development Review Committee reviewed this request in their November 6, 2013 meeting and recommended that it be approved. Draft minutes from that meeting read as follows:

Skyhawk Condominiums

Applicant: Kevin Prichett
 General Plan: Mixed Use
 Zoning: C-D
 Location: 300 North Main Street

Mr. Pierce explained that the HOA will need to take care of the utilities.

Mr. Anderson explained that the City has a cross access parking agreement that is in Kevin Prichett's name and that the City Council will need to amend the agreement to add the HOA as the contracting party.

Discussion was held regarding signage and common area versus limited areas.



Mr. Swenson said that he had some concerns relative to the Building Code and separation.

Mr. Baker **moved** to **approve** the Skyhawk Condominiums Preliminary Plat subject to the following conditions:

Conditions

1. That the applicant make any changes to the building that are required by the Building Code.
2. That the applicant revise the cross access and parking agreement to include the HOA.
3. That the applicant meet the City's Construction Standards.

Mr. Peterson **seconded** and the motion **passed** all in favor.

Planning Commission

The Planning Commission reviewed this proposal in their December 4, 2013 meeting and recommended that it be approved. It is anticipated that draft minutes from that meeting will be ready before the City Council meeting.

Budgetary Impact

There is no anticipated budget impact with this proposed subdivision.

Recommendation

Staff recommends that the proposed Preliminary Plat be approved subject to the following conditions:

Conditions

1. That the applicant provide plans prepared by a licensed architect that identify the modifications that need to be made to the building for it to meet the Building Code requirements for condominiums.
2. That the applicant make the needed modifications to the building as identified by a licensed architect and approved by the City's Building Official.
3. That the applicant revise the cross access and parking agreement to include the HOA.
4. That the applicant meet the City's Construction Standards.





ANNEXATION

REPORT TO THE CITY COUNCIL ELSIE S. THOMAS ANNEXATION ACCEPTANCE

Agenda Date:	December 7, 2013.
Staff Contacts:	Dave Anderson, Community and Economic Development Director.
Request:	Roger Knell proposes to annex some 32 acres into Spanish Fork City.
General Plan:	Mixed Use and Medium Density Residential.
Zoning:	Rural Residential and R-1-8 proposed.
Project Size:	32 acres.
Number of Lots:	Not applicable.
Location:	Approximately 1100 West Center Street.

Background Discussion

This proposed Annexation involves approximately 32 acres and would help fill a gap of lands that are currently in Utah County just outside the City Boundary. Staff understands one of the reasons for this annexation is the desire of the LDS Church to construct a building in the annexation area.

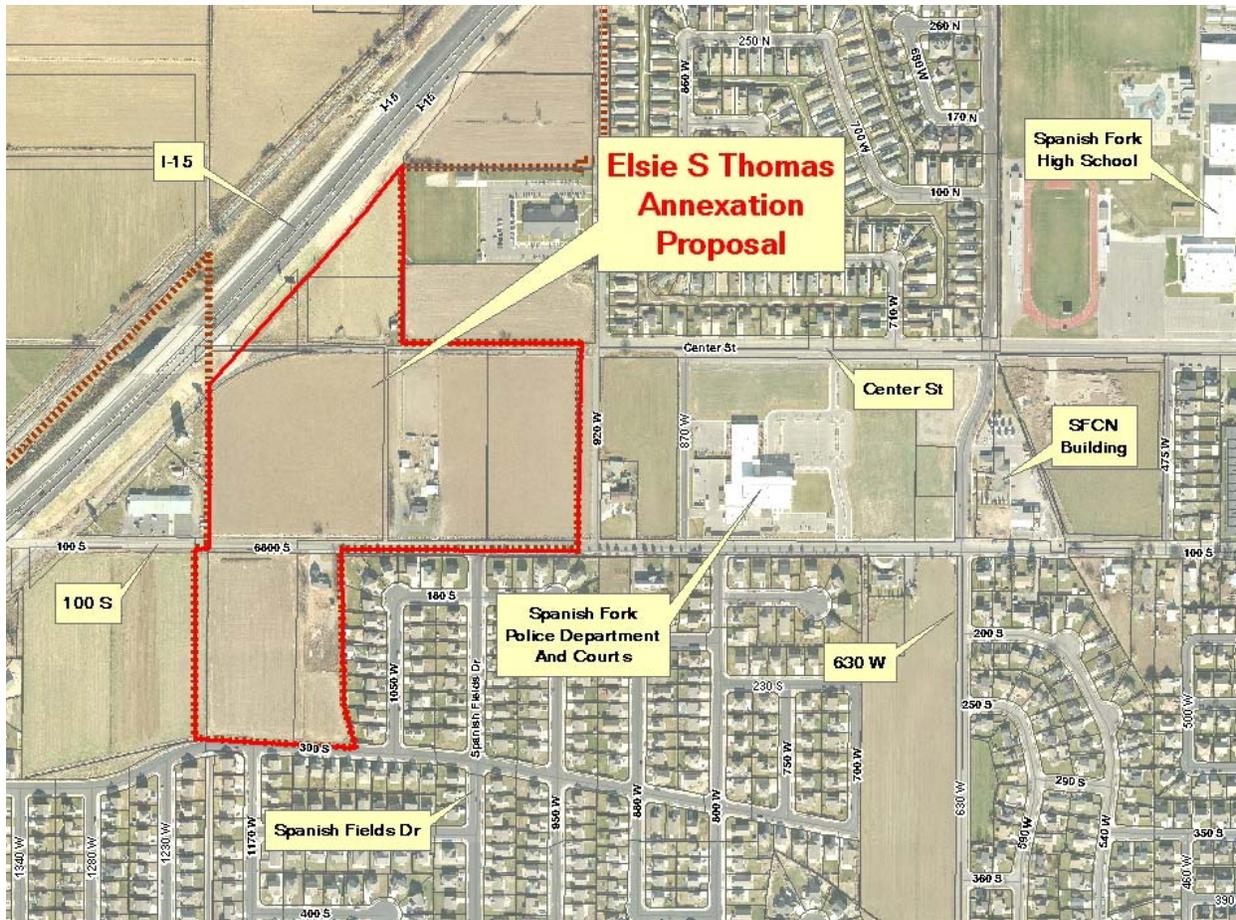
There are several issues that need to be addressed before the subject properties can be annexed. One of the issues has to do with the boundary and changes that need to be made to it. As submitted, it appears as though the proposed boundary would leave lands outside the annexation that need to be included. Power and the power buyout is another issue. One other significant issue involves providing sewer service within the annexation area.

At this time, it is simply proposed that the City Council accept the Thomas Annexation for further study. Accepting the Annexation for further study does not ultimately obligate the Council to approve the Annexation.

Recommendation

Staff recommends that the proposed Elsie S. Thomas Annexation be accepted for further study.





**SPANISH FORK CITY, UTAH
INDEPENDENT AUDITORS' REPORT
BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

**SPANISH FORK CITY, UTAH
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YEAR ENDED JUNE 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
Members of the City Council
Spanish Fork City, Utah

Mayor and Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Spanish Fork City, Utah, (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Spanish Fork City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spanish Fork City's basic financial statements. The combining and individual nonmajor fund financial statements (pages 65-69) 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 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 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 a report dated December 5, 2013 on our consideration of Spanish Fork City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Larson & Company, PC

Spanish Fork, Utah
December 5, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Spanish Fork City, we offer readers of Spanish Fork City's financial statements this narrative overview and analysis of the financial activities of Spanish Fork City for the fiscal year ended **June 30, 2013**. 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 Spanish Fork City increased **\$9,018,100** to **\$224,204,082**. The governmental net position increased by **\$2,132,666** and the business-type net position increased by **\$6,885,434**.
- The total net position of **\$224,204,082** is made up of **\$180,755,534** in capital assets net of related debt and **\$45,931,722** in other net position.
- The General Fund (the primary operating fund) had a decrease in its fund balance of **\$384,706**.
- The City's total long-term liabilities increased by **\$1,383,807** during the current fiscal year.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to Spanish Fork City's basic financial statements. Spanish Fork 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 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 Spanish Fork City's finances, in a manner similar to a private-sector business.

- *The statement of net position* presents information on all of Spanish Fork City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported as assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Spanish Fork 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 taken into account regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Spanish Fork 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 15-16 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. Spanish Fork 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 three categories: governmental funds, proprietary funds, and fiduciary 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 an accounting method called modified accrual 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 fund (as determined by generally accepted accounting principles) is the General Fund. The balance of the governmental funds is determined to be non-major and is included in the combining statements within this report.

- **Proprietary funds** - Spanish Fork 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. Spanish Fork City uses enterprise funds to account for its Electric Utility, Water Utility (Culinary and Pressurized Irrigation), Sewer Utility, Solid Waste Collection Utility, Storm Drainage Utility, Golf Course Operations, Swimming Pool and Gun Club. Internal service funds are an accounting device used to accumulate and allocate costs internally among Spanish Fork City's various functions. The City uses an internal service fund for maintenance of its vehicles and equipment. Because this service primarily benefits governmental activities, it has 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 non-major and are included in the combining statements within this report.

- **Fiduciary funds** - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting method used for these funds is much like that used for proprietary funds.

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 Spanish Fork City, assets exceed liabilities by **\$224,204,082**.

By far the largest portion of Spanish Fork City’s net position (**\$180,755,534 or 80%**) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), 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.

The following table summarizes the City’s net position.

Spanish Fork City’s Net position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	14,924,151	15,004,000	41,073,313	33,754,624	55,997,465	48,758,624
Capital assets	88,252,291	86,620,256	120,245,445	118,584,121	208,497,736	205,204,377
Total assets	103,176,442	101,624,256	161,318,758	152,338,745	264,495,201	253,963,001
Other liabilities	5,755,692	7,025,068	2,057,078	1,707,462	7,812,770	8,732,530
Long-term liabilities outstanding	17,966,262	18,798,455	12,991,000	10,775,000	30,957,262	29,573,455
Total liabilities	23,721,954	25,823,523	15,048,078	12,482,462	38,770,032	38,305,985
Deferred property tax revenue	1,521,088	-	-	-	1,521,088	-
Total deferred inflows	1,521,088	-	-	-	1,521,088	-
Net Position:						
Net investments in capital assets	70,121,993	67,650,056	110,633,541	108,768,793	180,755,534	176,418,849
Restricted	4,422,850	4,429,582	4,441,757	1,677,801	8,864,607	6,107,383
Unrestricted	3,388,557	3,721,096	31,195,382	29,409,688	34,583,940	33,130,784
Total Net Position	77,933,400	75,800,734	146,270,680	139,856,282	224,204,081	215,657,016

The following table summarizes the City's changes in Net position.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	7,547,037	6,890,962	40,187,476	37,115,567	47,734,513	44,006,529
Operating grants and contribs	1,168,864	1,370,902	-	-	1,168,864	1,370,902
Capital grants and contribs	5,412,638	4,037,936	2,621,371	2,242,838	8,034,009	6,280,774
General revenues:						
Property taxes	2,765,434	2,720,342	-	-	2,765,434	2,720,342
Sales and Use Tax	6,557,376	6,034,804	-	-	6,557,376	6,034,804
Other taxes	605,579	588,700	-	-	605,579	588,700
Unrestricted investment earnings	76,668	92,182	153,390	164,430	230,058	256,612
Joint Venture Gain (Loss)	465,488	338,108	-	(61,253)	465,488	276,855
Miscellaneous	-	3,000,250	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	(30,428)	(5,087)	(49,256)	(5,087)	(79,684)
Total revenues	<u>24,599,084</u>	<u>25,043,758</u>	<u>42,957,150</u>	<u>39,412,326</u>	<u>67,556,234</u>	<u>64,456,084</u>
Expenses:						
General government	3,527,858	3,356,613	-	-	3,527,858	3,356,613
Public safety	5,883,858	5,557,593	-	-	5,883,858	5,557,593
Public works	8,503,670	9,144,385	-	-	8,503,670	9,144,385
Parks and recreation	4,484,864	7,305,349	-	-	4,484,864	7,305,349
Operating expenses (business type)	-	-	35,329,969	33,579,119	35,329,969	33,579,119
Interest expense	807,915	843,333	-	-	807,915	843,333
Total expenses	<u>23,208,165</u>	<u>26,207,273</u>	<u>35,329,969</u>	<u>33,579,119</u>	<u>58,538,134</u>	<u>59,786,392</u>
Increase in net position before transfers	1,390,919	(1,163,515)	7,627,181	5,833,207	9,018,100	4,669,692
Transfers	741,747	5,331,106	(741,747)	(5,331,106)	-	-
Increase in net position	2,132,666	4,167,591	6,885,434	502,101	9,018,100	4,669,692
Net position - beginning	75,800,734	71,633,143	139,856,282	139,354,181	215,657,016	210,987,324
Prior Period Adjustment	-	-	(471,035)	-	(471,035)	-
Net position - ending	<u>77,933,400</u>	<u>75,800,734</u>	<u>146,270,681</u>	<u>139,856,282</u>	<u>224,204,081</u>	<u>215,657,016</u>

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the City's financing requirements. As of the June 30, 2013, the City's governmental funds (General, Debt Service, Special Revenue, and Capital Project Fund) reported combined fund equity of **\$6,397,037**. This represents a decrease of **\$1,045,252** under last year's ending balances. This decrease is the result of both a planned budget transfers of funds being held for the Capital Projects Fund and the appropriation of the beginning fund balance. 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. Capital project funds are used to account for the acquisition of capital assets with transfers made from the General Fund and other funds.

Taxes continue to be the largest source of revenue in the Governmental Funds (**\$9,928,389**) and represent **58%** of total governmental funds revenues. The largest element of taxes is **sales and use taxes** as it has been for the last several years.

As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provides 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund original budget was amended from an original budget expenditure total of **\$17,141,370** to a final budget of **\$19,030,342**. A major contributing factor in the increase was the budget increase to the use of beginning fund balance. During the fiscal year, the City had some capital expenditures it had not foreseen at the time of the original budgeting process.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - Spanish Fork City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to **\$208,497,736** (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, etc.), and machinery and equipment. Capital assets include contributed infrastructure from developers.

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

Streets Improvements:

Maintenance and Rebuilding of existing roads for \$2,399,737

Land for \$593,841

Other Improvements:

Library Books & Media for \$89,416

New Fairgrounds Arena for \$1,111,504

Stall Barn Conversion to Pavilion for \$80,811

Water & Pressurized Irrigation Improvements:

Water Improvement Projects for \$2,579,516

Pressurized Irrigation Improvements for \$477,799

Purchase of Water Rights for \$59,380

Sewer Improvements:

Purchase of SUVMWA Land for \$182,339

Sewer Improvements for \$679,559

Electric Improvements:

Electric Shop Revamp for \$63,964

Electric Improvements for \$855,052

New Garbage Cans for \$47,574

Storm Drain Improvements for \$1,016,539

Spanish Fork Community Network:

Full Digital Conversion Equipment for \$552,578

City Wide Equipment Purchases for \$338,569

City Wide Vehicle Purchases for \$799,440

The following table summarizes the City's changes in Capital Assets.

Spanish Fork City's Capital Assets

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Land	\$ 12,517,854	\$ 11,924,013	\$ 2,609,342	\$ 2,427,005
Water Shares	-	-	4,518,018	4,458,639
Buildings	22,885,755	22,540,245	4,428,373	4,424,377
Improvements	17,799,646	15,967,718	104,364,842	103,045,307
Equipment	3,873,489	3,810,390	4,324,870	4,228,794
Infrastructure	31,175,547	32,377,961	-	-
Total Net Assets	<u>\$ 88,252,291</u>	<u>\$ 86,620,327</u>	<u>\$ 120,245,445</u>	<u>\$ 118,584,122</u>
Net of Depreciation				

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, 2013, the City had total bonded debt outstanding of **\$30,957,262**. Of that, **\$12,991,000** is debt secured solely by specific revenue sources (i.e., revenue bonds within the Electric and Water Utilities). **\$17,966,262** is debt secured solely by tax sources (ie., Sales Tax revenue and Property Tax increment for the RDA).

The following table summarizes the City's changes in Long-term debt.

	Spanish Fork City's Outstanding Debt			
	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Capital Lease	\$ 241,262	\$ 95,143	\$ -	\$ -
Accrued Vacation & Sick Leave	1,116,576	1,165,684	523,503	492,154
Revenue Bonds	17,725,000	18,703,312	12,991,000	10,775,000
Total Outstanding Debt	<u>\$ 19,082,838</u>	<u>\$ 19,964,139</u>	<u>\$ 13,514,503</u>	<u>\$ 11,267,154</u>

State statutes limit the amount of general obligation debt (G.O.) a governmental entity may issue to 4% of its total taxable value of **\$1,245,712,328**. The City currently has no outstanding general obligation debt. The current limitation for the City is **\$49,830,893** which is significantly in excess of the City's outstanding general obligation debt. In addition, state statute allows for an additional 4% to be used for water, sewer, or electrical projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water, sewer and electrical projects is thus **\$99,661,786** which again significantly exceeds the outstanding business-type activity debt.

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

- The unemployment rate for Utah County (of which Spanish Fork is one of the principal municipalities) was 4.4% compared with a state unemployment rate of 4.7% and a national rate of 7.6 %. (Source: Utah Dept of Workforce Services)

- The General Fund budget for the fiscal year-ending June 30, 2014 reflects a small decrease of \$218,411 over the final budget for the fiscal year-ended June 30, 2013. The largest part of this decrease is a result of the decrease in capital spending for the current year. Some capital improvements budgeted for the FY 2014 include:
 1. Additional Trail Projects.
 2. River Reclamation Projects
 3. Water Rights Purchases.
 4. Water line replacement.
 5. Sewer line replacement.
 6. Storm Drainage System Expansion.
 7. Pressurized Irrigation System Expansion.
 8. Sidewalk replacement and repair of various areas of town.
 9. Purchase of City Vehicles.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Spanish Fork 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, Spanish Fork City, 40 South Main St, Spanish Fork, UT 84660.

BASIC FINANCIAL STATEMENTS

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Spanish Fork City
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 1,563,521	\$ 30,774,734	\$ 32,338,255
Receivables (net of allowance)	2,698,557	4,173,135	6,871,692
Prepaid expenses	64,834	130	64,964
Internal balances	1,009,035	(1,009,035)	-
Inventory	-	1,308,769	1,308,769
Equity in joint venture	3,542,015	1,362,044	4,904,059
Restricted Assets:			
Cash and cash equivalents	6,046,190	4,460,036	10,506,226
Capital Assets (not being depreciated):			
Land	12,459,404	2,609,342	15,068,746
Water shares	-	4,518,018	4,518,018
Capital Assets (net of accumulated depreciation):			
Buildings	22,885,755	4,428,373	27,314,128
Improvements other than buildings	17,799,646	104,364,842	122,164,488
Equipment	3,873,489	4,324,870	8,198,359
Infrastructure	31,175,547	-	31,175,547
Total assets	<u>103,117,992</u>	<u>161,315,258</u>	<u>264,433,251</u>
LIABILITIES			
Accounts payable	1,594,112	866,206	2,460,318
Developer escrows and deposits	2,705,946	586,934	3,292,880
Connectors agreement	-	31,937	31,937
Compensated absences	1,153,319	523,503	1,676,822
Bond interest payable	164,036	48,497	212,533
Bond premiums	175,022	-	175,022
Noncurrent Liabilities:			
Due within one year	996,750	2,037,000	3,033,750
Due in more than one year	16,969,512	10,954,000	27,923,512
Total liabilities	<u>23,758,697</u>	<u>15,048,077</u>	<u>38,806,774</u>
DEFERRED INFLOWS			
Deferred property tax revenue	1,521,088	-	1,521,088
Total deferred inflows of resources	<u>1,521,088</u>	<u>-</u>	<u>1,521,088</u>
NET POSITION			
Net investments in capital assets	70,063,543	110,633,541	180,697,084
Restricted for:			
Class "C" roads	859,279	-	859,279
Redevelopment agency	3,165,026	-	3,165,026
Impact fees	6,084	539,689	545,773
Debt Service	398,545	-	398,545
Water rights	-	522,972	522,972
Bond requirements	435,317	3,379,096	3,814,413
Unrestricted	2,910,413	31,191,883	34,102,297
Total net position	<u>\$ 77,838,207</u>	<u>\$ 146,267,181</u>	<u>\$ 224,105,389</u>

Spanish Fork City
Statement of Activities
For the Year Ended June 30, 2013

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating		Governmental Activities	Primary Government	
		Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 3,564,600	\$ 4,826,163	\$ -	\$ 1,296,250	\$ -	\$ 1,296,250
Public safety	5,883,858	2,063,919	-	(3,766,403)	-	(3,766,403)
Public works	8,503,670	-	4,397,984	(3,070,857)	-	(3,070,857)
Parks, rec. & public property	4,484,864	656,955	1,014,654	(2,767,443)	-	(2,767,443)
Interest on long-term debt	807,915	-	-	(807,915)	-	(807,915)
Total governmental activities	23,244,907	7,547,037	5,412,638	(9,116,368)	-	(9,116,368)
Business-type activities:						
Water	5,289,487	5,294,594	807,820	-	812,927	812,927
Sewer	2,675,854	2,503,150	440,967	-	268,263	268,263
Electric	23,722,213	28,307,371	774,992	-	5,360,150	5,360,150
Garbage	1,299,818	1,354,078	-	-	54,260	54,260
Golf course	762,037	766,457	-	-	4,420	4,420
Swimming pool	374,160	212,729	-	-	(161,431)	(161,431)
Storm drainage	1,063,821	1,568,010	597,592	-	1,101,781	1,101,781
Gun club	142,579	181,087	-	-	38,508	38,508
Total business-type activities	35,329,969	40,187,476	2,621,371	-	7,478,878	7,478,878
Total primary government	\$ 58,574,876	\$ 47,734,513	\$ 8,034,009	(9,116,368)	7,478,878	(1,637,490)
General revenues:						
Property taxes				2,765,434	-	2,765,434
Sales taxes				6,557,376	-	6,557,376
Other taxes				605,579	-	605,579
Unrestricted investment earnings				76,668	153,390	230,058
Joint venture gain (loss)				465,488	(3,500)	461,988
Gain on sale of capital assets				(58,450)	(5,087)	(63,537)
Transfers				741,747	(741,747)	-
Total general revenues and transfers				11,153,842	(596,944)	10,556,898
Change in Net Position				2,037,474	6,881,934	8,919,408
Net Position - beginning				75,800,733	139,856,282	215,657,015
Prior Period Adjustment				-	(471,035)	(471,035)
Net Position - ending				\$ 77,838,207	\$ 146,267,181	\$ 224,105,388

**Spanish Fork City
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2013**

	General Fund	Total Non-major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 719,211	\$ 844,310	\$ 1,563,521
Receivables (net of allowance):			
Tax	2,698,557	-	2,698,557
Due from other funds	453,784	1,219,818	1,673,602
Prepaid expense	64,834	-	64,834
Equity in joint venture	79,626	-	79,626
Restricted Assets:			
Cash and cash equivalents	3,771,773	2,274,417	6,046,190
Total assets	<u>\$ 7,787,785</u>	<u>\$ 4,338,545</u>	<u>\$ 12,126,330</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 899,004	\$ 10,272	\$ 909,276
Payroll payable	592,983	-	592,983
Developer escrow	2,356,071	-	2,356,071
Final inspection deposit	349,875	-	349,875
Total liabilities	<u>4,197,933</u>	<u>10,272</u>	<u>4,208,205</u>
DEFERRED INFLOWS			
Deferred property tax revenue	1,521,088	-	1,521,088
Total deferred inflows of resources	<u>1,521,088</u>	<u>-</u>	<u>1,521,088</u>
FUND BALANCES			
Nonspendable	144,460	-	144,460
Restricted for:			
Class "C" roads	859,279	-	859,279
Redevelopment agency	-	3,165,026	3,165,026
Debt service	-	398,545	398,545
Impact fees	6,084	-	6,084
Bond requirements	435,317	-	435,317
Committed for:			
Capital projects	-	764,702	764,702
Unassigned	623,624	-	623,624
Total fund balances	<u>2,068,764</u>	<u>4,328,273</u>	<u>6,397,037</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 7,787,785</u>	<u>\$ 4,338,545</u>	<u>\$ 12,126,330</u>

Spanish Fork City
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013

Total fund balances - governmental fund types:		<u>\$ 6,397,037</u>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
City's portion of joint ventures	3,462,389	
Cost of capital assets	143,133,798	
Accumulated depreciation	<u>(54,939,957)</u>	
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities		<u>91,656,230</u>
<p>Internal Service funds are used by management to charge the cost of motor pool to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, but not in the Balance Sheet - Governmental Funds</p>		
		(803,171)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Accrued interest payable	(164,036)	
Non-current liabilities due within one year	(1,144,512)	
Compensated absences	(1,153,319)	
Unamortized Bond Premium	(175,022)	
Non-current liabilities due in more than one year	<u>(16,775,000)</u>	
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities		<u>(19,411,889)</u>
Net position of government activities		<u><u>\$ 77,838,207</u></u>

Spanish Fork City
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Total Non-major Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 8,967,003	\$ 961,386	\$ 9,928,389
Licenses and permits	672,233	-	672,233
Intergovernmental revenues	1,168,864	500,000	1,668,864
Charges for services	1,775,520	-	1,775,520
Fines and forfeitures	122,726	-	122,726
Interest income	71,864	4,804	76,668
Sundry revenue	2,008,220	997,128	3,005,348
Total revenues	<u>14,786,430</u>	<u>2,463,318</u>	<u>17,249,748</u>
EXPENDITURES			
Current:			
General government	3,405,123	-	3,405,123
Public safety	5,241,388	-	5,241,388
Public works	4,787,789	1,269,840	6,057,629
Parks, recreation and public property	2,657,965	-	2,657,965
Debt Service:			
Principal retirement	-	925,000	925,000
Interest and fiscal charges	-	828,125	828,125
Capital outlay	-	2,407,381	2,407,381
Total expenditures	<u>16,092,265</u>	<u>5,430,346</u>	<u>21,522,611</u>
Excess revenues over (under) expenditures	<u>(1,305,835)</u>	<u>(2,967,028)</u>	<u>(4,272,863)</u>
Other financing sources (uses)			
Impact fees	514,654	-	514,654
Indirect services	1,971,210	-	1,971,210
Transfers in	-	2,306,482	2,306,482
Transfers out	<u>(1,564,735)</u>	-	<u>(1,564,735)</u>
Total other financing sources and uses	<u>921,129</u>	<u>2,306,482</u>	<u>3,227,611</u>
Excess of revenues and other sources over (under) expenditures and other use	<u>(384,706)</u>	<u>(660,546)</u>	<u>(1,045,252)</u>
Fund balances - beginning of year	<u>2,453,470</u>	<u>4,988,819</u>	<u>7,442,289</u>
Fund balances - end of year	<u>\$ 2,068,764</u>	<u>\$ 4,328,273</u>	<u>\$ 6,397,037</u>

Spanish Fork City
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Net changes in fund balances - total governmental funds \$ (1,045,252)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	1,444,726	
Depreciation Expense	<u>(4,281,333)</u>	
Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in Net Position of governmental activities		<u>(2,836,608)</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) Net Position.

The statement of activities reports capital contributions from developers as revenue. Conversely, governmental funds do not report any capital contributions from developers as revenue.	<u>4,397,984</u>	
		<u>4,339,534</u>

Internal service funds are used by management to charge the cost of motor pool to individual funds. The net revenue of certain activities of internal service funds are reported with the governmental activities.	155,611
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	945,210
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Some revenues expenses reported in the statement of activities do not add to or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Change in compensated Absences	<u>13,491</u>
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Change in Net Position of governmental activities	<u>\$ 2,037,474</u>
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Spanish Fork City
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
REVENUES				
Taxes	\$ 8,475,580	\$ 8,814,000	\$ 8,967,003	\$ 153,003
Licenses and permits	533,000	624,000	672,233	48,233
Intergovernmental revenues	1,155,927	1,284,306	1,168,864	(115,442)
Charges for services	1,522,100	1,624,549	1,775,520	150,971
Fines and forfeitures	105,000	106,900	122,726	15,826
Interest income	74,450	72,750	71,864	(886)
Sundry revenue	1,212,280	1,746,246	2,008,220	261,974
Total revenues	13,078,337	14,272,751	14,786,430	513,679
EXPENDITURES				
Current:				
General government	3,482,565	3,491,680	3,405,123	(86,557)
Public safety	5,245,168	5,714,988	5,241,388	(473,600)
Public works	4,749,133	5,432,579	4,787,789	(644,790)
Parks, recreation and public property	2,648,904	2,826,365	2,657,965	(168,400)
Total expenditures	16,125,770	17,465,612	16,092,265	(1,373,347)
Excess revenues over (under) expenditures	(3,047,433)	(3,192,861)	(1,305,835)	1,887,026
Other financing sources (uses)				
Sale of fixed assets	30,000	-	-	-
Impact fees	86,000	86,000	514,654	428,654
Indirect services	1,943,836	1,971,210	1,971,210	-
Transfers in	700,000	700,000	-	(700,000)
Transfers out	(1,015,600)	(1,564,730)	(1,564,735)	(5)
Total other financing sources and uses	1,744,236	1,192,480	921,129	(271,351)
Excess of revenues and other sources over (under) expenditures and other uses	(1,303,197)	(2,000,381)	(384,706)	1,615,675
Fund balances - beginning of year	2,453,470	2,453,470	2,453,470	-
Fund balances - end of year	\$ 1,150,273	\$ 453,089	\$ 2,068,764	\$ 1,615,675

Spanish Fork City
Statement of Net Position – Proprietary Funds
As of June 30, 2013

	Business-Type Activities - Enterprise Funds					Governmental
	Water	Sewer	Electric	Non Major Enterprise Funds	Total	Activities - Internal Service Fund
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 654,962	\$ 9,666,577	\$ 14,541,272	\$ 5,911,923	\$ 30,774,734	\$ -
Accounts receivable	549,280	291,327	2,813,848	563,488	4,217,943	-
Allowance for doubtful accounts	(9,408)	(2,825)	(30,357)	(2,218)	(44,808)	-
Due from other funds	1,544,804	3,785,207	6,120,904	2,345,554	13,796,469	-
Prepaid Expense	-	-	130	-	130	-
Inventory	4,500	3,500	1,196,717	104,052	1,308,769	-
Total current assets	<u>2,744,138</u>	<u>13,743,786</u>	<u>24,642,514</u>	<u>8,922,799</u>	<u>50,053,237</u>	<u>-</u>
Noncurrent assets:						
Restricted cash and equivalents	3,290,122	-	1,090,153	79,761	4,460,036	-
Capital Assets:						
Land	280,483	1,191,907	853,156	283,796	2,609,342	-
Water rights	4,518,018	-	-	-	4,518,018	-
Buildings	2,471,959	508,739	3,339,150	759,611	7,079,459	215,446
Improvements	68,096,739	32,739,132	41,823,663	16,987,338	159,646,872	-
Equipment	2,858,156	2,423,954	3,059,906	1,132,345	9,474,361	10,380,594
Less: accumulated depreciation	(25,186,121)	(16,079,782)	(15,082,938)	(6,733,766)	(63,082,607)	(7,367,882)
Other Assets:						
Equity in joint venture	-	-	-	1,362,044	1,362,044	-
Total noncurrent assets	<u>56,329,356</u>	<u>20,783,950</u>	<u>35,083,090</u>	<u>13,871,129</u>	<u>126,067,525</u>	<u>3,228,158</u>
Total assets	<u>\$ 59,073,494</u>	<u>\$ 34,527,736</u>	<u>\$ 59,725,604</u>	<u>\$ 22,793,928</u>	<u>\$ 176,120,762</u>	<u>\$ 3,228,158</u>
LIABILITIES						
Current liabilities:						
Due to other funds	\$ 1,863,445	\$ 6,988,668	\$ 1,176,134	\$ 5,084,267	\$ 15,112,514	\$ 357,557
Accounts payable	224,183	16,964	380,931	244,128	866,206	89,895
Accrued interest payable	23,128	-	25,369	-	48,497	1,958
Compensated absences payable	83,473	58,977	305,587	75,466	523,503	28,550
Customer deposits	16,625	-	331,859	-	348,484	-
Final inspection deposits	-	-	238,450	-	238,450	-
Connector agreements	-	-	31,937	-	31,937	-
Lease payable - current portion	-	-	-	-	-	46,750
Bonds payable - current portion	1,242,000	-	795,000	-	2,037,000	-
Total current liabilities	<u>3,452,854</u>	<u>7,064,609</u>	<u>3,285,267</u>	<u>5,403,861</u>	<u>19,206,591</u>	<u>524,710</u>
Noncurrent liabilities:						
Deferred revenue	-	-	-	-	-	-
Lease Payable	-	-	-	-	-	194,512
Bonds payable	9,289,000	-	1,665,000	-	10,954,000	-
Total noncurrent liabilities	<u>9,289,000</u>	<u>-</u>	<u>1,665,000</u>	<u>-</u>	<u>10,954,000</u>	<u>194,512</u>
Total liabilities	<u>12,741,854</u>	<u>7,064,609</u>	<u>4,950,267</u>	<u>5,403,861</u>	<u>30,160,591</u>	<u>719,222</u>
Net Position						
Net investment in capital assets, net of related debt	45,129,036	20,783,950	32,291,231	12,429,324	110,633,541	3,228,158
Restricted for:						
Impact fees	129,723	-	-	409,966	539,689	-
Water rights	522,972	-	-	-	522,972	-
Bond requirements & proceeds	2,620,802	-	758,294	-	3,379,096	-
Unrestricted	(2,070,893)	6,679,177	21,725,812	4,550,777	30,884,873	(719,222)
Total Net Position	<u>\$ 46,331,640</u>	<u>\$ 27,463,127</u>	<u>\$ 54,775,337</u>	<u>\$ 17,390,067</u>	<u>\$ 145,960,171</u>	<u>\$ 2,508,936</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:					307,010	
Net Position from business-type activities:					<u>\$ 146,267,181</u>	

Spanish Fork City
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds					Governmental
	Water	Sewer	Electric	Non Major Enterprise Funds	Total Enterprise Funds	Activities- Internal Service Fund
Operating Revenues:						
Charges for sales and services	\$ 5,089,076	\$ 2,371,806	\$ 27,141,630	\$ 3,729,533	\$ 38,332,045	\$ 2,180,050
Other income	205,518	131,344	1,165,741	352,828	1,855,431	1,037
Total operating revenues	<u>5,294,594</u>	<u>2,503,150</u>	<u>28,307,371</u>	<u>4,082,361</u>	<u>40,187,476</u>	<u>2,181,087</u>
Operating Expenses:						
Water assessment	79,350	-	-	-	79,350	-
Power purchases	-	-	13,738,234	-	13,738,234	-
Landfill fees	-	-	-	1,147,564	1,147,564	-
Employee salaries	828,277	554,229	2,754,227	1,009,743	5,146,476	247,668
Materials and supplies	251,194	100,063	771,495	212,191	1,334,943	443,402
Repairs and maintenance	64,505	85,313	116,037	89,442	355,297	322,190
Professional services	171,847	141,091	3,232,781	81,670	3,627,389	14,665
Motorpool charges	125,317	105,470	286,382	204,885	722,054	-
Utilities	259,874	167,823	85,556	73,696	586,949	13,388
Insurance	18,065	23,093	50,032	15,483	106,673	1,353
Depreciation	2,418,865	1,041,540	1,288,271	450,061	5,198,737	904,403
Indirect services	621,816	452,804	527,708	368,883	1,971,211	-
Plant assessment	136,284	9,567	741,892	-	887,743	-
Sundry charges	13,963	10,182	96,821	16,760	137,726	-
Total operating expenses	<u>4,989,357</u>	<u>2,691,175</u>	<u>23,689,436</u>	<u>3,670,378</u>	<u>35,040,346</u>	<u>1,947,069</u>
Operating income	<u>305,237</u>	<u>(188,025)</u>	<u>4,617,935</u>	<u>411,983</u>	<u>5,147,130</u>	<u>234,018</u>
Nonoperating revenues (expenses):						
Interest revenue	29,028	-	124,362	-	153,390	-
Impact fees and water right fees	311,214	246,461	493,269	214,215	1,265,159	-
Change in joint venture equity	-	-	-	(3,500)	(3,500)	-
Contributions from private contractors	496,606	194,506	281,723	383,377	1,356,212	-
Gain(loss) on sale of fixed assets	-	-	-	(5,087)	(5,087)	23,072
Interest expense	(319,045)	-	(72,314)	-	(391,359)	256
Total nonoperating revenues (expenses)	<u>517,803</u>	<u>440,967</u>	<u>827,040</u>	<u>589,005</u>	<u>2,374,815</u>	<u>23,328</u>
Income (loss) before operating transfers	<u>823,040</u>	<u>252,942</u>	<u>5,444,975</u>	<u>1,000,988</u>	<u>7,521,945</u>	<u>257,346</u>
Operating Transfers from (to) Other Funds						
Operating transfers in	-	-	-	147,948	147,948	-
Operating transfers out	-	-	(889,695)	-	(889,695)	-
Total contributions and operating transfers	<u>-</u>	<u>-</u>	<u>(889,695)</u>	<u>147,948</u>	<u>(741,747)</u>	<u>-</u>
Change in Net Position	823,040	252,942	4,555,280	1,148,936	6,780,198	257,346
Total Net Position - beginning	45,895,554	27,210,185	50,304,138	16,241,131	139,651,008	2,251,590
Prior period adjustment	(386,954)	-	(84,081)	-	(471,035)	-
Total Net Position - ending	<u>\$ 46,331,640</u>	<u>\$ 27,463,127</u>	<u>\$ 54,775,337</u>	<u>\$ 17,390,067</u>	<u>\$ 145,960,171</u>	<u>\$ 2,508,936</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:					101,736	
Change in Net Position of business-type activities:					<u>\$ 6,881,934</u>	

**Spanish Fork City
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013**

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Electric Fund	Non Major Enterprise Funds	Total Enterprise Funds
Cash Flows From Operating Activities					
Receipts from customers	\$ 4,918,573	\$ 2,314,514	\$ 26,615,133	\$ 3,491,027	\$ 37,339,247
Other cash receipts	205,518	131,344	1,165,741	352,828	1,855,431
Interfund services provided	157,822	-	521,448	-	679,270
Payments to suppliers	(1,693,126)	(1,097,685)	(19,796,569)	(2,223,892)	(24,811,272)
Payments to employees	(816,259)	(554,881)	(2,744,425)	(999,562)	(5,115,127)
Net cash provided (used) by operating activities	<u>2,772,528</u>	<u>793,292</u>	<u>5,761,328</u>	<u>620,401</u>	<u>9,947,549</u>
Cash Flows From Noncapital Financing Activities					
Decrease (increase) in due from other funds	(690,534)	254,931	26,396	444,039	34,832
Increase (decrease) in due to other funds	(284,889)	583,366	(540,944)	(57,492)	(299,959)
Transfers in (out)	-	-	(889,695)	147,948	(741,747)
Net cash provided (used) by noncapital activities	<u>(975,423)</u>	<u>838,297</u>	<u>(1,404,243)</u>	<u>534,495</u>	<u>(1,006,874)</u>
Cash Flows From Capital and Related Financing Activities					
Purchases of capital assets	(3,158,937)	(909,876)	(1,716,864)	(1,079,469)	(6,865,146)
Principal (paid) issued on capital debt	2,991,000	-	(775,000)	-	2,216,000
Interest paid on capital debt	(319,045)	-	(72,314)	-	(391,359)
Contributions from (reimbursements to) private contractors	496,606	194,506	281,723	383,377	1,356,212
Impact fees collected	311,214	246,461	493,269	214,215	1,265,159
Grant proceeds	-	-	-	-	-
Cash received from disposal of assets	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>320,838</u>	<u>(468,909)</u>	<u>(1,789,186)</u>	<u>(481,877)</u>	<u>(2,419,134)</u>
Cash Flows From Investing Activities					
Interest and dividends received	29,028	-	124,362	-	153,390
Net cash provided (used) by investing activities	<u>29,028</u>	<u>-</u>	<u>124,362</u>	<u>-</u>	<u>153,390</u>
Net increase (decrease) in cash and cash equivalents	2,146,971	1,162,680	2,692,261	673,019	6,674,931
Cash and cash equivalents, July 1	1,798,113	8,503,897	12,939,164	5,318,665	28,559,839
Cash and cash equivalents, June 30	<u>\$ 3,945,084</u>	<u>\$ 9,666,577</u>	<u>\$ 15,631,425</u>	<u>\$ 5,991,684</u>	<u>\$ 35,234,770</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ 305,237	\$ (188,025)	\$ 4,617,935	\$ 411,983	5,147,130
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	2,418,865	1,041,540	1,288,271	450,061	5,198,737
(Increase) decrease in accounts receivable	(6,681)	(55,420)	(50,575)	(238,503)	(351,179)
Decrease (increase) in inventory	-	-	(134,951)	(64,982)	(199,933)
Increase (decrease) in accrued liabilities	49,090	(2,279)	191,635	51,661	290,107
Increase (decrease) in compensated absences	12,018	(652)	9,802	10,181	31,349
Increase (decrease) in customer deposits	(1)	-	(206,315)	-	(206,316)
Increase (decrease) in deferred revenue	(6,000)	(1,872)	45,526	-	37,654
Total adjustments	<u>2,467,291</u>	<u>981,317</u>	<u>1,143,393</u>	<u>208,418</u>	<u>4,800,419</u>
Net cash provided (used) by operating activities	<u>\$ 2,772,528</u>	<u>\$ 793,292</u>	<u>\$ 5,761,328</u>	<u>\$ 620,401</u>	<u>\$ 9,947,549</u>

**Spanish Fork City
Statement of Net Position
Fiduciary Fund
As of June 30, 2013**

	<u>Fire Retirement Capital Fund</u>
ASSETS	
Cash and equivalents	<u>\$ 53,487</u>
Total assets	<u><u>53,487</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
 Net position:	
Deferred compensation	<u>53,487</u>
Total position	<u>53,487</u>
Total liabilities and net position	<u><u>\$ 53,487</u></u>

Spanish Fork City
Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended June 30, 2013

	Fire Retirement Capital Fund
REVENUES:	
Employer contribution	\$ 17,000
Interest income	629
Total	17,629
EXPENDITURES:	
Retirement payments	20,225
Total	20,225
Excess of revenues over (under) expenditures	(2,596)
Net position - beginning of year	56,083
Net position - end of year	\$ 53,487

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City complies with generally accepted accounting principles (GAAP) as applied to government agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. FINANCIAL REPORTING ENTITY

The City of Spanish Fork was incorporated in 1855 under the laws of the State of Utah. The city operates under a Mayor-Council form of government. The City provides municipal services under the following organizational structure.

Mayor and City Council: Mayor and City Council, Community Promotion, and Advisory Boards and Commissions.

City Administration: City Administrator, Risk Management, Emergency Operations, Recorder, Community and Neighborhood, and Computer Services.

Financial Services: Finance Director, Treasurer, Utilities, Accounting, Facilities, and Purchasing.

City Attorney: Legal Services, Prosecution, Civil and Environmental Law, and Personnel.

Development Services: Economic Development, Planning and Zoning and Code Enforcement.

Public Safety: Police, Fire, Ambulance, Animal Control and Justice Center.

Public Works: Streets, Engineering, Building Inspections, Parks, Fleet Maintenance, Culinary Water and Pressurized Irrigation Services, Sewer Services, Electric and Broadband Services, Solid Waste Services, Street Lighting and Storm Drainage Services.

Recreation: Swimming Pool, Recreation Programs, Building and Grounds, Golf Course, Senior Center, Special Events and Arts Council Programs.

Library: Library Administration and Public Services.

The City is a municipal corporation governed by an elected five-member Council and Mayor. As required by generally accepted accounting principles, these financial statements present the City (primary government) and its component units, entities for

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

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

1.B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements:

The Statement of Net position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. For the most part, the effect of inter-fund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Debt Service Fund

The Debt Service Fund account for the resources accumulated and payments made for principal and interest on long-term general-obligation debt of governmental funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The reporting entity reports the Redevelopment Fund (RDA) as a Special Revenue Fund.

Capital Project Fund

The Capital Project Funds are used to account for resources designated for the acquisition or construction of specific capital projects or items. The reporting entity includes five Capital Project Funds which are used to account for the acquisition of capital assets with transfers made from other funds.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Water, Sewer, Electric, Garbage, Golf Course, Swimming Pool, Storm Drainage, and Gun Club funds.

Internal Service Fund

Internal Service Funds account for fleet management services provide to other departments or agencies of the government on a cost reimbursement basis.

**SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Major and Nonmajor Funds

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
Major:	
General	See above for description.
Enterprise Funds:	
Water, Sewer and Electric	Accounts for revenues and expenditures of water, sewer and electric utilities. These funds also account for the accumulation of resources for, and the payment of, long term debt principal and interest associated with these utilities. All costs are financed through charges to customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the funds. Water Fund consists of culinary and secondary water systems. Electric Fund consists of electric and broadband systems. Sewer Fund consists of sewer collections and sewer plant systems.
Nonmajor Governmental Funds:	
Debt Service Fund	The Debt Service Fund account for the resources accumulated and payments made for principal and interest on long-term general-obligation debt of governmental funds.
Special Revenue Fund (RDA)	Accounts for activity within the City's redevelopment agency.
Capital Projects Funds	Accounts for the accumulation of funds, revenues and expenditures on specific projects.
Nonmajor Enterprise Funds:	
Garbage Fund	Accounts for revenues and expenditures of the garbage utility.
Golf Course Fund	Accounts for revenues and expenditures of Spanish Oaks Golf Course.
Swimming Pool Fund	Accounts for revenues and expenditures of the swimming pool.
Storm Drainage Fund	Accounts for revenues and expenditures of storm drainage utility.
Gun Club Fund	Accounts for revenues and expenditures of

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

	the gun club.
Internal Service Funds:	
Motor Pool	This fund is used to account for the costs of operating and maintaining vehicles and equipment owned by the City.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The 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 principle ongoing operations.

Sales taxes, use taxes, franchise taxes, and earned but un-reimbursed state and federal grant associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenue when they become available. Available means when due, or past due and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the City receives cash.

As a general rule, the effect of inter-fund activity has been eliminated from the government 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. Another exception is the plant assessment charged by the electric fund to the water and sewer funds for the use of assets owned by the electric fund.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net position, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are not considered cash equivalents.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2.A. and 3.A.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to” and “due from” other funds. Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3.G. for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales and use taxes and franchise taxes. Business-type activities report utilities billings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

Restricted assets

Cash, which is restricted to a particular use due to statutory, budgetary or bonding requirements, is classified as “restricted cash” on the Statement of Net position and on the Balance Sheets.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. 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 two years. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets that are recorded at their estimated fair value at the date of donation.

Prior to July 1, 2002, governmental funds’ infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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 of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

**SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

The range of estimated useful lives by type of asset is as follows:

Description	Years
Buildings and structures	30-50
Improvements other than buildings	20-50
Machinery and equipment	5-10
Furniture and fixtures	5-10
Infrastructure	20-40

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to promissory note trustee accounts, impact fees and utility meter deposits.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and notes payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City's personnel policies permits departmental heads to accumulate up to 480 hours and other employees to accumulate up to 120 hours of earned, but unused, vacation time. Accumulated vacation time will be paid to employees upon termination. Accumulated sick leave is paid upon termination or retirement at a rate of between 25% and 33% of the accumulated amount. The accrued liability is based on a 28% rate.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

At June 30, 2013, the total liability for accrued vacation pay and the total liability for accrued sick leave is as follows:

	Governmental Activities	Business -Type Activities	Total
Vacation Liability	\$ 708,610	\$ 321,277	\$ 1,029,887
Sick Leave Liability	444,709	202,220	646,929
Total Compensated Absences	<u>\$ 1,153,319</u>	<u>\$ 523,497</u>	<u>\$ 1,676,816</u>

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investments 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.
- b. Restricted net position—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position—All other net assets that do not meet the definition of “restricted” or “net investments in capital assets.”

Fund Statements

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned. Descriptions of each follow:

Nonspendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance - Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, which is the City Council.

Assigned fund balance - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes. The role of assigning fund balance resides with the City Council.

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

When both restricted and unrestricted fund balance is available for use, it is the City's policy to first use restricted fund balance, then committed funds, followed by assigned and then unassigned funds. Proprietary fund equity is classified the same as in the government-wide statements. See Note 3.H. for additional disclosures.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Sales Tax

Sales taxes are collected by the Utah State Tax Commission and are remitted to the City monthly. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue.

Property Tax

Property taxes are based on the assessments against property owners. Tax levies on such assessed values are certified to Utah County prior to the commencement of the fiscal year. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30 of each year. Property taxes are collected by the Utah County Treasurer and remitted to the City shortly after collection. The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by deferred inflows.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds—By Character:

- Current (further classified by function)
- Debt Service
- Capital Outlay

Proprietary Fund—By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds and between individual business-type funds have been eliminated.

Use of estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

2.A. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

The City maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the City funds. Deposits are not collateralized nor are they required to be by State statute.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

The City follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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

Statutes authorize the City to invest in negotiable or non-negotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poor's bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined by the Act; and the Utah Public Treasurers' Investment Fund.

The Utah Public Treasurers' Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. UPTIF is not registered with the SEC as an investment company. The UPTIF is authorized and regulated by the Utah Money Management Act. The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the UPTIF and details the types of investments that are authorized. UPTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the UPTIF are allocated to participants on the ratio of the participant's average daily balance. The fair value of the UPTIF investment pool is approximately equal to the value of pool shares.

Certain assets are restricted by provisions of the revenue bond resolutions. The resolutions also describe how these restricted assets may be deposited and invested. Restricted cash may only be deposited in state or national banks meeting certain minimum net worth requirements or invested in securities representing direct obligations of or obligations guaranteed by the U.S. government, agencies of the U.S. government, any state within the territorial United States of America, repurchase agreements or interest bearing time deposits with state or national banks meeting certain minimum net worth requirements, or certain other investments.

**SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

2.B. REVENUE RESTRICTIONS

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 1.E.
Water and Electric Revenue	Debt Service and Utility Operations
Impact Fee Revenue	Capital Improvements
B & C Road Funds	Eligible B & C Roads

For the year ended June 30, 2013, the City complied, in all material respects, with these revenue restrictions.

2.C. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

No debt in excess of total revenue for the current year shall be created by any city unless the proposition to create such debt shall have been submitted to a vote of qualified electors. Cities shall not contract for debt to an amount exceeding four percent of the fair market value of taxable property in their jurisdictions. For the year ended June 30, 2013, the City had no general obligation debt.

Other Long-term Debt

Cities may incur a larger indebtedness for the purpose of supplying such city water, sewer, or electricity when such public works are owned and controlled by the municipality. The additional indebtedness shall not exceed four percent for first and second class cities and eight (8%) percent for third class cities. For the year ended June 30, 2013, the City had \$30,957,262 of such indebtedness.

Bonds Payable

The various loan agreements relating to the notes payable issuances contain some restrictions or covenants that are financial related. These include covenants such as debt service coverage requirement and required reserve account balances. The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance thereon as of June 30, 2013.

Requirement	Level of Compliance
-------------	---------------------

a. Bonds Payable Coverage:

1. Net electric and water operating revenues (excluding depreciation) must equal 1.10 (electric revenue bonds) and 1.25 (water revenue bonds) times the annual debt service

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

plus the unfunded portion of the Debt Service Reserve Requirement to be due and payable for the forthcoming year on the 2000 Electric Revenue Bonds, the 2002, 2011, & 2012 Water Revenue Bonds. Sales tax Revenue Bond 2007 must equal 2.0 times the annual debt service.

b. Reserve Account Requirement:

Various escrows are set up as reserves to make the annual debt payments. Minimum balances are required to be kept in each of the escrows.

2.D. BUDGETS AND BUDGETARY ACCOUNTING

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

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

- A. On or before the first regularly scheduled meeting of the City Council in May, the City administrator, authorized under state statute to be appointed budget officer, submits a proposed operation budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held at which time the taxpayers' comments are heard. Notice of the hearing is given in the local newspaper at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 22nd, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1st.
- D. Control of budgeted expenditures is exercised, under state law, at the departmental level. The City Administrator, however, acting as budget officer, has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The City Council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.
- E. Budget appropriations for any department may be reduced by resolution.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

- F. A public hearing as required in B above must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.
- G. Encumbrances lapse at year end. Encumbered amounts carry over to the following year and are subject to re-appropriation. Therefore, no encumbrances are presented in the financial statements.

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

2.E. FUND EQUITY RESTRICTIONS

Utah Code 10-6-116(4) indicates only the “fund balance in excess of 5% of total revenues of the general fund may be utilized for budget purposes.” The remaining 5% must be maintained as a minimum fund balance. The maximum in the general fund may not exceed 25% of the total estimated revenue of the general fund. For the year ended June 30, 2013 the City’s general fund did not exceed the 25% limit.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the financial statements for its assets, deferred outflows, liabilities, deferred inflows, equity, revenues, and expenditures/expenses.

3.A. CASH AND INVESTMENTS

Deposits

Deposits – Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a policy for custodial credit risk. As of June 30, 2013, The City’s custodial credit risk for deposits is as follows:

	Custodial Credit Risk	Balance June 30, 2013
Depository Accounts	Insured	\$ 250,000
	Uninsured and uncollateralized	2,070,974
Total Depository Accounts		\$ 2,320,974

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Investments

As of June 30, 2013 the government had the following investments and maturities:

	Fair Value	Investment Maturity in Years			
		Less Than 1	1-5	6-10	More Than 10
Investments in Public					
Treasurers'	\$34,791,484	\$34,791,484	\$ -	\$ -	\$ -
Bond Escrows	5,378,442	5,378,442	-	-	-
Money Market	402,529	402,529	-	-	-
Total Fair Value	<u>\$40,572,455</u>	<u>\$40,572,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State’s Money Management Act Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Credit Risk – The City follows the requirements of the Utah Money Management act (Section 61, chapter 7 of the Utah Code) in handling its depository and investing transactions. City funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the City to invest in the Utah Public Treasurers’ Investment Fund (UPTIF), trade commercial paper, bankers’ acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligation of government entities within the State of Utah. The UPTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the UPTIF. The degree of risk of the UPTIF depends upon the underlying portfolio. The act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The City considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The City has no investment policy that would further limit its investment choices. The UPTIF is unrated.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

The deposits and investments described above are included on the Statement of Net position as per the following reconciliation:

Reconciliation to Government-wide Statement of Net Position:

Deposits & Investments		\$	2,291,231
Investments			40,572,455
Cash on hand			34,282
	Total		\$ 42,897,968

Government - Wide

Cash and Cash Equivalents		\$	32,338,255
Restricted Cash & Cash Equivalents			10,506,226
Fiduciary Restricted Cash			53,487
	Total		\$ 42,897,968

Net Cash on Statement of Net Position		\$	42,844,481
Fiduciary Restricted Cash			53,487
	Total		\$ 42,897,968

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SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

3.B. RESTRICTED ASSETS

The amounts reported as restricted assets or cash, investments, and accrued interest held by the trustee bank on behalf of the various public trusts (Authorities) related to their required note payable accounts as described in Note 2.C, and amounts held in trust for developers and unspent impact fees collected. The restricted assets as of June 30, 2013 are as follows:

Type of Restricted Asset	Cash/Time Deposits	Investments	Accrued Int.	Total
<i>Business-Type Activities:</i>				
Water right fees	\$ 522,972	\$ -	\$ -	\$ 522,972
Customer deposits	348,484	-	-	348,484
Pressurized Irrigation impact fees	129,723	-	-	129,723
Storm drainage impact fees	409,966	-	-	409,966
Water bond requirements	2,620,802	-	-	2,620,802
Electric bond requirements	758,294	-	-	758,294
Total	<u>\$ 4,790,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,790,241</u>
<i>Governmental Activities:</i>				
Developer escrows	\$ 2,356,071	\$ -	\$ -	\$ 2,356,071
Class "C" roads	974,301	-	-	974,301
Recreation impact fees	6,084	-	-	6,084
Capital Projects-Park Improvements	435,317	-	-	435,317
RDA requirements	2,274,417	-	-	2,274,417
Total	<u>6,046,190</u>	<u>-</u>	<u>-</u>	<u>6,046,190</u>
Grand Totals	<u>\$ 10,836,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,836,431</u>

3.C. ACCOUNTS RECEIVABLE & DEFERRED OUTFLOWS

Accounts receivable of the business-type activities and of the governmental activities at June 30, 2013, were as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts receivables	\$ -	\$ 4,217,943	\$ 4,217,943
Property tax	1,521,088	-	1,521,088
Other tax	1,177,469	-	1,177,469
Allowance for doubtful accounts	-	(44,808)	(44,808)
Net accounts receivable	<u>\$ 2,698,557</u>	<u>\$ 4,173,135</u>	<u>\$ 6,871,692</u>

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 does not have any deferred outflows at this time.

3.D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	June 30, 2012	Additions	Adjustments	Disposals	June 30, 2013
Governmental activities:					
Land (not being depreciated)	\$ 11,924,012	\$ 593,841	\$ -	\$ (58,450)	\$ 12,459,403
Buildings	29,974,471	1,246,418	-	(76,500)	31,144,389
Improvements	20,439,488	2,634,000	-	-	23,073,488
Machinery and equipment	12,310,119	1,294,824	(72)	(979,119)	12,625,752
Infrastructure	62,609,603	1,221,165	-	-	63,830,768
Totals at historical cost	<u>137,257,693</u>	<u>6,990,248</u>	<u>(72)</u>	<u>(1,114,069)</u>	<u>143,133,800</u>
Less accumulated depreciation					
Buildings	\$ (7,434,226)	\$ (900,909)	\$ -	\$ 76,500	(8,258,635)
Improvements	(4,471,769)	(802,072)	-	-	(5,273,841)
Machinery and equipment	(8,499,730)	(2,423,579)	-	-	(10,923,309)
Infrastructure	(30,231,642)	(1,059,176)	-	806,644	(30,484,174)
Total accumulated depreciation	<u>(50,637,367)</u>	<u>(5,185,736)</u>	<u>-</u>	<u>883,144</u>	<u>(54,939,959)</u>
Governmental activities capital assets, net	<u>\$ 86,620,326</u>	<u>\$ 1,804,512</u>	<u>\$ (72)</u>	<u>\$ (230,925)</u>	<u>\$ 88,193,841</u>
Business-type activities:					
Land (not being depreciated)	\$ 2,427,005	\$ 182,339	\$ -	\$ -	\$ 2,609,344
Water shares (not being depreciated)	4,458,639	59,380	-	-	4,518,019
Buildings and structures	6,897,458	192,646	-	(10,643)	7,079,461
Improvements	154,048,403	5,608,465	-	(10,000)	159,646,868
Machinery and equipment	8,658,026	822,316	-	(5,984)	9,474,358
Totals at historical cost	<u>176,489,531</u>	<u>6,865,146</u>	<u>-</u>	<u>(26,627)</u>	<u>183,328,050</u>
Less accumulated depreciation					
Buildings and structures	(2,473,081)	(186,168)	-	8,160	(2,651,089)
Improvements other than buildings	(51,000,192)	(4,288,934)	-	10,000	(55,279,126)
Machinery and equipment	(4,429,231)	(724,056)	-	897	(5,152,390)
Total accumulated depreciation	<u>(57,902,504)</u>	<u>(5,199,158)</u>	<u>-</u>	<u>19,057</u>	<u>(63,082,605)</u>
Business-type activities capital assets, net	<u>\$ 118,587,027</u>	<u>\$ 1,665,988</u>	<u>\$ -</u>	<u>\$ (7,570)</u>	<u>\$ 120,245,445</u>

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 269,816
Public safety	708,873
Public works	2,523,135
Parks	779,509
Governmental portion of internal service fund	904,403
Total depreciation expense - governmental activities	<u>\$ 5,185,736</u>
Business-type activities	
Water	\$ 2,418,865
Electric	1,288,271
Sewer	1,041,540
Garbage	44,710
Golf course	21,110
Swimming pool	21,529
Storm drainage	349,683
Gun club	13,029
Total depreciation expense - business-type activities	<u>\$ 5,198,737</u>

3.E. ACCOUNTS PAYABLE & DEFERRED INFLOW

Accounts payable are composed of payroll related items, sales taxes and day to day operating purchases.

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is therefore deferred until that time.

Governmental funds report revenue that is unavailable as deferred inflows of resources. Governmental funds report unavailable revenue from property taxes and from special assessments. These amounts are deferred and recognized as revenue in the period that they become available.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

At the end of the current fiscal year, the various components of *deferred inflows* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable (general fund)	\$ 1,521,088	\$ -
	-	-
Total deferred inflows of resources for governmental fund	\$ 1,521,088	\$ -

3.F. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities:

As of June 30, 2013, the governmental long-term debt of the financial reporting entity consisted of the following:

	Interest Rate	Maturity Dates	Balance
Sales Tax Revenue Bond Series 2007 (Original amount \$22,000,000)	4.0% to 4.750%	2027	\$ 17,725,000
Total bonds payable - governmental activities			17,725,000
			(950,000)
Total long term portion of bonds payable - governmental activities			\$ 16,775,000

Capital leases payable

Governmental activities: (Internal Service Fund)

Capital leases payable	\$ 241,262
Current portion of capital leases payable	(46,750)
Long term portion of capital leases payable	\$ 194,512

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Business-type Activities:

As of June 30, 2013, the long-term debt payable from proprietary fund resources consisted of the following:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Balance</u>
Water Revenue Bonds Series 2011 Dated October 26, 2011 (Original amount \$2,040,000)	1.87%	2032	\$ 1,955,000
Electric Utility Revenue Refunding Bonds 2009 Dated December 29, 2009 (Original amount \$4,690,000)	2.75%	2016	2,460,000
Water Revenue Refunding Bonds 2010 Dated August 18, 2010 (Original amount \$12,895,000)	1.72%	2017	4,585,000
Water Revenue Bonds Series 2012 Dated July 2, 2012 (Original amount \$4,041,000)	2.58%	2022	3,991,000
Total bonds payable - business-type activities			<u>12,991,000</u>
Less current portion			<u>(2,037,000)</u>
Total bonds payable - long term portion			<u><u>\$ 10,954,000</u></u>

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SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Changes in Long-term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2013:

Type of Debt	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Governmental activities:				
Bonds payable	\$ 18,650,000		\$ (925,000)	\$ 17,725,000
Capital leases payable	95,143	146,119	-	241,262
Compensated absences	1,165,685		(12,366)	1,153,319
Total - Governmental Activities	<u>\$ 19,910,828</u>	<u>\$ 146,119</u>	<u>\$ (937,366)</u>	<u>\$ 19,119,581</u>
Business-type Activities:				
Bonds payable	\$ 10,775,000	\$ 4,201,000	\$ (1,985,000)	\$ 12,991,000
Compensated absences	492,835	30,668		523,503
Total - Business-type Activities	<u>\$ 11,267,835</u>	<u>\$ 4,231,668</u>	<u>\$ (1,985,000)</u>	<u>\$ 13,514,503</u>
Due Within One Year	\$ 2,913,312	\$ 3,033,750	\$ (2,913,312)	\$ 3,033,750

Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2013, are as follows:

Year Ending June 30	Governmental Activities Bonds Payable		Business-type Activities Bonds Payable	
	Principal	Interest	Principal	Interest
2014	\$ 950,000	\$ 787,375	\$ 2,037,000	\$ 318,084
2015	975,000	749,375	2,093,000	260,261
2016	1,025,000	710,375	2,145,000	206,506
2017	1,075,000	669,375	1,327,000	168,964
2018	1,125,000	626,375	813,000	127,691
2019-2023	6,350,000	2,357,563	3,564,000	323,218
2024-2028	6,225,000	755,250	541,000	74,800
2029-2033			471,000	22,234
Total	<u>\$ 17,725,000</u>	<u>\$ 6,655,688</u>	<u>\$ 12,991,000</u>	<u>\$ 1,501,757</u>

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Depreciation and Other Information on Capital Leases

The assets acquired through capital leases are as follows:

Asset:	<u>Governmental Activities</u>
Machinery and equipment	\$ 295,845
Less: Accumulated depreciation	<u>(14,995)</u>
Total	<u><u>\$ 280,850</u></u>

Amortization of capital assets purchased under capital leases is included in depreciation expense.

The present value of future minimum capital lease payments under these leases as of June 30, 2013 are:

<u>Fiscal Year</u>	<u>Amount</u>
2014	54,583
2015	54,583
2016	54,583
2017	<u>98,000</u>
Total minimum lease payments	261,749
Less amounts representing interest	<u>(20,488)</u>
Present value of minimum lease payments	<u><u>\$ 241,261</u></u>

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SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

3.G. INTERFUND TRANSACTIONS AND BALANCES

Operating Transfers:

<i>Governmental Activities :</i>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$ 1,564,735
RDA Fund	\$ 350,000	
Debt Service Fund	941,747	
Capital project fund-River Reclaim	120,600	
Capital project fund-Canyon Crossing	500,000	
Capital project fund-Fairgrounds	114,456	
Capital project fund-North Park	279,679	
Total Governmental Activities	<u>2,306,482</u>	<u>1,564,735</u>
<i>Business-type Activities:</i>		
<i>Major funds:</i>		
Electric fund	-	889,695
<i>Non-major funds:</i>		
Golf course	-	-
Swimming pool	147,948	-
Total Business-type Activities	<u>147,948</u>	<u>889,695</u>
<i>Grand Totals</i>	<u>\$ 2,454,430</u>	<u>\$ 2,454,430</u>

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs.

Plant Assessments:

	<u>Paid</u>	<u>Received</u>
<i>Business-type Activities:</i>		
Water fund	\$ 136,284	\$ -
Sewer fund	9,567	-
Electric fund	68,142	-
Broadband plant	-	213,993
Totals	<u>\$ 213,993</u>	<u>\$ 213,993</u>

Plant assessments are each funds share of the cost of the use of assets purchased with the bond in the electric fund.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Indirect services:

	Indirect Service Expense	Indirect Service Revenue
Major Business-type activities:		
Water Fund	\$ 621,816	\$ -
Sewer Fund	452,804	-
Electric Fund	527,708	-
Non-major business type activities:		
Golf Course	25,695	-
Swimming Pool	19,570	-
Garbage	53,221	-
Storm Drain	270,396	-
Major Governmental activities:		
General fund	-	1,971,210
	\$ 1,971,210	\$ 1,971,210

Indirect services are charges assessed to the business type activities for services provided by the general fund.

Due to/from other funds:

Fund	Due from	Due to
Governmental funds		
General fund	\$ 453,784	\$ -
Non-major funds		
Special revenue fund	901,669	-
Debt service fund	101,087	-
Capital projects fund	217,063	-
Total Governmental	1,673,603	-
Business-type funds		
Major funds		
Water fund	1,544,804	1,863,445
Sewer fund	3,785,207	6,988,668
Electric fund	6,120,904	1,176,134
Non-major funds		
Golf course fund	1,747,684	5,051,519
Swimming pool fund	-	32,749
Garbage fund	517,792	-
Storm drainage fund	31,232	-
Gun club fund	48,846	-
Total Business-Type	13,796,469	15,112,515
Internal service fund		
Motorpool fund	-	357,557
Grand Total	\$ 15,470,072	\$ 15,470,072

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

3.H. RESERVED FUND BALANCES

The City has reserved fund balance amounts for impact fees. The City has reserved net position in the Proprietary Fund for unspent impact fees. These fees will be used to construct appropriate projects as designated by the impact fee ordinance. The City has reserved net position in the Water Fund and the Electric Fund and fund balance in the Debt Service fund for the debt service requirements of the bonds acquired.

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

The City participates in the following employee pension systems:

Local Governmental - Cost Sharing Defined Benefits Pension Plans

Plan Description. The City contributes to the Local Governmental Noncontributory & Contributory Retirement System, and the Public Safety Retirement System for Full Time & Permanent Part-time Employees, which include both Noncontributory and cost-sharing, multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide, retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the State Retirement Office (Office) for the administration of the Utah retirement Systems and Plans. Chapter 40 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy. The City is required to contribute a percentage of covered salary to the respective systems, 16.04% to the Noncontributory Local Governmental Employees, 10% to the Contributory Local Governmental Employees, 30.45% to the Public Safety Noncontributory, and 12% to the Public Safety Contributory. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The City contributions to the various systems for the years ending June 30, 2013, 2012, and 2011 were; for the Local Governmental Employees \$1,031,860, \$851,583, and \$792,002; for the Public Safety Employees \$429,985, \$390,333, and \$362,585,

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

respectively. The contributions were equal to or greater than the required contributions for each year.

401(k) Plan

The employees of City also participate in a 401(k) deferred compensation plan with Great West. The amount of the employer contributions for the year ended June 30, 2013, 2012 and 2011, were \$197,188, \$363,364, and \$403,202 respectively.

4.B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other government in the State of Utah to form the Utah Risk Management Mutual Association (URMMA), a public entity risk pool currently operating as a common risk management insurance program for the Utah State governments. The City pays an annual premium to URMMA for its tort liability insurance coverage.

4.C. COMMITMENTS AND CONTINGENCIES

The City is involved in claims arising in the normal course of business. It is not possible to state the ultimate liability, if any, in these matters. In the opinion of management, such litigation will have no material effect on the financial operations of the City.

4.D. JOINT VENTURES

Utah Municipal Power Agency

In September, 1980, Spanish Fork City joined in a joint venture with several other municipalities to create the Utah Municipal Power Agency (UMPA). UMPA was created under the Inter-local Cooperation Act to evaluate, finance, construct and operate facilities for the generation, transmission and distribution of electric power for member cities.

Additional information is as follows:

a. Participants and their percentage shares:

Spanish Fork City Corporation	9.409%
Provo City Corporation	80.540%
Nephi City Corporation	5.839%
Manti City Corporation	2.164%
Salem City Corporation	1.446%
Levan Town	<u>0.602%</u>
	100.000%

b. UMPA is governed by a Board of Directors which is comprised of six directors. The Mayor and City Council of each member-City appoints one

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

director. All decisions of the Board are made by majority vote, except in specific decisions as described in the Inter-local Cooperation Agreement which stipulates that votes shall be by number of kilowatt hours sold. For Provo to prevail in a tie vote, they would need one additional city to vote with them.

- c. The UMPA Board of Directors governs the operations of the Agency through management employed by the Board. Since UMPA is subject to the same laws as the creating entities, it must follow State law for cities in the areas of fiscal management, budgeting, and financing.
- d. Audited summary financial information of UMPA at June 30, 2013 is as follows from UMPA:

	UMPA	Spanish Fork City's Share
Total assets	\$ 49,550,362	\$ 4,662,194
Total liabilities	\$ 49,547,012	\$ 4,661,878
Total net position	\$ 3,350	\$ 315
Total operating revenues	\$ 71,881,005	\$ 6,763,284
Total operating expenses	(66,087,280)	(6,218,152)
Net operating income	5,793,725	545,132
Total non-operating income (expenses)	(5,793,725)	(545,132)
Change in net assets	\$ -	\$ -

The joint venture has the following long-term debt:

Revenue bonds payable	\$ 25,110,316	\$ 2,362,630
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- e. Audited financial statements for Utah Municipal Power Agency are available at UMPA's office.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

South Utah Valley Solid Waste District

Spanish Fork City joined in a joint venture with several other municipalities to create 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 sanitation service revenue comes from these governmental entities.

Additional information is as follows:

- a. Participants and their percentage shares:
- | | |
|------------------------------------|-----------------|
| Spanish Fork City Corporation | 11.750% |
| Provo City Corporation | 69.750% |
| Springville City Corporation | 15.000% |
| Mapleton City Corporation | 2.000% |
| Salem City Corporation | 1.500% |
| Goshen Town (Landfill participant) | <u>0.000%</u> |
| | <u>100.000%</u> |
- b. The District is governed by a Board of Directors which are comprised of six directors. The Mayor and City Council of each member appoints one director. All decisions of 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 to prevail in a tie vote they would need one additional city to vote with them.
- c. The District's Board of Directors governs the operations of the District through management employed by the Board. Since the District is subject to the same laws as the creating entities, it must follow State law for cities in the areas of fiscal management, budgeting and financing.

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SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

- d. Audited summary financial information of the District as June 30, 2013 is as follows from SUVSWD:

	South Utah Valley Solid Waste District	Spanish Fork City's Share
Total assets	<u>\$ 18,948,824</u>	<u>\$ 2,226,487</u>
Total liabilities	<u>\$ 7,356,963</u>	<u>\$ 864,443</u>
Total net position	<u>\$ 11,591,861</u>	<u>\$ 1,362,044</u>
Total operating revenues	\$ 5,196,292	\$ 610,564
Total operating expenses	<u>5,837,787</u>	<u>685,940</u>
Net operating income	(641,495)	(75,376)
Total non-operating income (expenses)	<u>121,939</u>	<u>14,328</u>
Change in net assets	<u>\$ (519,556)</u>	<u>\$ (61,048)</u>

The joint venture has the following long-term debt:

Closure and postclosure liability	\$ 2,474,122	\$ 290,709
Accrued compensated absences	237,735	27,934
Long Term Debt	<u>3,445,320</u>	<u>404,825</u>
Total long-term liabilities	<u>\$ 6,157,177</u>	<u>\$ 723,468</u>

- f. Audited financial statements for South Utah Valley Solid Waste District are available at the District office.

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SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Spanish Fork/Springville Airport

The City is party to a joint venture with Springville, a neighboring municipality, in the Spanish Fork/Springville Airport (the airport). The joint venture is organized as a special service district of the cities of Springville and Spanish Fork under an inter-local agreement per Section 11-13 of the Utah Code. It was created to provide airport services for both communities. Additional information is as follows:

- a. Participants and their percentage shares:

Springville City	50.00%
Spanish Fork	50.00%
- b. The Airport is governed by its own board which is selected from members of the participants' City councils and other citizens of the two communities.
- c. The Airport board governs the operations of the airport through management employed by the board. The Airport is subject to the same laws as the creating entities, therefore, it must follow Utah State laws for cities in the areas of fiscal managements, budgeting and financing. As the governing board is made up of the participants' city councils and appointees, each participant has indirect control over these matters.
- d. Summary financial information, as of the joint venture's last year end of June 30, 2013, is as follows:

	Spanish Fork/ Springville Airport	Spanish Fork City's Share
Total assets	\$ 7,374,768	\$ 3,687,384
Total liabilities	\$ (290,739)	\$ (145,370)
Total net position	\$ 7,084,029	\$ 3,542,015
Program revenues	\$ 1,274,438	\$ 637,219
General revenues	887	444
Program expenses	(344,350)	(172,175)
Change in net position	\$ 930,975	\$ 465,488

- e. Audited financial statements for the Spanish Fork/Springville Airport are available at the Airport offices, 50 South Main, Springville, Utah.

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

4.E. WATER LOAN PROGRAM

The following information is presented as required by the State of Utah Water Loan Program:

1. Fidelity Bonds
 - A. Public Treasurer Bond for \$1,500,000 expiring June 16, 2014 issued by Moreton & Company.
 - B. \$100,000 Blanket Employee Bond expiring March 31, 2014 covering all employees and elected officials of the City issued by Moreton & Company.
2. 9,697 water connections at June 30, 2013
3. Total culinary water billings for the year were \$2,359,537.
4. Rate schedule

Base charge	\$10.00
Price per 1,000 gallons for usage over base is	\$1.14
Connection/Impact fee (1 inch)	\$ 807.00

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**SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

4.F. SPANISH FORK REDEVELOPMENT AGENCY

The following information is presented as required by the Utah State Code Section 17A-2-1217(3):

1. The tax increment collected by the agency for each project area:	
A. North Industrial RDA	\$ 342,393
B. Kirby RDA	295,561
C. Wasatch Wind CDA	323,352
Total Collected	\$ 961,306
2. The amount of tax increment paid to any taxing agency:	
A. North Industrial RDA	\$ -
B. Kirby RDA	-
C. Wasatch Wind CDA	97,006
Total Paid	\$ 97,006
3. The outstanding principal amount of loans incurred to finance the cost associated with the project areas:	
	\$ -
4. The actual amounts expended for :	
A. Acquisition of property	\$ -
B. Site improvements	-
C. Installation of public utilities and roads	623,512
D. Administrative & contracted costs	210,179
Total Expended	\$ 833,691

4. G. SUBSEQUENT EVENTS

Subsequent events were evaluated through December 5, 2013, which is the date that the financial statements were available to be issued.

4. H. PRIOR PERIOD ADJUSTEMENT

A prior period adjustment of \$471,035 was made due to a change in accounting principle issued by GASB 65 which discusses the treatment of debt issuance costs. The Governmental Accounting Standards Board evaluated these costs and concluded that with the exception of prepaid insurance the costs relate to services provided in the current period and thus they should be expensed in the current period. This is a significant change from prior practice which was to record these as assets and amortize them over the life of the related debt issue. The \$471,035 included debt issuance and amortization

SPANISH FORK CITY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

costs relating to the Culinary Water (\$51,255), Pressurized Irrigation (\$335,699), and Electric Bonds (\$84,081).

This Prior Period Adjustment is shown on the Government Wide Activities Statement and on the Statement of Revenues, Expenses, and Changes in Net Position of the Fund Financial Statements.

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SUPPLEMENTARY INFORMATION

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**Spanish Fork City
Combining Balance Sheet
Non-Major Governmental Funds
As of June 30, 2013**

	RDA Fund	Debt Service		Capital Projects				Total Non-major Governmental Funds	
		Debt Service Fund	Special Fund	Fairgrounds Fund	Canyon Creek Fund	River Recla- mation Fund	North Park Development Fund		Street Cut Bridge Fund
ASSETS									
Cash and cash equivalents	\$ -	\$ 258,154	\$ 28,245	\$ -	\$ 3,580	\$ 87,198	\$ 112,682	\$ 354,451	\$ 844,310
Due from other funds	890,609	101,087	11,059	-	-	34,145	44,124	138,794	1,219,818
Restricted Assets:									
Cash and cash equivalents	2,274,417	-	-	-	-	-	-	-	2,274,417
Total assets	<u>\$ 3,165,026</u>	<u>\$ 359,241</u>	<u>\$ 39,304</u>	<u>\$ -</u>	<u>\$ 3,580</u>	<u>\$ 121,343</u>	<u>\$ 156,806</u>	<u>\$ 493,245</u>	<u>\$ 4,338,545</u>
LIABILITIES									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,272	\$ -	\$ -	10,272
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,272</u>
FUND BALANCES									
Restricted for:									
Redevelopment	3,165,026	-	-	-	-	-	-	-	3,165,026
Debt Service	-	359,241	39,304	-	-	-	-	-	398,545
Committed for:									
Capital projects	-	-	-	-	3,580	111,071	156,806	493,245	764,702
Total fund balances	<u>3,165,026</u>	<u>359,241</u>	<u>39,304</u>	<u>-</u>	<u>3,580</u>	<u>111,071</u>	<u>156,806</u>	<u>493,245</u>	<u>4,328,273</u>
Total liabilities and fund balance	<u>\$ 3,165,026</u>	<u>\$ 359,241</u>	<u>\$ 39,304</u>	<u>\$ -</u>	<u>\$ 3,580</u>	<u>\$ 121,343</u>	<u>\$ 156,806</u>	<u>\$ 493,245</u>	<u>\$ 4,338,545</u>

Spanish Fork City
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2013

	Debt Service			Capital Projects				Total Non-major Governmental Funds	
	RDA Fund	Debt Service Fund	Special Guarantee Fund	Fairgrounds Fund	Canyon Creek Fund	River Reclamation Fund	North Park Development Fund		Street Cut Bridge Fund
REVENUES:									
Taxes	\$ 961,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 961,386
Sundry Revenues	-	824,102	-	-	-	-	120,322	52,704	997,128
Intergovernmental	-	-	-	500,000	-	-	-	-	500,000
Interest income	-	4,804	-	-	-	-	-	-	4,804
Total revenues	961,386	828,906	-	500,000	-	-	120,322	52,704	2,463,318
EXPENDITURES:									
Current Expenditures:									
RDA	1,269,840	-	-	-	-	-	-	-	1,269,840
Debt service:									
Principal retirement	-	925,000	-	-	-	-	-	-	925,000
Interest and fiscal charges	-	828,125	-	-	-	-	-	-	828,125
Capital outlay	-	-	-	1,111,504	496,420	9,534	776,912	13,011	2,407,381
Total expenditures	1,269,840	1,753,125	-	1,111,504	496,420	9,534	776,912	13,011	5,430,346
Excess of revenues over (under) expenditures	(308,454)	(924,219)	-	(611,504)	(496,420)	(9,534)	(656,590)	39,693	(2,967,028)
Other financing sources (uses):									
Transfers in (out)	350,000	941,747	-	114,456	500,000	120,600	279,679	-	2,306,482
Total other financing sources (uses)	350,000	941,747	-	114,456	500,000	120,600	279,679	-	2,306,482
Excess of revenues and other sources over (under) expenditures and other u	41,546	17,528	-	(497,048)	3,580	111,066	(376,911)	39,693	(660,546)
Fund balances - beginning of year	3,123,480	341,713	39,304	497,048	-	5	533,717	453,552	4,988,819
Fund balances - end of year	\$ 3,165,026	\$ 359,241	\$ 39,304	\$ -	\$ 3,580	\$ 111,071	\$ 156,806	\$ 493,245	\$ 4,328,273

Spanish Fork City
Combining Statement of Net Position
Non-Major Proprietary Funds
As of June 30, 2013

	Business-Type Activities - Enterprise Funds					Total Other Funds
	Golf Course Funds	Swimming Pool Fund	Garbage Fund	Storm Drainage Fund	Gun Club Fund	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,463,914	\$ 540	\$ 1,322,326	\$ -	\$ 125,143	\$ 5,911,923
Accounts receivable	-	-	148,738	414,750	-	563,488
Allowance for doubtful accounts	-	-	(1,730)	(488)	-	(2,218)
Due from other funds	1,747,684	-	517,792	31,232	48,846	2,345,554
Inventory	57,253	-	-	-	46,799	104,052
Total current assets	<u>6,268,851</u>	<u>540</u>	<u>1,987,126</u>	<u>445,494</u>	<u>220,788</u>	<u>8,922,799</u>
Noncurrent assets:						
Restricted cash and equivalents	-	-	-	79,761	-	79,761
Capital Assets:						
Land	19,955	-	143,505	120,336	-	283,796
Buildings	676,073	-	48,066	7,356	28,116	759,611
Improvements	1,154,723	2,292,705	111,779	13,332,658	95,473	16,987,338
Equipment	174,870	7,176	858,179	8,000	84,120	1,132,345
Less: accumulated depreciation	(1,744,045)	(1,918,439)	(756,078)	(2,196,729)	(118,475)	(6,733,766)
Other Assets:						
Equity in joint venture	-	-	1,362,044	-	-	1,362,044
Total noncurrent assets	<u>281,576</u>	<u>381,442</u>	<u>1,767,495</u>	<u>11,351,382</u>	<u>89,234</u>	<u>13,871,129</u>
Total assets	<u>\$ 6,550,427</u>	<u>\$ 381,982</u>	<u>\$ 3,754,621</u>	<u>\$ 11,796,876</u>	<u>\$ 310,022</u>	<u>\$ 22,793,928</u>
LIABILITIES						
Current liabilities:						
Due to other funds	\$ 5,051,518	\$ 32,749	\$ -	\$ -	\$ -	\$ 5,084,267
Accounts payable	48,428	20,463	98,037	66,609	10,591	244,128
Compensated absences	34,823	2,623	5,570	31,852	598	75,466
Total current liabilities	<u>5,134,769</u>	<u>55,835</u>	<u>103,607</u>	<u>98,461</u>	<u>11,189</u>	<u>5,403,861</u>
Net Position						
Net investment in capital assets, net of related debt	281,576	381,442	405,451	11,271,621	89,234	12,429,324
Restricted for:						
Impact fees	-	-	-	409,966	-	409,966
Unrestricted	1,134,082	(55,295)	3,245,563	16,828	209,599	4,550,777
Total Net Position	<u>\$ 1,415,658</u>	<u>\$ 326,147</u>	<u>\$ 3,651,014</u>	<u>\$ 11,698,415</u>	<u>\$ 298,833</u>	<u>\$ 17,390,067</u>

Spanish Fork City
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds					Total Other Funds
	Golf Course Funds	Swimming Pool Fund	Garbage Fund	Storm Drainage Fund	Gun Club Fund	
Operating Revenues:						
Charges for sales and services	\$ 766,457	\$ 212,729	\$ 1,354,078	\$ 1,215,182	\$ 181,087	\$ 3,729,533
Other income	-	-	-	352,828	-	352,828
Total operating revenues	<u>766,457</u>	<u>212,729</u>	<u>1,354,078</u>	<u>1,568,010</u>	<u>181,087</u>	<u>4,082,361</u>
Operating Expenses:						
Landfill fees	-	-	1,147,564	-	-	1,147,564
Employee salaries	382,365	205,776	49,479	307,007	65,116	1,009,743
Materials and supplies	91,317	41,500	6,229	39,731	33,414	212,191
Repairs and maintenance	55,245	22,951	-	2,183	9,063	89,442
Professional services	6,819	19,266	20,738	19,815	15,032	81,670
Motorpool charges	131,762	-	2,067	70,926	130	204,885
Utilities	26,829	40,344	-	-	6,523	73,696
Insurance	10,731	3,224	93	1,163	272	15,483
Depreciation	21,110	21,529	44,710	349,683	13,029	450,061
Indirect services	25,696	19,570	53,221	270,396	-	368,883
Sundry charges	10,163	-	3,680	2,917	-	16,760
Total operating expenses	<u>762,037</u>	<u>374,160</u>	<u>1,327,781</u>	<u>1,063,821</u>	<u>142,579</u>	<u>3,670,378</u>
Operating income	<u>4,420</u>	<u>(161,431)</u>	<u>26,297</u>	<u>504,189</u>	<u>38,508</u>	<u>411,983</u>
Nonoperating revenues (expenses):						
Impact fees	-	-	-	214,215	-	214,215
Change in joint venture equity	-	-	(3,500)	-	-	(3,500)
Gain(loss) on Sale of fixed assets	-	(5,087)	-	-	-	(5,087)
Contributions from private contractors	-	-	-	383,377	-	383,377
Total nonoperating revenues (expenses)	<u>-</u>	<u>(5,087)</u>	<u>(3,500)</u>	<u>597,592</u>	<u>-</u>	<u>589,005</u>
Income (loss) before operating transfers	<u>4,420</u>	<u>(166,518)</u>	<u>22,797</u>	<u>1,101,781</u>	<u>38,508</u>	<u>1,000,988</u>
Operating Transfers:						
Operating transfers in	-	147,948	-	-	-	147,948
Total operating transfers	<u>-</u>	<u>147,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,948</u>
Change in Net Position	4,420	(18,570)	22,797	1,101,781	38,508	1,148,936
Total Net Position - beginning	1,411,238	344,717	3,628,217	10,596,634	260,325	16,241,131
Total Net Position - ending	<u>\$ 1,415,658</u>	<u>\$ 326,147</u>	<u>\$ 3,651,014</u>	<u>\$ 11,698,415</u>	<u>\$ 298,833</u>	<u>\$ 17,390,067</u>

Spanish Fork City
Combining Statement Cash Flows
Non-Major Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds					Total
	Golf Course Funds	Swimming Pool Fund	Garbage Fund	Storm Drainage Fund	Gun Club Fund	Non-Major Funds
Cash Flows From Operating Activities						
Receipts from customers	\$ 766,423	\$ 212,729	\$ 1,345,037	\$ 985,738	\$ 181,100	\$ 3,491,027
Other cash receipts	-	-	-	352,828	-	352,828
Payments to suppliers	(404,909)	(151,861)	(1,230,557)	(345,533)	(91,032)	(2,223,892)
Payments to employees	(380,974)	(205,538)	(50,251)	(297,675)	(65,124)	(999,562)
Net cash provided (used) by operating activities	(19,460)	(144,670)	64,229	695,358	24,944	620,401
Cash Flows From Noncapital Financing Activities						
Decrease (increase) in due from other funds	143,215	-	333,027	(31,232)	(971)	444,039
Increase (decrease) in due to other funds	359,374	(3,278)	-	(413,588)	-	(57,492)
Transfers in (out)	-	147,948	-	-	-	147,948
Net cash provided (used) by noncapital activities	502,589	144,670	333,027	(444,820)	(971)	534,495
Cash Flows From Capital and Related Financing Activities						
Purchases of capital assets	-	-	(47,574)	(1,031,895)	-	(1,079,469)
Contributions from private contractors	-	-	-	383,377	-	383,377
Impact fees collected	-	-	-	214,215	-	214,215
Net cash provided (used) by capital and related financing activities	-	-	(47,574)	(434,303)	-	(481,877)
Net increase (decrease) in cash and cash equivalents	483,129	-	349,682	(183,765)	23,973	673,019
Cash and cash equivalents, July 1	3,980,785	540	972,644	263,526	101,170	5,318,665
Cash and cash equivalents, June 30	<u>\$ 4,463,914</u>	<u>\$ 540</u>	<u>\$ 1,322,326</u>	<u>\$ 79,761</u>	<u>\$ 125,143</u>	<u>\$ 5,991,684</u>
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	\$ 4,420	\$ (161,431)	\$ 26,297	\$ 504,189	\$ 38,508	411,983
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	21,110	21,529	44,710	349,683	13,029	450,061
(Increase) decrease in accounts receivable	(34)	-	(9,041)	(229,441)	13	(238,503)
(Increase) decrease in inventory	(32,387)	-	-	-	(32,595)	(64,982)
Increase (decrease) in accrued liabilities	(13,960)	(5,006)	3,035	61,595	5,997	51,661
Increase (decrease) in compensated absences	1,391	238	(772)	9,332	(8)	10,181
Total adjustments	(23,880)	16,761	37,932	191,169	(13,564)	208,418
Net cash provided (used) by operating activities	<u>\$ (19,460)</u>	<u>\$ (144,670)</u>	<u>\$ 64,229</u>	<u>\$ 695,358</u>	<u>\$ 24,944</u>	<u>\$ 620,401</u>

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OTHER REPORTS

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**Independent Auditor’s Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and
Members of the City Council
Spanish Fork City, Utah

Mayor and Council Members:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Spanish Fork City, Utah (herein referred to as the “City”), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Spanish Fork City’s basic financial statements and have issued our report thereon dated December 5, 2013.

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 the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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

Purpose of this Report

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



Larson & Company, PC

Spanish Fork, Utah
December 5, 2013

**Independent Auditor’s Report On Compliance
and on Internal Control Over Compliance in Accordance
with the *State of Utah Legal Compliance Audit Guide***

The Honorable Mayor and
Members of the City Council
Spanish Fork City, Utah

REPORT ON COMPLIANCE

We have audited Spanish Fork City’s (herein referred to as the “City”) compliance with the general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013

The general compliance requirements applicable to the City are identified as follows:

- Cash Management
- Budgetary Compliance
- Fund Balance
- Impact Fees
- Utah Retirement Systems Compliance
- Transfers from Utility Enterprise Funds
- Other Grants
- Government Records Access Management Act
- Conflicts of Interest
- Nepotism
- Utah Public Finance Website
- Open and Public Meetings Act

The City received the following major assistance programs from the State of Utah:

- B&C Road Funds
- Liquor Fund Allotment

Management’s Responsibility

Compliance with the requirements referred to above is the responsibility of the City’s management.

Auditor’s Responsibility

Our responsibility is to express an opinion on the City’s compliance based on our audit.

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 of Utah Legal Compliance Audit Guide*. Those standards and the State of Utah Legal Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs 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. Our audit does not provide a legal determination of the City’s compliance with those requirements.

Opinion

In our opinion, Spanish Fork City, complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide*.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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



Larson & Company, PC

Spanish Fork, Utah
December 5, 2013

Spanish Fork City
Schedule of Expenditures of State Grants, Contracts, and Loan Funds
For the Year Ended June 30, 2013

Grant Name	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
<u>Utah Department of Transportation</u>			
Class C Road Funds		2012	\$1,034,829.00
Subtotal – Utah Department of Transportation			\$1,034,829.00
<u>Utah Department of Health</u>			
911 EMS Grant			\$7,104.00
Subtotal – Utah Department of Health			\$7,104.00
<u>Utah Department of Public Safety</u>			
Justice Assitance Grant (JAG)			\$5,000.00
Click It or Ticket Grant			\$1,500.00
Alcohol Enforcement		2012	\$26,231.00
Subtotal – Utah Department of Public Safety			\$32,731.00
<u>Utah Department of Heritage and Arts</u>			
Community Library Enhancement Fund (CLEF)	USL 13-0156	2012	\$7,999.00
Subtotal – Utah Department of Heritage and Arts			\$7,999.00
<u>Utah Department of Natural Resources</u>			
Utah Fire Department Assistance Grant			\$7,850.00
Subtotal – Utah Department of Natural Resources			\$7,850.00
<u>Utah State History , Department of Community and Culture</u>			
Cemetery Inventory Project Grant			\$8,441.00
Subtotal – Utah State History Department			\$8,441.00
<u>Mountainland Association of Governments</u>			
Senior Grant		2012	\$26,588.00
Subtotal – Mountainland Association of Governments			\$26,588.00
<u>Utah County Government</u>			
Recreation Activities Grant			\$20,616.00
Subtotal –Utah County Government			\$20,616.00
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES			\$1,146,158.00