

# Payson City



## Annual Comprehensive Financial Report

For Period Ending June 30, 2025





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Payson City, Utah  
Annual Comprehensive Financial Report  
For Fiscal Period Ended June 30, 2025



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# Introductory Section



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December 1, 2025

To the Honorable Mayor and City Council,

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Payson City for the fiscal year ended June 30, 2025.

This report consists of the management's representations concerning the finances of Payson City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Payson has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Payson financial statements in conformity with GAAP (Generally accepted accounting principles.) Because the cost of internal controls should not outweigh their benefits, Payson's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Payson's financial statements have been audited by Larson & Company, PC Certified Public Accountants, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Payson for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Payson's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

### **Profile of the Government**

Payson City, incorporated in 1853, is located in the Southern region of Utah County, Utah. The city is situated approximately 59 miles from Salt Lake City, the capital of Utah. The city covers an area of approximately 19.36 square miles.

Payson City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

Payson City has operated under the six-member Council form of government, comprised of a Mayor and five Councilmembers. Policy-making and legislative authority are vested in a governing council consisting of a mayor and five councilmembers. The governing council is responsible, among other things, for passing



ordinances, adopting the budget, appointing committees and providing “advice and consent” for the mayor’s appointments.

The government’s City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government. The Council is elected on a non-partisan basis. Each Council member serves four-year terms. The Mayor is also elected to a four-year term.

Payson strives to create a “destination city” emphasizing the wonderful outdoor adventures available in this area. Payson’s as an adventure area is also illuminated in the City’s new logo “Home to Adventure.” Payson’s local amenities include biking, hiking, trail riding and golf. Payson is also committed to keeping its hometown feel. Payson City provides a full range of services, including police and fire protection, the construction and maintenance of city streets, water, sewer, storm drain, solid waste, secondary irrigation, power, and other services.

Payson City has two Redevelopment Agencies which act as legally separate agencies but function, in essence, as departments of Payson City and therefore have been included as an integral part of Payson City’s financial statements. The Payson Redevelopment Agencies (RDA), have now essentially fulfilled many of their intended purposes, but remain on the books to eventually play a pivotal role in revitalizing many areas throughout the city.

The annual budget serves as the foundation for Payson City’s financial planning and control. All agencies of Payson City are required to submit requests for appropriation to the government’s budget officer annually. The Finance Director reviews these requests; the requests serve as the starting point for developing a proposed budget. The proposed budget is presented to the council for review prior to the first regularly scheduled meeting in May. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 22<sup>nd</sup> of the fiscal year. The appropriated budget is prepared by fund, function (i.e. public works), and department (i.e. engineering.)

Department heads may request transfers of appropriations *within* a department during the year. Transfers of appropriations *between* departments and increases in departmental budgets require the approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Payson City operates.

**Local economy.** Payson City currently has a mix of retail and light manufacturing. Payson continues to evaluate the impact of all the social and political events that have an economical effect on the City’s resources. Economic concerns about local retailers’ ability to do business and the concern of the local workforce and citizens through difficult economic times have weighed heavily on the City’s representatives.

The city continues to engage in attracting commercial retailers to the City. The growth of the residential sectors has increased over the A major concern for the city is the price of housing and the ability for citizens to afford housing in the community.

According to Zillow, the average home value in Payson City is now reported as being \$465,043. Home prices an increase of 3/5% on average over the past two years. (<https://www.zillow.com/home-values/13227/payson-ut/> November 6, 2025).



Utah County, which is the County seat for Payson City, has an employed labor force of approximately 360,169, average wages were \$1,268 per week, up from \$1,231 per week reported last year; according to the United States Bureau of Labor Statistics ([https://www.bls.gov/regions/mountain-plains/news-release/countyemploymentandwages\\_utah.htm#table1](https://www.bls.gov/regions/mountain-plains/news-release/countyemploymentandwages_utah.htm#table1), <https://jobs.utah.gov/wi/data/library/laborforce/laborforcecomponents.html>).

Sales tax of the City is collected through the State. Utah collects direct point of sale sales tax; the tax goes through an equation whereby the city receives directly one half of 1% of the direct point of sale. The other half goes into a pool of sales tax revenues and is re-distributed to all entities of the State based on population.

Payson City has successfully put on the ballot an option to assess an additional one-tenth percentage of sales tax that will be collected and used exclusively for parks, arts, recreation and cultural purposes. This sales tax is entitled the PARC tax. The City is making plans to again, put the PARC tax option on the ballot.

The details of the revenues and expenditures of the PARC tax are maintained in the PARC tax fund.

Major industries with headquarters or divisions located within the government's boundaries or in close proximity include software manufacturers, food manufacturers, and many retail entities.

The city also has a large health-based component with the Payson Mountain View Hospital located within the City's boundaries.

The City is anticipating two significant higher learning organizations, Utah Valley University and Mountainland Applied Technology College coming to the City.

**Long-term financial planning.** One challenge Payson is now facing is providing infrastructure in areas that have previously been undeveloped property or farmland. This has necessitated expanding water, sewer and Electric power systems for the city.

Payson recently bonded for an upgrade to the sewer plant that will help meet current EPA (environmental protection agency) requirements and the needs of an expanding citizen base.

Details of the bonds are reflected in the financial statements.

The city welcomes potential commercial and household expansion in Payson. The city also views the current commercial base as a priority.

Recent improvements to the downtown area has been a cornerstone project of the city this past year.

A Utah Legislative Grant has allowed the city to improve the infrastructure and landscaping of historic downtown which hopes will draw new businesses.

Of major concern to the city is the maintenance and upkeep of the City road system. The city currently has approximately 96 paved road-miles in the City. The current funding options for the upkeep and expansion of the road system are: B&C road funds, derived from a State-collected and distributed gas tax; and the new SB136 additional sales tax.

Associated with the road system, is the City's storm drain system. Major portions of the City's storm drain system is comprised of new growth areas, where development was required to put in storm drain and sidewalk. The undeveloped area of the city without developed storm drain and sidewalk is largely in the older inner-city



portion of the City. The City Council has voiced the desire to bring storm drain and sidewalk to the balance of the City.

It is the goal of the City to keep impact fee studies up-to-date to stay in compliance with charges for impact fees and allowed impact fee projects.

Impact fees are assessed against new development to cover that portion of increased use on existing systems (water, sewer, police and fire services, parks, etc.) that should be borne by new growth. The theory being that the current capacity that is adequate for existing residents has already been paid for by existing residents through property taxes.

The City's General Plan has been updated and adopted by the City Council. The plan, entitled "Imagine Payson," included land use, infrastructure, transportation, parks and recreation, economic development, housing and financial planning; this plan is continuing to evolve.

#### **Other financial highlights, not otherwise discussed.**

The City continues to monitor opportunities for debt re-structuring and retirement.

The effects of a steady sales tax base in the City continues to be a contributing factor to the City's ability to maintain its financial equilibrium. The City has been able to maintain a somewhat stable budget, without drastic fluctuations; the exception being adjustments for new projects that arise during the budget year.

The City is empowered to levy a property tax on real or personal properties located within its boundaries, through the decision of the City Council to do so. Recent property tax increases were made to allow for the debt service payment on half the cost of the planned fire station.

The Finance Director may make transfers between operating functions if needed, as long as they are in the same department/fund and don't increase the budget. Transfers of appropriations for capital purchases and increases in over-all budget requires the approval of the governing council.

**Cash management policies and practices.** Cash not used in current operations is invested in the Public Treasurer's Investment pool (PTIF); the City also has some investments in Moreton Asset Management. Short-term deposits are held at local banking institutions. The City's short-term bank account combines: the general operating account, the payroll account, and the ambulance revenue account.

As mentioned above, the City receives funding for road improvements through the State's class C road fund program. The funds are allotted funds from gasoline fee collections. The allocation is based on road-miles and population of the City. It is the City's policy to use Class C road funds for road improvements prior to the use of City allocations.

**Risk Management.** Payson City has initiated a risk management program in conjunction with the workers compensation program and insurance carrier. Training opportunities have been offered to City employees in areas of health maintenance and safe work environment training. Department-specific training is provided to employees to prevent risks associated as per industry standards.

The City has recently begun a proactive approach to tree trimming in City parks and City-owned properties to decrease the potential risk associated with tree related accidents. The City has also put specific focus on safety inspections of playground equipment.



Payson City's unemployment insurance participation is through a third party. The City pays into this system on behalf of the employees.

**Pension and other postemployment benefits.** Payson City participates in the Utah State Retirement Program for the City's employees. The Retirement System is an agent plan for the benefit of Payson City employees, being managed by the Utah State Retirement program. Payson City has no obligation in connection with employee benefits offered through this plan beyond regular contractual payments to the Utah State Retirement System.

The City has implemented GASB 68 related to reporting the City's allocable portion of the unfunded liability balance of the Utah Retirement System.

**Long-term financial planning.** The City Council views the continued operation and the continued financial solvency as a primary issue. Future analysis includes capital project needs and allocation of resources amongst all City needs.

**Internal Control.** The City's financial reporting systems have been designed to emphasize the importance of strong internal controls, including the proper recording of revenues and expenditures and the oversight of budgetary control. The City has established internal controls that are designed to offer reasonable assurance that assets are safeguarded against waste, fraud and misuse and that the City's financial statements can be relied upon to produce financial statements in accordance with generally accepted accounting principles.

#### **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the administration department. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report, as well as the help and support of our auditors, Larson & Company, PC Accountants.

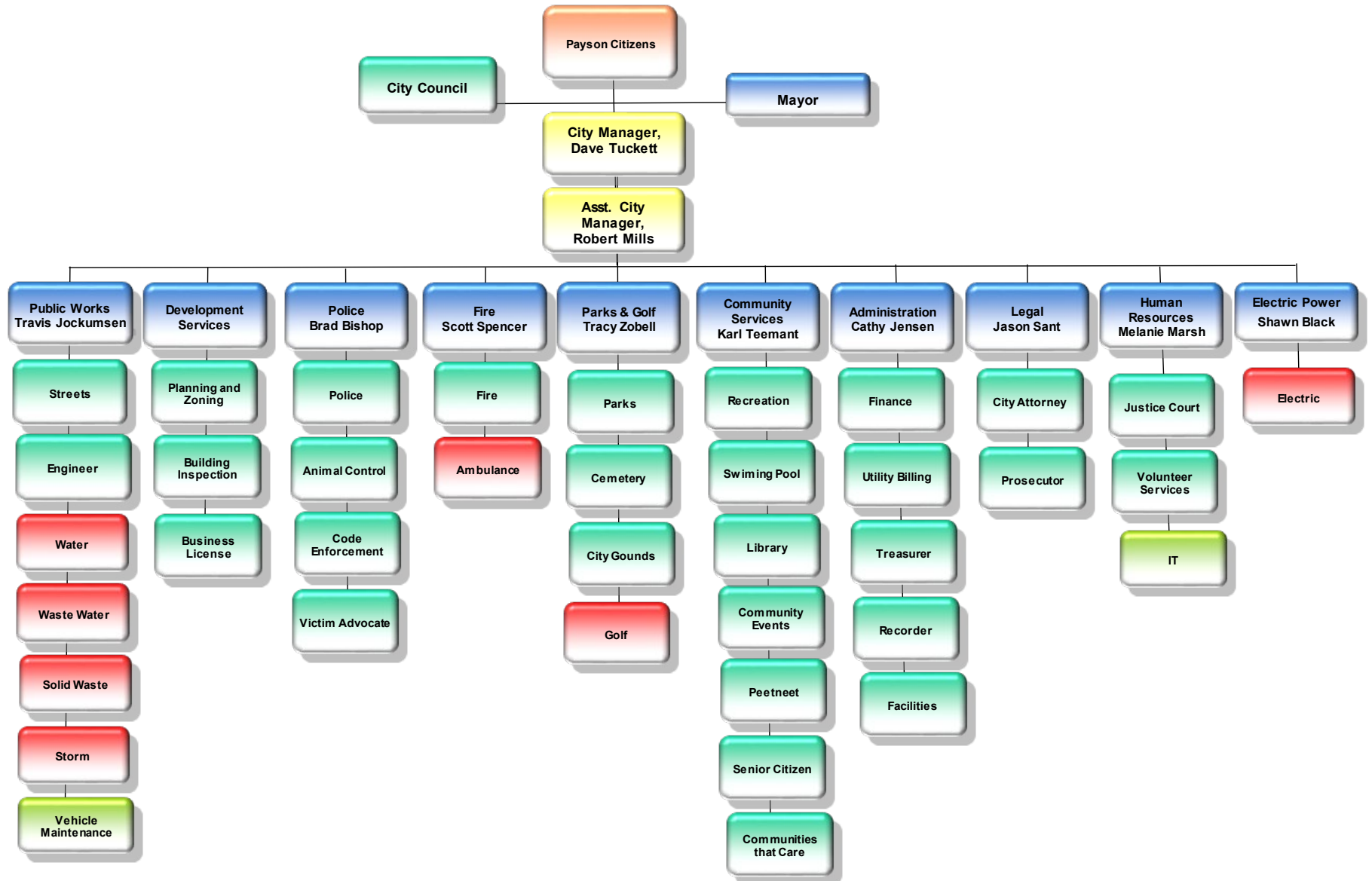
Credit must, as always be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Payson finances.

Respectfully submitted,

Cathy Jensen  
Finance Director



# Payson City Organizational Chart





# Payson City

## List of Appointed Officials and Council

June 30, 2025

### Elected Officials

Mayor	Bill Wright
Council Member	Ann Moss
Council Member	Taresa Hiatt
Council Member	Ryan Rowley
Council Member	Brian Hulett
Council Member	Brett Christensen

### Appointed Officials

City Manager	David Tuckett
City Treasurer	Audrey Camp
Police Chief	Brad Bishop
City Attorney	Brandon Dalley
City Recorder	Kim Holindrake
Fire Chief	Scott Spencer
City Engineer	Jonathan Knight

### Key Staff

Asst. City Manager	Robert Mills
Community Services Director	Karl Teemant
Development Services Director	Jill Spencer
Electric Power Director	Shawn Black
Finance Director	Cathy Jensen
Human Resource Director	Melanie Marsh
Parks and Golf Director	Tracy Zobell
Public Works Director	Travis Jockumsen



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## Financial Section



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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members  
Payson City, Utah

### Report on the Audit of the Financial Statements

#### **Opinions**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Payson City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Payson City's basic financial statements. The additional supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, additional supplementary information as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025 on our consideration of Payson City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Payson City's internal control over financial reporting and compliance.



Larson & Company, PC

Spanish Fork, Utah  
December 3, 2025



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Payson City activities exceeded the liabilities and deferred inflows of resources government-wide, as of the close of the most recent year by \$254,539,533 (net position). Of this amount \$61,364,675 (unassigned net position) may be used to meet the government's ongoing obligations to citizens and creditors in various City functions.
- The City collected sales tax, one of its primary revenues, of \$6,271,430. This is up from the previous year by \$567,293 or 10%.
- The City collected \$2,061,185 in B&C road funds and additional transportation taxes. This is one of the primary sources of financing for the City's roads and sidewalk systems.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

The City's financial statements included in this annual report are those of a special purpose government engaged only in municipal services.

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

The *statement of net position* presents information on all of the assets and liabilities of the City, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the City changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover

all or a significant portion of their costs through user fees and charges (*business-type activities*.) The governmental activities of the City include general government and administration for general functions.





Please refer to the table of contents for the location of the government-wide financial statements.

**FUND FINANCIAL STATEMENTS.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: *governmental funds*, and *fiduciary funds*.

**GOVERNMENTAL FUNDS.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources

available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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

The City's governmental funds are:

- General Fund
- Redevelopment-Town
- Redevelopment-Business Park
- Impact Fee-Park
- Impact Fee-Public Safety
- PARC Tax
- Perpetual Care
- Capital

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, and capital projects fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation, for the government-wide financial statements, "Statement of Net Position". Individual fund data for each of these non-major governmental funds is also provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with the budgets.

Please refer to the table of contents for the location of the basic governmental fund financial statements.



**PROPRIETARY FUNDS.** The City maintains 7 *proprietary fund* type funds.

The proprietary funds are:

Water  
Solid Waste  
Electric  
Sewer  
Ambulance  
Golf Course  
Storm Drain

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail.

**FIDUCIARY FUNDS.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the governmental entity. 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 used for fiduciary funds is much like that used for *proprietary funds*. The City does not hold any fiduciary funds.

**NOTES TO THE FINANCIAL STATEMENTS.** The *notes* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are part of the basic financial statements.

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

The City's basic financial statements are presented using the accrual basis of accounting, which provides for revenue recognition in the period in which services are provided and expense recognition when goods and services are received.

Additionally, the City's basic financial statements utilize the flow of economic resources measurement focus, in which all assets and liabilities are reflected on the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes Net Position* includes all transactions, such as revenues and expenses that increase or decrease the net position.

The statements are comprised of two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The following basic *financial statements* are included in this report:

The *Statement of Net Position* presents information on all the assets, deferred outflow of resources, liabilities and deferred inflow of resources of the City, with the difference reported as *net position*.



Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the City's net position changed during the most recent fiscal year.

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave.) The statement reports the City's operating and nonoperating revenue by source along with operating and nonoperating expenses and capital contributions.

The *statement of cash flows* reports are presented to show the City's cash flows from operating activities, investing, capital and noncapital activities.

## 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 Payson, assets exceed liabilities by \$254,539,533 (net position) government-wide, at the close of fiscal year 2025. This includes both governmental and enterprise funds. For the governmental funds, utilizing the government-wide approach, the total net position for fiscal year 2025 was \$99,324,582. This amount includes amounts invested in net assets, impact fees, obligated funds and unrestricted funds.

As of June 30, 2025, the City is able to report positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental activities.

The Statement of Net Position government-wide is as follows:

Payson City Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Current and other assets	\$42,187,985	\$39,167,638	\$89,882,276	\$70,806,777	\$132,070,261	\$109,974,415
Capital Assets (net)	65,162,828	76,103,579	130,710,527	171,137,406	195,873,355	247,240,985
Total assets	\$107,350,813	115,271,217	220,592,803	241,944,183	327,943,616	357,215,400
Deferred outflow of resources	2,185,236	2,249,928	1,252,936	1,246,676	3,438,172	3,496,604
Current liabilities	10,523,178	12,594,383	15,163,367	12,914,041	25,686,545	25,508,424
Long term liabilities	3,263,534	2,561,357	78,137,906	74,931,191	81,401,440	77,492,548
Total liabilities	13,786,712	15,155,740	93,301,273	87,845,232	107,087,985	103,000,972
Deferred inflow of resources	2,485,228	3,040,823	126,527	130,676	2,611,755	3,171,499
Net assets:						
Net investment in capital assets	60,700,752	72,770,588	92,652,890	107,125,944	153,353,642	179,896,532
Restricted	3,684,898	3,063,666	5,996,452	10,214,660	9,681,350	13,278,326
Unrestricted	28,878,459	23,490,328	29,768,597	37,874,347	58,647,056	61,364,675
Total net position	<u>\$93,264,109</u>	<u>\$99,324,582</u>	<u>\$128,417,939</u>	<u>\$155,214,951</u>	<u>\$221,682,048</u>	<u>\$254,539,533</u>



The changes in net position representation is as follows:

Payson City Changes in Net position						
	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,241,095	\$ 6,685,639	\$ 37,520,859	\$ 41,594,671	\$ 43,761,954	\$ 48,280,310
Grants and contributions						
Cap Grants and Contributions	3,508,351	7,021,201	4,005,346	10,988,042	7,513,697	18,009,243
Operational Grants	2,082,594	2,926,479	594,217	2,223,046	2,676,811	5,149,525
General Revenues:						
Property taxes	2,564,762	2,830,258	-	-	2,564,762	2,830,258
Sales Tax	5,818,844	6,271,430	-	-	5,818,844	6,271,430
Other	4,866,178	4,772,166	3,296,449	2,080,868	8,162,627	6,853,034
Total Revenues	25,081,824	30,507,173	45,416,871	56,886,627	70,498,695	87,393,800
Expenses:						
General government	17,960,335	19,335,436	-	-	17,960,335	19,335,436
Water	-	-	4,847,987	5,361,915	4,847,987	5,361,915
Electric	-	-	14,919,420	16,878,299	14,919,420	16,878,299
Sewer	-	-	5,794,046	5,440,934	5,794,046	5,440,934
Ambulance	-	-	1,121,283	1,187,266	1,121,283	1,187,266
Solid Waste	-	-	2,459,175	3,131,627	2,459,175	3,131,627
Golf Course	-	-	1,403,759	1,558,605	1,403,759	1,558,605
Storm Drain	-	-	1,197,889	1,642,233	1,197,889	1,642,233
Total expenses	17,960,335	19,335,436	31,743,559	35,200,879	49,703,894	54,536,315
Increase in net position before transfers	7,121,489	11,171,737	13,673,312	21,685,748	20,794,801	32,857,485
Transfers	1,289,769	(5,111,264)	(1,289,769)	5,111,264	-	-
Increase in net position	\$ 8,411,258	\$ 6,060,473	\$ 12,383,543	\$ 26,797,012	\$ 20,794,801	\$ 32,857,485
Net Position-beginning	\$ 84,852,851	\$ 93,264,109	\$ 116,034,396	\$ 128,417,939	\$ 200,887,247	\$ 221,682,048
Net Position-ending	\$ 93,264,109	\$ 99,324,582	\$ 128,417,939	\$ 155,214,951	\$ 221,682,048	\$ 254,539,533

**GOVERNMENTAL ACTIVITIES.** Governmental activities increased the City's net position by \$6,060,473 over the previous year in the government-wide statements.

The major contributor to this increase was capital assets, conservative budgeting in the governmental fund.

The City exercised prudent management in the capital outlay expenses. Funding for capital assets was geared primarily to asset improvement and creation, road and sidewalk projects.

Current sources of funds for road improvements include B&C road funds, general fund revenues and some grants.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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



At the end of the year, the Payson City's governmental funds reported combined ending fund balance of \$26,901,714 as reported in the governmental financial statements.

The governmental funds that make up the general fund are comprised of the following funds:

General Fund  
Redevelopment-Town  
Redevelopment-Business Park  
Impact Fee-Park  
Impact Fee-Public Safety  
PARC Tax  
Perpetual Care  
Capital

The individual fund balances, including those that are restricted for a specific use, already assigned or unassigned; that comprise the governmental funds include:

	Fund Balance
General Fund	\$ 8,005,194
Redevelopment-Town	115,883
Redevelopment-Business Park	2,703,508
Impact Fee-Park	2,774,377
Impact Fee-Public Safety	289,289
PARC Tax	576,386
Perpetual Care	306,039
Capital	8,754,627
Revolving Loan	3,376,411
	<hr/>
	\$ 26,901,714

Approximately 28 percent of the governmental fund balance amount (\$7,438,341) constitutes unassigned fund balance, as seen in the governmental financial statements, which is available for spending at the government's discretion.

The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for encumbrances 2) to return building and performance bond deposits 3) to pay for capital projects 4) has been assigned to other obligations or projects 5) has already been expended for capital assets or the funds have been assigned for other purposes.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$6,861,955.

Generally, the increases in fund balances in the City are due to conservative spending and budgeting practices by the individual governmental entities.

**Internal Service Funds.** Internal Service funds are designed to provide services to all departments for vehicle maintenance and services and information systems. Internal service funds are combined with the governmental funds for government-wide reporting.



The unassigned fund balances of the internal service funds are:

	Unassigned Fund Balance
Information Services	\$ 227,937
Vehicle Maintenance	<u>214,505</u>
	\$ 442,442

**PROPRIETARY FUNDS.** The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position, formerly called "net assets," of the respective proprietary funds are:

Unrestricted net position	
Water	\$ 2,075,602
Solid Waste	2,361,401
Power	5,354,687
Sewer	20,928,227
Ambulance	1,641,851
Golf Course	3,977,957
Storm Drain	<u>1,534,622</u>
	\$ 37,874,347

**Water.** The City has had a general policy of adjusting utility rates by the CPI (consumer price index) to keep pace with expenditures, and to avoid future large jumps in utility rates that would be necessary to keep up with expenditures. To keep up increasing needs in the water department, the City increased water rates by approximately 3%.

The City issued a 2019 water bond, in order to fund the metering of the secondary irrigation system. This bond allowed for additional capacity to draw-down the bond to continue the project. Additional bond liability from the draw-down of funds is reflected in the financial statements.

**Solid Waste.** The Solid Waste fund performs two primary functions. First, to oversee and operate the City landfill. Second, the solid waste fund collects garbage on a weekly basis for all residential and many commercial operations in the City.

Solid Waste is required to show as a liability the effect of closure and post-closure expenses in the financial statement. An analysis by a third-party contractor re-calculated the closure and post-closure liability for 2025.

**Electric.** The electric power fund provides power to residents of Payson. Power is generally purchased through UAMPs (Utah Associated Municipal Power System). The electric plant has had a particularly difficult year. The cost of power purchased far exceeded projections and available resources. The City underwent a power rate-study and enacted an approximately 5% rate increase in order to offset future needed infrastructure needs and the cost of operations, including the purchase of power.

Additional funding is also intended to cover the cost of future infrastructure and an expanded power plant.

**Sewer.** The sewer department maintains and builds sewer infrastructure throughout the City. They also maintain the City sewer processing plant.



The City is required to construct a new Sewer processing plant to meet growth and maintain federal and state guidelines on sewer processing. The anticipated cost of the new plant is between \$70 million and \$80 million dollars. In the 2023 fiscal year, the City issued two sewer bonds: 2022B sewer bond for \$10,000,000 and 2022 sewer revenue bond for \$41,500,000 to begin construction on the new plant.

The City anticipates future bonding may be required to complete the sewer projects because of the drastic increase in the cost of construction of the plant since the plant began.

The City is weighing all possibilities in regards to future construction and financing for the new plant. In 2022, Utah State Water Board grant has been issued to the City for \$1 million dollars and an additional DWQ bond was issued for \$13.5 million to begin the initial purchases that need to be made, to hedge against inflation. The City also received a grant for \$6,065,335; a portion of which is intended to help with the Payson Fruit Growers discharge.

**Ambulance.** The City ambulance fund supports the first responder program for the City. First responders in all public safety areas of the City including police, fire, ambulance, have garnered great respect, not only in their day-to-day operations, but with their continued reliability and service to Payson City. The Ambulance department is working to implement a paramedic program. The City outsources ambulance billing and collections.

The City Council is currently seeking renderings for the new fire/ambulance building. For 2025 property tax year, the City Council has approved the increase in property tax to cover half the cost of debt service for the new ambulance building. The other half will come from fund reserves in the capital fund.

**Golf Course.** In addition to running the golf course, the Golf course division operates the Payson City Golf Course RV Park. The RV park is intended to help support the operations of the golf course and attract patrons to the golf course for extended stay and play options.

**BUDGETARY HIGHLIGHTS.** The difference between the original budget and the final amended budget was a net increase of \$11,359,397 City-wide.

The majority of this budget adjustment was for capital projects and the transfer of budget between funds.

Generally, the City's philosophy is that in making budgetary adjustments, individual departmental budgets will be examined to look for excess budget. The City continues to re-evaluate revenue streams and adjust expenditures throughout the fiscal year. Departments are encouraged to continue to be innovative in looking at ways to adjust their budgetary expenditures, to save money.

The City strives to conduct the budget in a fiscally conservative manner, both for Revenues and Expenditures. All increases in the budget must be approved by the City Council. We are open in any budgetary adjustments, always noticing budget hearings.

**CAPITAL ASSETS.** Capital Assets are generally recognized in the enterprise fund in which they belong or are recognized in the capital asset fund if it is a major governmental asset. A major source for capital asset financing is through the City's revolving loan.

Capital assets include the funds for the costs incurred in acquiring and improving assets, constructing and remodeling facilities and procuring equipment necessary for providing programs for the citizens of the City.

Major capital asset expenditures include expenditures on City infrastructure (roads, storm drain).





The City has elected to use the modified approach to account for its infrastructure assets such as roads and bridges. As allowed by GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments, the City has adopted the “modified approach” for reporting costs associated with certain infrastructure assets. The City capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

The City has adopted an allowable alternative to reporting depreciation for its road network. Under this alternative method, referred to as the “modified approach,” the City's must maintain an asset management system and demonstrate that its highways and roads are approximately being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The City manages the road network using a pavement management system. This system uses a measurement scale that considers the condition of the roads as denoted by a Remaining Service Life (RSL). Under the RSL system, a condition index ranging from 0 to 20 is used. A road is considered to be in “very good” condition when its RSL rating is between 19 and 20, in “good” condition when its RSL rating is between 13 and 18, in “fair” condition when its RSL rating is between 9 and 12, in “poor” condition when its RSL rating is between 7 and 8, and in “very poor” condition when its RSL rating is 6 or below.

It is the City's' goal to maintain approximately 50% of its road network at a category level of “fair” or “good” (RSL rating of 9 or above) and allow no more than 20% at a category level of “very poor” (RSL rating of 6 or below). In order to achieve a complete condition assessment of all City roads within a period of three years, condition assessments are performed on approximately one-third of the roads annually. The most recent condition assessment, completed in 2025, shows that 38.15% of the City's' roads were in “fair” or better condition. Also, 28.69% of the roads assessed in 2025 were in “very poor” condition.

In 2025, the City's' spent approximately \$776,928 to maintain and preserve its roads, which was \$33,428 more than what the City's' estimated would be needed. Total funds spent on significant capital improvements to the City road system in the B&C road fund, over and above maintenance items, total \$2,662,846.

The increase in spending on roads have, to a great expense to take advantage of economies of scale in order to complete projects without mobility charges. Also, funds available for street projects are often accumulated to future budget years, to take advantage of economies of scale and mobility charges, to get more roads maintained under one bid.

The City's' primary sources for future funding include grants and B&C road funds and general fund revenues to increase the RSL for the rest of the road system.

The City will continue to provide the maintenance and upkeep of the City road system. Utah has dramatic seasonal changes with significant freezing/thawing and high temperatures. These climate conditions shorten the lives of roads.

Further information about the City's' modified approach can be found in the Required Supplementary Information section of the financial statements.





An analysis of the City's capital assets is as follows:

### Payson City Capital Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$3,882,784	\$3,559,450	\$8,405,993	\$8,405,993	\$12,288,777	\$11,965,443
Infrastructure	44,547,605	37,857,970	-	-	44,547,605	37,857,970
Buildings & Improvements	32,709,866	32,136,728	154,508,647	142,333,157	187,218,513	174,469,885
Equipment	10,294,752	8,174,084	15,020,243	13,308,404	25,314,995	21,482,488
Construction in progress	2,979,440	739,015	51,380,225	20,662,673	54,359,665	21,401,688
Accumulated Depreciation	(18,310,867)	(17,304,419)	(64,021,865)	(59,761,473)	(82,332,732)	(77,065,892)
Water Stock	-	-	5,785,161	5,761,772	5,785,161	5,761,772
Total	<u>\$76,103,580</u>	<u>\$65,162,828</u>	<u>\$171,078,404</u>	<u>\$130,710,526</u>	<u>\$247,181,984</u>	<u>\$195,873,354</u>

Readers desiring more detailed information on capital asset activity can refer to note 6 of the financial statements.

### LONG-TERM DEBT

At June 30, 2025, the City had total bonded debt outstanding of \$77,024,000 and an additional interlocal loan with Nebo School District for the purchase of the Wilson School of \$2,112,000.

Below is a list of bonded debt and interlocal loan:

Purpose of Bond	Funding Source	Original Amount	Remaining Amount	Payoff Date	Origination Date
Pool	Sales Tax	\$ 4,940,832	\$ 1,061,424	2026	2007
Fore Bay and PI	Water Revenue	7,385,000	2,700,000	2029	2013
Water Tank	Water Revenue	2,861,000	1,547,000	2032	2016
Water PI Lines	Water Revenue	8,985,000	7,569,000	2040	2019
Sewer Plant	Sewer Revenue	13,500,000	13,500,000	2055	2022
Sewer Plant Equipment	Sewer Revenue	10,000,000	9,361,000	2037	2022
Sewer Plant	Sewer Revenue	41,500,000	40,646,000	2037	2022
Sewer Sales Tax Refunding	Sewer Revenue	2,977,168	639,576	2026	2016
Other:					
Wilson School Loan	Interlocal Note	2,640,000	2,112,000	2033	2024



A list of changes in other debt is as follows:

Payson City Changes in Other Debt						
	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Unamortized Bond Premium	\$ -	\$ -	\$ 163,963	\$ 199,098	\$ 163,963	\$ 199,098
Lease	246,269	235,893	1,041,944	1,360,409	1,288,213	1,596,302
Accrued Compensated Absences	851,702	805,415	584,615	616,262	1,436,317	1,421,677
Water Share Liability	-	-	620,149	601,611	620,149	601,611
Closure and Post closure liability	-	-	1,261,790	1,132,193	1,261,790	1,132,193
Note Payable-Building	2,112,000	2,376,000	-	-	2,112,000	2,376,000
Bonds Payable	1,061,424	1,580,592	75,962,576	78,796,408	77,024,000	80,377,000
Total Long Term Debt	<u>\$ 4,271,395</u>	<u>\$ 4,997,900</u>	<u>\$ 79,635,037</u>	<u>\$ 82,705,981</u>	<u>\$ 83,906,432</u>	<u>\$ 87,703,881</u>

State statutes (Utah State Constitution, Article XIV, Section 4,) limit the amount of *general obligation bond* indebtedness towns and “other municipal corporations” may issue. The statutes indicate that the City may issue up to 4 percent of its total fair market value of taxable property in the City for *general obligation debt*.

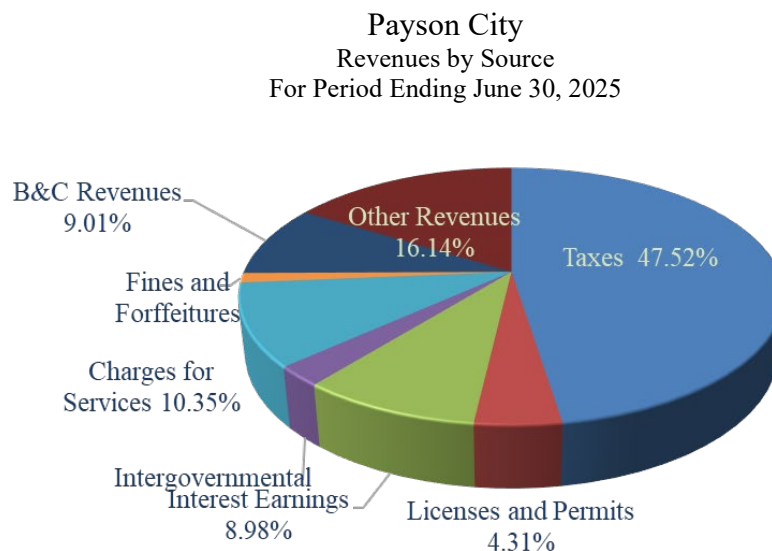
The current fair market value of the taxable property in the City is \$2,396,466,279 (2025). The current general obligation debt limitation for the City is \$287,576,000. Payson City has *no* general obligation debt, and no current intention of issuing general obligation bonds. However, measures of legal debt margin are helpful in looking at the City’s general bond obligation parameters.

Payson City Legal Debt Margin Calculation Fiscal Year Ending June 2025 (dollars in thousands)	
Assessed value	\$ 2,396,466
Debt limit (12% of assessed value)	<u>287,576</u>
Total net debt applicable to limit	<u>\$ -</u>
Legal debt margin	<u>\$ 287,576</u>

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A visual representation of the revenues by source:



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

- Payson City is located in Utah County. The unemployment rate for Utah County as of June 2025 was 3.9%. This rate is less than the reported US unemployment rate at that time was 4.1%, as provided by the Bureau of Labor Statistics ([https://www.bls.gov/eag/eag.ut\\_provo\\_msa.htm](https://www.bls.gov/eag/eag.ut_provo_msa.htm)).
- The City is particularly mindful of the impact of property taxes on its citizenry, the City Council studies the impacts of increasing certified tax rates on the citizens incrementally, as well as the impact that would come from not keeping pace with certified tax rates, and assessing large amounts of tax increment on the citizens in a lump sum, at a later date. The City has striven to keep property tax rates steady to avoid the ups and downs as the property tax rates vary by year.
- One of the major budget issues for the City is the construction of a new sewer plant to meet Federal and State affluent regulations. The City continues to assess funding options for the increasing costs of construction.

Payson City is anticipating a new electric plant in order to meet the expanding city and the needs for electric power in the City.

Some of the problems Payson is facing economically will also have an impact on net revenues. Some of these items involve continuing growth and construction, and the rising cost of living. This and other economic factors have the potential of increasing costs, or depressing revenues. The City will continue to seek prudent measures to meet increasing financial obligations.

**REQUESTS FOR INFORMATION.** The financial report is designed to provide a general overview of Payson City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Payson City, Records Officer, 439 West Utah Avenue, Payson, Utah 84651.



# Basic Financial Statements

**Payson CITY**  
**Statement of Net Position**  
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents			
Unrestricted	\$ 27,900,774	\$ 28,263,059	\$ 56,163,833
Restricted	3,369,705	24,213,057	27,582,762
Accounts Receivable			
Taxes Receivable	4,570,864	-	4,570,864
Other Receivables	1,786,781	4,377,341	6,164,122
Internal balances	1,582,868	(1,582,868)	-
Net Pension Asset	(43,354)	111,188	67,834
Due From Other Agency	-	15,425,000	15,425,000
Capital assets			
Land	3,882,784	8,405,993	12,288,777
Buildings and Improvements	32,709,865	154,508,647	187,218,512
CIP	2,979,440	51,380,225	54,359,665
Equipment	10,294,752	15,020,242	25,314,994
Infrastructure	44,547,605	-	44,547,605
Depreciation	(18,310,867)	(63,962,862)	(82,273,729)
Water Rights	-	5,785,161	5,785,161
Total assets	<u>115,271,217</u>	<u>241,944,183</u>	<u>357,215,400</u>
<b>Deferred outflows of resources</b>			
Deferred Charge on Refunding	-	163,963	163,963
Deferred outflows related to pensions	2,249,928	1,082,713	3,332,641
Total deferred outflow of resources	<u>2,249,928</u>	<u>1,246,676</u>	<u>3,496,604</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	8,795,592	5,807,588	14,603,180
Deposits	-	461,884	461,884
Due To Other Agency	-	368,603	368,603
Net Pension Liability	2,072,676	932,486	3,005,162
Accrued Interest Payable	16,075	803,599	819,674
Lease Payable	68,306	438,149	506,455
Compensated absences	851,702	584,614	1,436,316
Bonds Due Within One Year	790,032	2,896,968	3,687,000
Water Shares	-	620,150	620,150
Long Term Liabilities			
Closure and Post Closure Liabilities	-	1,261,790	1,261,790
LT Lease Payable	177,965	603,793	781,758
Due in More Than One Year	2,383,392	73,065,608	75,449,000
Total liabilities	<u>15,155,740</u>	<u>87,845,232</u>	<u>103,000,972</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	3,113,010	-	3,113,010
Deferred Inflows Pensions	(72,187)	130,676	58,489
	3,040,823	130,676	3,171,499
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	72,770,588	107,125,944	179,896,532
Restricted			
Post Closure Liability	-	1,261,790	1,261,790
Water Shares	-	620,150	620,150
Impact Fees	3,063,666	8,332,720	11,396,386
Unrestricted	23,490,328	37,874,347	61,364,675
Total net position	<u>\$ 99,324,582</u>	<u>\$ 155,214,951</u>	<u>\$ 254,539,533</u>

*See accompanying notes to the financial statements.*

**Payson CITY**  
**Statement of Activities**  
For Period Ended June 30, 2025

Function/Programs	Program Revenues				Net (Expense) Rev & Chgs in Net Position		
		Operating	Capital	Primary Government			
	Charges for	Grants and	Grants and	Governmental	Business-type		
Expenses	Services	Contributions	Contributions	Activities	Activities	Total	
Primary government:							
Governmental activities:							
General government	\$ 3,204,050	\$ 4,815,223	\$ 2,161,038	\$ -	\$ 3,772,211	\$ -	\$ 3,772,211
Public safety	3,697,014	424,637	708,985	933,226	(1,630,166)	-	(1,630,166)
Highways and public works	1,454,087	-	-	6,087,975	4,633,888	-	4,633,888
Parks and Recreation	3,782,787	1,445,779	56,456	-	(2,280,552)	-	(2,280,552)
Capital Outlay	7,170,931	-	-	-	(7,170,931)	-	(7,170,931)
Interest on Long-term debt	26,567	-	-	-	(26,567)	-	(26,567)
Total governmental activities	19,335,436	6,685,639	2,926,479	7,021,201	(2,702,117)	-	(2,702,117)
Business-type activities:							
Water	5,361,915	6,184,941	-	5,281,579	-	6,104,605	6,104,605
Power	16,878,299	19,409,638	-	1,827,172	-	4,358,511	4,358,511
Sewer	5,440,934	6,995,176	-	2,865,255	-	4,419,497	4,419,497
Solid Waste	3,131,627	4,102,113	353,874	-	-	1,324,360	1,324,360
Ambulance	1,187,266	1,105,539	-	8,372	-	(73,355)	(73,355)
Golf Course	1,558,605	2,676,701	122,944	-	-	1,241,040	1,241,040
Storm Drain	1,642,233	1,120,563	1,746,228	1,005,664	-	2,230,222	2,230,222
Total business-type activities	35,200,879	41,594,671	2,223,046	10,988,042	-	19,604,880	19,604,880
Total primary government	54,536,315	48,280,310	5,149,525	18,009,243	(2,702,117)	19,604,880	16,902,763
General revenues:							
Property taxes					2,830,258	-	2,830,258
General sales and use tax					6,271,430	-	6,271,430
Franchise Tax					474,073	-	-
Other Taxes					1,787,900	-	1,787,900
Investment Earnings					2,510,193	2,080,868	4,591,061
Transfers					(5,111,264)	5,111,264	-
Total general revenues					8,762,590	7,192,132	15,480,649
Change in net position					6,060,473	26,797,012	32,857,485
Net position - beginning					93,264,109	128,417,939	221,682,048
Net position - ending					\$ 99,324,582	\$ 155,214,951	\$ 254,539,533

*See accompanying notes to the financial statements.*

**Payson CITY**  
**Governmental Funds Balance Sheet**  
June 30, 2025

	General Fund	Capital Projects Capital	Nonmajor Governmental	Total Governmental Funds
<b>ASSETS</b>				
Combined Cash and cash equivalents	\$ 14,479,584	\$ 8,758,419	\$ 4,192,597	\$ 27,430,600
Restricted Cash	-	-	3,369,705	3,369,705
Receivables:				
Taxes	4,570,864	-	-	4,570,864
Grants and contributions	11,438	-	-	11,438
Accounts	744,479	-	83,702	828,181
Intergovernmental Receivables	-	-	2,530,030	2,530,030
Total assets	<u>\$ 19,806,365</u>	<u>\$ 8,758,419</u>	<u>\$ 10,176,034</u>	<u>\$ 38,740,818</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 206,036	3,792	34,140	243,968
Accrued salaries, wages and benefits	726,357	-	-	726,357
Due to other entities	21,704	-	-	21,704
Performance Bond	7,638,520	-	-	7,638,520
Total liabilities	<u>\$ 8,592,617</u>	<u>3,792</u>	<u>\$ 34,140</u>	<u>\$ 8,630,549</u>
<b>Deferred inflow of resources</b>				
Property taxes levied for future years	3,208,555	-	-	3,208,555
Total deferred inflow of resources	<u>3,208,555</u>	<u>-</u>	<u>-</u>	<u>3,208,555</u>
<b>FUND BALANCES</b>				
Restricted for:				
Impact Fees	-	-	3,063,666	3,063,666
Assigned	1,143,238	8,754,627	6,195,803	16,093,668
Committed	-	-	306,039	306,039
Unassigned	6,861,955	-	576,386	7,438,341
Total fund balances	<u>8,005,193</u>	<u>8,754,627</u>	<u>10,141,894</u>	<u>26,901,714</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 19,806,365</u>	<u>\$ 8,758,419</u>	<u>\$ 10,176,034</u>	<u>\$ 38,740,818</u>

*See accompanying notes to the financial statements.*

**Payson CITY**  
**Balance Sheet Reconciliation to Statement of Net Assets**  
June 30, 2025

Total fund balances - governmental fund types:	\$ 26,901,714
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,103,579
Long-term assets not available to pay for current period expenditures and, therefore, are deferred in the funds	95,545
An internal service fund is used by management to charge the costs of vehicle repairs and maintenance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	438,990
Pension assets, liabilities, deferred inflows, and deferred outflows are not due and payable in the current period and, therefore, are not recorded in the Governmental Funds	
Net pension asset	(43,354)
Deferred outflows of resources relating to pensions	2,249,928
Net pension liability	(2,072,676)
Deferred inflows of resources	72,187
	206,085
Other Adjustments	25,708
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	(4,447,039)
Bonds payable - current	(790,032)
Bond interest payable	(16,075)
Bonds payable - noncurrent	(2,383,392)
Leases Payable	(246,271)
Retainage Payable	(159,567)
Compensated absences	(851,702)
	(4,447,039)
Net Position of Governmental Activities Government-Wide	\$ 99,324,582



**Payson City**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**June 30, 2025**

	General Fund	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b>REVENUES</b>				
<b>Taxes</b>				
Property Tax	\$ 2,734,713	\$ -	\$ -	\$ 2,734,713
Sales Tax	6,271,430	-	-	6,271,430
Motor Vehicle Tax	126,640	-	-	126,640
Franchise Fee	474,073	-	-	474,073
Telephone Tax	74,840	-	-	74,840
Energy Tax	1,164,102	-	-	1,164,102
PARC Tax	-	-	400,450	400,450
Room Tax	21,868	-	-	21,868
Other taxes	1,861,523	-	400,450	2,261,973
Licenses, Permits and Fees	985,068	-	-	985,068
Grants and Contributions	569,398	1,000,000	-	1,569,398
Charges for Services	2,365,805	-	-	2,365,805
B&C Road Funds	2,061,185	-	-	2,061,185
Fines and Forfeitures	273,850	-	-	273,850
Interest Income	2,053,166	95,500	361,527	2,510,193
Other	3,620,358	400,000	61,641	4,081,999
Donations	70,221	-	10,000	80,221
	<u>22,866,717</u>	<u>1,495,500</u>	<u>833,618</u>	<u>25,195,835</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Government	6,094,448	-	367,950	6,462,398
Public Safety	5,989,002	-	4,500	5,993,502
Highways and Streets	1,634,864	-	-	1,634,864
Parks and Recreation	4,362,619	-	60,313	4,422,932
Economic Development	-	-	13,817	13,817
Community Events	434,962	-	-	434,962
Cemetery	422,607	-	-	422,607
<b>Debt Service:</b>				
Principal Retirement	378,993	-	404,175	783,168
Interest and Fiscal	18,264	-	1,922	20,186
<b>Capital Outlay</b>				
General Government	91,603	743	23,233	115,579
Public Safety	-	-	1,204,483	1,204,483
Highways and Streets	2,662,846	-	-	2,662,846
Parks, recreation and culture	14,539	-	-	14,539
General Government	-	3,173,484	-	3,173,484
Total expenditures	<u>22,104,747</u>	<u>3,174,227</u>	<u>2,080,393</u>	<u>27,359,367</u>
Excess revenues over (under) expenditures	<u>761,970</u>	<u>(1,678,727)</u>	<u>(1,246,775)</u>	<u>(2,163,532)</u>
<b>Other Financing Sources (Uses)</b>				
Impact Fees	-	-	933,226	933,226
Proceeds from the sale of assets	678	-	406,209	406,887
Transfers in	2,631,773	3,415,000	-	6,046,773
Transfers out	(4,410,700)	(6,747,337)	-	(11,158,037)
Total other financing sources and uses	<u>(1,778,249)</u>	<u>(3,332,337)</u>	<u>1,339,435</u>	<u>(3,771,151)</u>
Net change in fund balance	<u>(1,016,279)</u>	<u>(5,011,064)</u>	<u>92,660</u>	<u>(5,934,683)</u>
Fund balances - beginning of year	9,021,472	13,765,691	9,875,863	32,836,397
Fund balances - end of year	<u>\$ 8,005,193</u>	<u>\$ 8,754,627</u>	<u>\$ 9,968,523</u>	<u>\$ 26,901,714</u>

*See accompanying notes to the financial statements.*

**Payson City**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**

Reconciliation to Statement of Activities  
June 30, 2025

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

Net changes in fund balances - total governmental funds	\$ (5,934,683)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are 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.	12,473,574
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net assets.	(1,532,822)
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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 principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on the net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Retainage Payable	(159,567)
Interest Payable	(13,245)
Change to net Lease	68,306

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	102,409
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated Absences	851,702

Other Adjustments to reconcile to changes in net position governmental government-wide	30
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The internal service funds used by management to charge the costs of Governmental fund expenditures and related internal service fund revenues are eliminated.	204,769
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Change in Net position of governmental activities government-wide	<u>\$ 6,060,473</u>
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**Payson City**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2025**

	Enterprise funds				Governmental Activities
	Water	Power	Sewer	Total Nonmajor Funds	Total Enterprise Funds Internal Service Funds
<b>ASSETS</b>					
<b>Current Assets</b>					
Combined Cash and cash equivalents					
Unrestricted	\$ 5,783,158	\$ 7,644,886	\$ 3,012,313	\$ 11,822,702	\$ 28,263,059
Receivables (net of allowance)					
Accounts Receivable	640,421	1,840,799	696,056	1,200,065	4,377,341
Total Current Assets	6,423,579	9,485,685	3,708,369	13,022,767	32,640,400
<b>Non Current Assets</b>					
Combined Cash and cash equivalents					
Restricted	2,698,307	3,430,085	17,383,209	701,456	24,213,057
Net Pension Asset	16,589	45,570	9,410	39,619	111,188
Due From Other Agencies	-	-	15,425,000	-	15,425,000
Capital assets					
Leased Assets	-	-	-	-	-
Land	6,716,381	133,057	242,811	1,313,744	8,405,993
Water stock	5,785,161	-	-	-	5,785,161
Buildings and improvements	58,051,987	29,136,623	40,769,698	26,550,339	154,508,647
Machinery and equipment and Right-to-U	1,394,552	3,916,054	1,409,581	8,300,055	15,020,242
Construction in progress	1,282,867	1,075,587	47,808,854	1,212,917	51,380,225
Less: accumulated depreciation	(17,557,638)	(17,679,225)	(16,202,521)	(12,523,478)	(63,962,862)
Total Capital Assets Net	55,673,310	16,582,096	74,028,423	24,853,577	171,137,406
Total noncurrent assets	58,388,206	20,057,751	106,846,042	25,594,652	210,886,651
Total assets	64,811,785	29,543,436	110,554,411	38,617,419	243,527,051
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Deferred Charge on Refunding	163,963	-	-	-	163,963
Pension Related	135,446	464,156	138,963	344,148	1,082,713
Total deferred outflow of resources	299,409	464,156	138,963	344,148	1,246,676
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities	155,244	2,982,462	2,072,656	288,843	5,499,205
Accrued salaries, wages and benefits	32,659	103,473	31,199	141,052	308,383
Customer Deposits	-	461,884	-	-	461,884
Due to other entities	-	82,001	250,000	36,602	368,603
Accrued Interest Payable	68,450	-	735,149	-	803,599
Long term liabilities					
Debt Service due within one year	1,050,000	-	1,846,968	-	2,896,968
Other long-term liabilities due within one ye	88,062	-	-	350,087	438,149
Total Current Liabilities	1,394,415	3,629,820	4,935,972	816,584	10,776,791
<b>Noncurrent Liabilities</b>					
Net Pension Liability	135,256	399,671	125,268	272,291	932,486
Water Shares	620,150	-	-	-	620,150
Compensated Absences	75,787	291,572	56,941	160,314	584,614
Intergovernmental Payable	200,887	283,186	52,548	1,046,247	1,582,868
Long term liabilities					
Closure and Postclosure liability	-	-	-	1,261,790	1,261,790
Debt service due in more than one year	10,766,000	-	62,299,608	-	73,065,608
Lease payments due in more than one year	-	-	-	603,793	603,793
Total noncurrent liabilities	11,798,080	974,429	62,534,365	3,344,435	78,651,309
Total liabilities	13,192,495	4,604,249	67,470,337	4,161,019	89,428,100
<b>DEFERRD INFLOW OF RESOURCES</b>					
Deferred revenue	-				-
Deferred inflows relating to pensions	4,392	36,475	12,956	76,853	130,676
Total deferred inflow of resources	4,392	36,475	12,956	76,853	130,676
<b>NET POSITION</b>					
Net investment in capital assets	46,520,247	16,582,096	20,077,527	23,946,074	107,125,944
Restricted					
Impact fees	2,698,308	3,430,085	2,204,327	-	8,332,720
Reserve for Water Shares	620,150	-	-	-	620,150
Post Closure Liability	-	-	-	1,261,790	1,261,790
Unassigned	2,075,602	5,354,687	20,928,227	9,515,831	37,874,347
Total net position	\$ 51,914,307	\$ 25,366,868	\$ 43,210,081	\$ 34,723,695	\$ 155,214,951

*See accompanying notes to the financial statements.*

**Payson City**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For Period Ended June 30, 2025**

	Business-type Activities			Total Nonmajor	Total	Governmental
	Water	Power	Sewer	Enterprise Funds	Enterprise Funds	Internal Service Funds
<b>Revenues</b>						
Operating Revenues						
PARC Tax	-	-	-	-	-	-
Charges for Services	\$ 6,184,941	\$ 19,409,642	\$ 6,993,181	\$ 8,943,134	\$ 41,530,898	\$ 1,258,010
Other Fees	-	-	1,995	61,782	63,777	597
Total operating revenues	<u>6,184,941</u>	<u>19,409,642</u>	<u>6,995,176</u>	<u>9,004,916</u>	<u>41,594,675</u>	<u>1,258,607</u>
<b>Operating Expenses</b>						
Costs of Sales and Service	949,954	2,573,128	756,261	2,817,793	7,097,136	553,777
Maintenance Operations and Professional	2,470,161	13,368,224	1,866,696	3,243,403	20,948,484	486,374
Depreciation	1,734,343	664,150	917,152	1,379,745	4,695,390	30,679
Total Operating Expenses	<u>5,154,458</u>	<u>16,605,502</u>	<u>3,540,109</u>	<u>7,440,941</u>	<u>32,741,010</u>	<u>1,070,830</u>
Operating Income (Loss)	<u>1,030,483</u>	<u>2,804,140</u>	<u>3,455,067</u>	<u>1,563,975</u>	<u>8,853,665</u>	<u>187,777</u>
<b>Non-Operating Revenues (Expenses)</b>						
Impact Fees	931,506	1,144,187	437,375	-	2,513,068	-
Interest Income	187,135	234,445	1,577,042	82,246	2,080,868	-
Interest Charges	-	(12,880)	-	(78,790)	(91,670)	(1,461)
Sale of Surplus Property gain (loss)	(11,709)	-	26,492	226,470	241,253	67,587
Grants and Contributions	231,334	-	-	1,014,036	1,245,370	-
Donations	-	-	-	13	13	-
Capital Financing	-	(259,920)	-	-	(259,920)	-
Bond Interest	(207,457)	-	(1,900,825)	-	(2,108,282)	-
Other Non operating	5,253	589,985	-	224,431	819,669	-
Total Non-Operating Revenues (Expenses)	<u>1,136,062</u>	<u>1,695,817</u>	<u>140,084</u>	<u>1,468,406</u>	<u>4,440,369</u>	<u>66,126</u>
Income before capital contributions and Transfers	<u>2,166,545</u>	<u>4,499,957</u>	<u>3,595,151</u>	<u>3,032,381</u>	<u>13,294,034</u>	<u>253,903</u>
Transfer In	3,716,519	764,270	457,026	-	7,586,037	-
Transfer Out	(511,137)	(857,203)	(593,100)	-	(2,474,773)	-
Capital Contributions	4,125,194	93,000	2,401,388	1,772,132	8,391,714	-
Total Revenues (Expenditures)	<u>7,330,576</u>	<u>67</u>	<u>2,265,314</u>	<u>1,772,132</u>	<u>13,502,978</u>	<u>-</u>
Changes in Net Position	<u>9,497,121</u>	<u>4,500,024</u>	<u>5,860,465</u>	<u>6,939,402</u>	<u>26,797,012</u>	<u>253,903</u>
Beginning	42,417,186	20,866,844	37,349,616	27,784,293	128,417,939	359,385
Ending Net Position	<u>\$ 51,914,307</u>	<u>\$ 25,366,868</u>	<u>\$ 43,210,081</u>	<u>\$ 34,723,695</u>	<u>\$ 155,214,951</u>	<u>\$ 613,288</u>

*See accompanying notes to the financial statements.*

**Payson City**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

	Business-type Activities-Enterprise Funds					Governmental Internal Service Funds
	Water	Electric	Sewer	Nonmajor Enterprise Funds	Total	
<b>Cash Flows from Operating Activities</b>						
Receipts from Customers and Users	\$ 6,345,006	\$ 21,504,433	\$ 6,925,800	\$ 9,054,984	\$ 43,830,223	\$ -
Payments from Interfund Services Provided	47,123	542,614	14,294	67,275	671,306	1,258,607
Payments for Goods and Services	(2,938,717)	(12,373,119)	(1,808,034)	(2,592,533)	(19,712,403)	(493,616)
Payments to Employees for Services	(853,411)	(2,507,254)	(759,746)	(2,730,807)	(6,851,218)	(560,795)
Net Cash Provided by (Used in) Operating Activities	2,600,001	7,166,674	4,372,314	3,798,919	17,937,908	204,196
<b>Cash Flows from Noncapital Financing Activities</b>						
Operating Grants Received	231,334	-	-	1,014,036	1,245,370	-
Other Non Capital Financing	(40,382)	589,985	(6,721)	362,081	904,963	(30,051)
Transfers from Other Funds	3,716,519	764,270	-	2,648,222	7,129,011	-
Transfers to Other Funds	(511,137)	(857,203)	(593,100)	(513,333)	(2,474,773)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	3,396,334	497,052	(599,821)	3,511,006	6,804,571	(30,051)
<b>Cash Flows from Capital and Related Financing Activities</b>						
Proceeds from Sale of Assets	(11,709)	-	63,000	(47,204)	4,087	67,587
Interest Paid on Debt	(207,458)	(12,881)	(1,898,725)	(75,579)	(2,194,643)	(1,461)
Principal Paid on Leases	(151,248)	(64,914)	(14,145)	(1,068,194)	(1,298,501)	(51,823)
Payments for Capital Acquisitions	(2,133,272)	(762,085)	(30,390,481)	(3,414,289)	(36,700,127)	(105,141)
Net Cash Provided by (Used in) Capital and Related	(2,760,848)	44,387	(34,050,839)	(4,605,266)	(41,372,566)	(90,838)
<b>Cash Flows from Investing Activities</b>						
Interest Income received	187,134	234,446	1,577,041	82,244	2,080,865	-
Net Increase (Decrease) in Cash and Cash Equivalents	3,422,621	7,942,559	(28,701,305)	2,786,903	(14,549,222)	83,307
Cash and cash equivalents - beginning	\$ 5,058,844	3,132,411	\$ 49,096,826	9,802,223	67,025,336	386,866
Cash and cash equivalents - Ending	\$ 8,481,465	11,074,970	\$ 20,395,521	\$ 12,589,126	\$ 52,476,114	\$ 470,173

*See accompanying notes to the financial statements.*

**Payson City**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

(Continued)

**Reconciliation of operating income to**  
**Net cash provided (used) by operating**  
**activities:**

6/30/2025	Water	Power	Sewer	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Total Internal Service funds
Operating income (loss)	\$ 1,030,483	\$ 2,804,140	\$ 3,455,067	\$ 1,563,975	\$ 8,853,665	\$ 187,777
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	1,734,343	664,150	924,847	1,390,937	4,714,277	30,679
(Increase) decrease in accounts receivable	207,188	2,637,404	(53,087)	142,669	2,934,174	-
(Increase) decrease deferred outflows of resources	(4,117)	(12,446)	(3,649)	(8,663)	(28,875)	(2,585)
Increase (decrease) in net pension Asset	1,317	(3,981)	(1,168)	(536)	(4,747)	826
Increase (decrease) in net pension liability	28,357	379,418	25,135	59,679	492,589	17,787
Increase (decrease) in accounts payable	(525,596)	539,950	51,941	134,491	200,786	(7,241)
Increase (decrease) in customer deposits	-	112,612	-	-	112,612	-
Increase (decrease) in deferred inflows of resources	592	1,788	524	1,245	4,149	372
Increase (decrease) in accrued salaries and benefits	26,853	10,518	(235)	22,771	59,907	1,844
Increase (decrease) in water share payable	18,539	-	-	-	18,539	-
Increase (decrease) lease payable	(139,433)	-	(12,045)	450,585	299,107	(77,164)
Increase (decrease) other liabilities	222,418	48,599	13,015	26,775	311,343	59,511
Increase (decrease) interest payable	(16,431)	-	-	-	(16,431)	-
Increase (decrease) in due to other entities	-	11,086	-	6,839	17,925	-
Increase (decrease) in compensated absences	15,488	(26,564)	(28,031)	7,459	(31,648)	(7,610)
Total adjustments	1,569,518	4,362,534	917,247	2,234,944	9,084,243	16,419
Net Cash provided (used) by Operating Activities	<u>\$ 2,600,001</u>	<u>\$ 7,166,674</u>	<u>\$ 4,372,314</u>	<u>\$ 3,798,919</u>	<u>\$ 17,937,908</u>	<u>\$ 204,196</u>
Non Cash Investing Capital and Financial Activities						
Contributed Assets	\$ 4,125,194	\$ 93,000	\$ 2,401,388	\$ 1,772,132	\$ 8,391,714	\$ -

See accompanying notes to the financial statements.

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## Notes to the Financial Statements

The notes to the financial statements are included to provide information that is essential to the user's understanding of the basic financial statements.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Payson City, Utah was incorporated under the laws of the Territory of Utah on January 1, 1853.

The City is a municipal corporation governed by an elected five-member Council and Mayor. The City operates under a council-mayor form of government and provides the following broad range of services to its citizens: general and administrative services, public safety (police and fire), highways and streets, sanitation, recreation and parks, public improvements, planning and zoning. It also operates the water, sewer, storm and power utilities for the City. The City is also home to a beautiful golf course.

### **Accounting and Reporting Policies**

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Council (GASB). Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

### **Component Units**

The City, for financial purposes, includes all of the funds and accounts relevant to the operations of Payson City. The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City. Control or dependence is determined on the basis that the board is essentially the same as the City Council and the services are provided to the City. The City also facilitates the budget adoption, taxing authority, funding and appointment of the respective governing board. Based on the foregoing criteria, the financial statements of the Redevelopment Agencies are included in the accompanying financial statements and reported Redevelopment Agency special revenue funds. These funds are considered to be blended component units.

### **Basis of Presentation**

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental columns, has been removed from those statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, will be reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Statement of Activities demonstrates the degree to which the direct expenses of the given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. For Payson, this also illustrates government entity independence. Separate statements will be presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)**

Governmental funds are those funds through which most of the governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

### **General Fund**

The general fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

### **Capital Projects Fund**

The capital projects fund is used to account for funds received and expended for the acquisition or construction of capital facilities, improvements, and equipment (other than those financed by proprietary funds.)

### ***Proprietary Funds***

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets.

The City has seven proprietary funds: Water, Sewer, Storm, Landfill, Power, Ambulance and Golf Course. The major proprietary funds are: Water, Power and Sewer.

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 or services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, materials and supplies, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the

*Statement of Net Position*; and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers amounts collected within 60 days after year-end to be available. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

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

### **Assets, Liabilities, and Fund Balance or Equity**

#### **Deposits and investments**

The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents for reporting purposes in the *Statement of Cash Flows for the Proprietary Funds*.

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 Utah State statute.

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 Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

For more information on deposits and custodial credit risk, please see the section on “custodial credit risk.” Under Note 3, Deposits and Investments.”

#### **Receivables and payables and transfers**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/due from other funds.”

Legally authorized transfers are treated as interfund transfers and are included in the results of operations in both governmental and proprietary funds.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**Inventory**

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

**Restricted and Unassigned Net position**

Fund balance should also be reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation, as the term is used in GASB 54 authorizes the government to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for a specific purpose stipulated in the legislation.

Examples of restricted fund balance include restricted assets that are comprised of cash restricted for future payments of principal and interest on debt services or for pension-related transactions.

It is the policy of the City to use assets in the following order: Restricted, committed, assigned and then unassigned assets.

When both restricted and unassigned resources are available for use for the same purposes, restricted resources are expended first, in order to meet statutory, budgetary, grant or revenue requirements. For instance, if the City receives grants, the City has maintained the policy that those funds for grant expenses will be expended prior to expending City allocated funds, in order to report to the State that all funds distributed for the grant have been properly expended.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary funds. All current capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets having an original cost of \$5,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	10-50 years
Improvements other than buildings	20-50 years
Machinery and Equipment	5-20 years
Infrastructure	40-60 years

The City has adopted an allowable alternative to reporting depreciation for its roads and if the City obtains bridges, they will use it on their bridge networks. Under this alternative method, referred to as the “modified approach,” the City must maintain an asset management system and demonstrate that its roads and bridges are being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expenses.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### **Compensated Absences**

Compensated absences consist of vacation pay and sick pay. The City accrues vacation pay when earned. Accrued vacation pay over two-times the annual vacation allowed is forfeited on an annual basis.

The City has a policy which allows employees to accumulate a total of 960 sick leave hours. Payout of sick leave upon termination of 25% of accrued sick leave is available. At June 30, 2025, the total liability for compensated absences was \$1,436,316.

### **Deferred Outflows/Inflows of Resources**

Beginning in 2017, Payson implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These Statements provide financial reporting guidance to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. They also establish accounting standards and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has two primary Deferred Outflows, refunding bond costs and pension related costs.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and pension related costs. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *revenue for future year*, is reported in both the statement of net position and the governmental funds balance sheet. These amounts account for property taxes levied on January 1, 2025 for the 2024-2025 Fiscal year.

### **Taxes**

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied and tax notices are sent on November 1. All unpaid taxes are due and become delinquent on November 30. Property tax revenues are recognized by the City when they are collected. Property taxes and fees on licensed motor vehicles are collected on a monthly basis in the month in which the individual motor vehicle license is renewed. Property taxes are billed and collected by Utah County on behalf of the City and remitted to the City monthly. At June 30, 2025, only delinquent taxes are uncollected.

In accordance with government accounting standards, a receivable and deferred revenue has been recorded for property taxes assessed at January 1, 2025 that will not be collected in the current fiscal year.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### Long-term obligations

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

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

### Fund Balance

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

**Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.

**Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:

- a) Debt service
- b) Perpetual care
- c) Redevelopment
- d) Impact fees.
- e) B&C Road funds

As a general rule, the City applies restricted resources to projects before applying unrestricted resources. A good example is in the application of B&C road funds which are restricted to specific projects related to B&C road maintenance; another example is the use of impact fees which are restricted to identified growth-related projects. These are used prior to using unrestricted funds.

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



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

**Assigned.** This category includes General Fund balance amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. The policy to assign fund balance generally comes from the City Council as a formal action, during a noticed Council meeting or budget approval. This category also includes the remaining positive fund balance for other governmental funds. The city has assigned debt service requirement, Municipal building, special revenues, and capital projects.

**Unassigned.** Residual balances in the General Fund are classified as unassigned.

When committed, assigned, and unassigned resources are available for use for the same purpose, the expenditure will be examined to determine which category of fund balance will be applied to the expenditure. Committed funds will always be used as identified by the formal action of the Council.

Assigned funds will be the next strategic use of fund balance; and if no specific guidance or determination of fund balance is given, unassigned fund balance will be applied.

### **Pensions**

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

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

*Deferred outflows/inflows of resources:* In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at June 30, 2025, and revenues and expenses during the year then ended. The actual results could differ from those estimates.

## NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with generally accepted accounting principles. The city maintains legally adopted budgets.

## NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING (continued)

The City Council approves by resolution the total budget appropriation and the individual fund appropriations. The City Finance Officer is authorized to transfer budget amounts within departments of a fund. Any revisions that alter the total appropriations of any fund must be approved by the City Council. For Payson’s budget, budgetary control is maintained primarily at the department and fund level.

Unused appropriations for most of the annually budgeted funds lapse at the end of the year. The exceptions of course are those budgets for long-term capital projects.

## NOTE 3 – DEPOSITS AND INVESTMENTS

The City follows the requirements of the Utah Money Management Act (*Utah Code* Annotated 1953, Section 51, Chapter 7) and the rules of the Utah Money Management Council (the Council). Following are discussions of the City’s exposure to various risks related to its cash management activities.

The City’s carrying value in the City’s bank accounts was \$4,459,547. All amounts not covered by federal depository insurance at June 30, 2025, totaled \$80,202,158. No deposits are collateralized, nor is that required by State statute.

### Custodial Credit risk

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

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2025</u>
Checking Account	Insured	\$ 260,823
Sweep Account	Insured	3,026,257
Xpress bill Pay	Insured	1,172,467
PTIF	Uninsured	60,834,604
Bond Funds	Uninsured	14,456,993
Moreton Investment Account	Uninsured	4,910,561
Total Deposits		<u>\$ 84,661,705</u>

*Investments.* Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the city will not be able to recover the value of its investments that are in the possession of an outside party. As with Deposits, the City’s policy for managing custodial credit risk of investments is to adhere to the Money Management Act.

### Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City’s policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; 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 U.S. treasury and U.S government-sponsored enterprises; bonds and notes of political subdivisions of the State of Utah;



**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

fixed rate corporate obligations and variable rate securities rated “A” or higher by two nationally recognized statistical rating organizations defined in the Act.

The City is authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements.

The PTIF is not registered with the SEC (Securities and Exchange Commission) as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants’ average daily balances.

As of June 30, 2025, Payson, City’s investments had the following quality ratings:

Investment	Quality Ratings					
	Book Value + Accrual	AAA	AA	A	<A	Unrated
Utah Public Treasurers' Investment Fund (PTIF)	\$ 60,834,604	\$ -	\$ -	\$ -	\$ -	\$ 60,834,604
Morten Asset Management Account						
Agency CD	2,378,035	-	482,571	334,059	140,466	1,420,939
Bonds	910,950	658,737	252,213			
Cash	106					106
Corporate	1,587,645	-	756,040	831,605	-	-
MMM Fund	33,825	33,825	-	-	-	-
Total	4,910,561	33,825	1,238,611	1,165,664	140,466	1,421,045
	<u>\$ 65,745,165</u>	<u>\$ 33,825</u>	<u>\$ 1,238,611</u>	<u>\$ 1,165,664</u>	<u>\$ 140,466</u>	<u>\$ 62,255,649</u>

**Fair Value of Investments**

The fair value of the PTIF balance approximates the cost; the difference is considered immaterial. The fair value of the City’s position in the PTIF is the same as the value of the pool shares.

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

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

### NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

On June 30, 2025, Payson City had the following recurring fair value measurements.

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

Investments by fair value level	6/30/2025	Fair Value Measurements	
		Level 1	Level 2
Moreton Investments			
Agency Funds	\$ 899,439	\$ 899,439	\$ -
CD	2,371,964	-	2,371,964
Corporate Bonds LT	1,577,402	-	1,577,402
Currency	106	106	-
MM Fund	33,825	33,825	-
Total Accrual-based investments	4,882,736	933,370	3,949,366
Total FMV of Investments	4,882,736	933,370	3,949,366
Utah Public Treasurer's Investment Fund (PTIF)	60,834,604	-	60,834,604
Total investments by fair value	\$ 65,717,340	\$ 933,370	\$ 64,783,970

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

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

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

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

Debt and equity securities classified in Level 1 are valued using the following approaches. Some securities have a structure that implies a standard expected market price. Examples include a floating rate note with frequent resets that make it reasonable to expect the price to stay at par or an open-ended money market fund expected to maintain a Net Asset Value of \$1 per share. These securities are priced at the expected market price.

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets.
- Repurchase Agreements, Negotiable Certificates of Deposit and Collateralized Debt Obligations; matrix pricing based on the securities’ relationship to benchmark quoted prices.
- Money Market, Bond and Equity Mutual Funds: published fair value per share (unit) for each fund.

### NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The city manages its exposure to declines in fair value by investing in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed-rate negotiable deposits and corporate obligations to 365 days or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury, obligations issued by U.S. government-sponsored enterprises, and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate corporate note securities may not have a remaining term to final maturity exceeding three years.

*As of June 30, 2025, Payson City's investments had the following maturities:*

Investment	Investment Maturities			Total
	<1 Year	1-3 Years	3-5 Years	
Utah Public Treasurers' Investment Fund (PTIF)	\$ 60,834,604	\$ -	\$ -	60,834,604
Morten Asset Management Account				
CD Agency	397,160	1,071,407	1,820,418	3,288,985
Corporate	-	1,587,645	-	1,587,645
Cash	106	-	-	106
MMM Fund	33,825	-	-	33,825
	431,091	2,659,052	1,820,418	4,910,561
Total	\$ 61,265,695	\$ 2,659,052	\$ 1,820,418	\$ 65,745,165

### NOTE 4 –RECEIVABLES

Receivables as of year-end for the government's individual funds, are as follows:

Receivables:	Governmental	Water	Electric	Sewer	Non-Major	Total
	Funds				Proprietary	
Accounts	\$ -	\$ 640,421	\$ 1,840,799	696,056	\$ 1,200,065	\$ 4,377,341
Taxes	4,570,864	-	-	-	-	4,570,864
Other	1,786,781	-	-	-	-	1,786,781
	<u>\$ 6,357,645</u>	<u>\$ 640,421</u>	<u>\$ 1,840,799</u>	<u>\$ 696,056</u>	<u>\$ 1,200,065</u>	<u>\$ 10,734,986</u>

### NOTE 5 – INTERFUND RECEIVABLES, PAYABLES TRANSFERS AND DEFERRED INFLOWS

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund or the fund remitting the debt service payments as they become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES TRANSFERS AND DEFERRED INFLOWS**  
**(continued)**

*As of June 30, 2025, Payson City had the following transfers:*

Source:	Transfers In	Transfers (out)							
		General	Capital	Solid Waste	Electric Power	Water	Sewer	Ambulance	Storm Drain
Transfer In:									
General	\$ 2,474,773	-	\$ -	\$ (312,363)	\$ (857,203)	(511,137)	\$ (593,100)	\$ (107,100)	\$ (93,870)
Capital Projects	3,415,000	(3,415,000)	-	-				-	
Power	764,270	(260,000)	(504,270)						
Payson Comm. Theater	7,000	(7,000)		-	-	-	-	-	
Water	3,716,519	(578,700)	(3,137,819)	-	-		-	-	
Peteetneet	-	-							
Sewer	457,026		(457,026)						
Storm Drain	2,648,222		(2,648,222)						
CDBG	\$ 150,000	\$ (150,000)							
Total Transfers:	<u>\$ 13,632,810</u>	<u>\$ (4,410,700)</u>	<u>\$ (6,747,337)</u>	<u>\$ (312,363)</u>	<u>\$ (857,203)</u>	<u>\$ (511,137)</u>	<u>\$ (593,100)</u>	<u>\$ (107,100)</u>	<u>\$ (93,870)</u>

*Deferred inflows (formerly referred to as deferred revenue)* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable (general fund)	\$ -	\$3,113,010
Delinquent Property Taxes (general fund)	95,545	
Total deferred/unearned revenue for govnm'tl funds	<u>\$ 95,545</u>	<u>\$3,113,010</u>

## NOTE 6 – CAPITAL ASSETS

*Capital asset activity for the year ended June 30, 2025 was as follows:*

### NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

<b>Primary Government</b>	Beginning				Ending
<b>Governmental activities:</b>	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Land (Including ROW)	\$ 3,559,450	\$ 798,680	\$ (475,346)	\$ -	3,882,784
Infrastructure	37,857,970	6,689,635	-	-	44,547,605
Construction in Progress	739,015	2,506,930	-	(266,505)	2,979,440
Total capital assets not being depreciated	42,156,435	9,995,245	(475,346)	(266,505)	51,409,829
Capital assets being depreciated:					
Buildings	12,648,846	-	-	-	12,648,846
Improvements other than buildings	19,487,882	364,297	475,346	(266,505)	20,061,020
Machinery and Equipment and Right-to-Use	8,174,084	3,274,987	-	(1,154,319)	10,294,752
Total capital assets being depreciated	40,310,812	3,639,284	475,346	(1,420,824)	43,004,618
Less accumulated depreciation for:					
Buildings	(4,556,556)	(277,042)	-	-	(4,833,598)
Improvements other than buildings	(7,194,661)	(428,448)	-	-	(7,623,109)
Machinery and Equipment and Right-to-Use	(5,553,202)	(930,811)	-	629,853	(5,854,160)
Total accumulated depreciation	(17,304,419)	(1,636,301)	-	629,853	(18,310,867)
Total capital assets, being depreciated, net	23,006,393	2,002,983	475,346	(790,971)	24,693,751
Governmental activities capital assets, net	\$ 65,162,828	\$ 11,998,228	\$ -	\$ (1,057,476)	\$ 76,103,580
<b>Business-type activities:</b>	Ending				Ending
	Balance	Increases	Transfers	Decreases	Balance
Capital assets not being depreciated:					
Water Shares	\$ 5,761,772	\$ 23,389	\$ -	\$ -	\$ 5,785,161
Land	8,405,993	-	-	-	8,405,993
Construction in Progress	20,662,673	35,395,485	-	(4,677,933)	51,380,225
Total capital assets not being depreciated	34,830,438	35,418,874	-	(4,677,933)	65,571,379
Capital assets being depreciated:					
Buildings	970,775	-	-	-	970,775
Improvements	141,362,382	12,175,490	-	-	153,537,872
Machinery and Equipment and Right-to-Use	13,308,404	2,792,805	-	(1,080,966)	15,020,243
Total capital assets being depreciated	155,641,561	14,968,295	-	(1,080,966)	169,528,890
Less accumulated depreciation for:					
Buildings	(487,710)	(12,214)	-	-	(499,924)
Improvements	(50,285,093)	(3,462,293)	-	-	(53,747,386)
Machinery and Equipment and Right-to-Use	(8,988,670)	(1,203,161)	-	417,276	(9,774,555)
Total accumulated depreciation	(59,761,473)	(4,677,668)	\$ -	417,276	(64,021,865)
Total capital assets, being depreciated, net	95,880,088	10,290,627	-	(663,690)	105,507,025
Business-type activities capital assets, net	\$ 130,710,526	\$ 45,709,501	\$ -	\$ (5,341,623)	\$ 171,078,404

The right to use included in Machinery, Equipment and Right-to-Use has the following value (net of amortization):

Governmental \$995,064.65

Business Type \$74,277

*See accompanying notes to the financial statements.*

**NOTE 6 – CAPITAL ASSETS (continued)**

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

Governmental activities:

General government	\$ 343,623
Public Safety	261,808
Highways and Public Improvements	179,993
Parks and Recreation	850,877
Total depreciation expense - Governmental Activities	<u>\$ 1,636,301</u>

Business-type activities:

Water	\$ 1,734,343
Electric	644,150
Sewer	917,152
Solid Waste	504,999
Golf Course	275,664
Storm Drain	572,620
Ambulance	28,740
Total depreciation expense - Business-Type Activities	<u>\$ 4,677,668</u>

## NOTE 7 – LEASE COMMITMENTS

### Payson City has executed various leases.

For the year ended June 30, 2025, the financial statements include the adoption of GASB no. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use and underlying asset. Under this statement, a lease is required to recognize a lease liability an intangible right-to-use the lease asset, and a lessor is required to recognize a receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Assets acquired through leases are as follows:

	Remaining <u>2025</u>
<b><i>External Leases, Governmental Funds</i></b>	
2025 Backhoe Loader	\$ 50,090
2022 Small Wheel Loader	106,071
2023 Camera Ssytem Spillman-Motorolla	<u>90,110</u>
Total Governmental External Leases	\$ 246,271

	Remaining <u>2025</u>
<b><i>External Leases, Enterprsiel Funds</i></b>	
2020 Dozer 3.35% (original amount (\$313,100)	\$ 113,858
2021 Landfill Vac Truck	185,608
2022 Small Wheel Loader Landfill	53,035
2022 Small Wheel Loader Storm Drain	53,035
2023 Storm Drain Vac Truck	88,062
2024 Storm Drain compactor Caterpillar	472,400
2025 Storm Drain CAT Backhoe Loader	50,090
2025 Storm Drain Ford F350	<u>25,854</u>
Total Enterprise Funds External Leases	\$ 1,041,942

**NOTE 7 – LEASE COMMITMENTS (Continued)**

Future debt service requirements for leases are as follows:

Governmental Fund Leases			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	68,306	11,241	79,547
2027	69,599	9,949	79,548
2028	26,081	6,833	32,914
2029	61,946	5,278	67,224
2030	20,339	1,301	21,640
	<u>\$ 246,271</u>	<u>\$ 34,602</u>	<u>\$ 280,873</u>

Enterprise Fund Leases			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	438,150	46,847	484,997
2027	245,501	31,734	277,235
2028	147,411	21,804	169,215
2029	190,543	12,981	203,524
2030	20,337	1,301	21,638
	<u>\$ 1,041,942</u>	<u>\$ 114,667</u>	<u>\$ 1,156,609</u>



## NOTE 8-LONG-TERM DEBT

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

Revenue Bonds	<u>Governmental</u>	<u>Business-Type</u>
\$4,940,832 Sales Tax Revenue Bond, due in bi-annual payments from 2017 to 2026. Interest at 1.66 %. 2023 Payment of \$534,805.	\$ 1,061,424	
\$2,861,000 2016 Water Revenue Refunding Bond, due in bi-annual payments from 2017 to 2032. Interest at .95%-3.80%. 2023 payment of \$221,016.		\$ 1,547,000
\$7,385,000 2013 Water Revenue Refunding Bond, due in bi-annual payments from 2013 to 2029. Interest at 2%-3%. 2023 Payment of \$579,745.		\$ 2,700,000
\$2,977,168 2016 Sewer sales Refunding Bond due in bi-annual payments from 2017 to 2026. Interest at 1.66%. 2023 payment of \$322,254.		\$ 639,576
Not to exceed \$8,985,000 2019 Water Revenue bond due in annual payments from 2019 to 2040. Interest at 1%. 2023 payment of \$419,269.		\$ 7,569,000
Up to \$13,500,000 Utah Department of Water Quality Sewer bond due in annual payments from 2026 to 2055. Interest at .5%. 2023 payment of \$0.		\$13,500,000
\$10,000,000 2023 Sewer Revenue Bonds due in annual payments from 2023 to 2037. Interest at 2.65% - 4.25% 2023 payment of \$175,357.		\$ 9,361,000
\$41,500,000 2023 Sewer Revenue Bonds due in annual payments from 2024 to 2053. Interest at 2.35%-5.35% no 2023 payment.		\$40,646,000
\$2,640,000 2024 Revenue Note, due in annual installments of \$264,000, from 2024 to 2033. Interest at 0%	\$ 2,112,000	
Total	<u>\$ 3,173,424</u>	<u>\$75,962,576</u>

The revenue bonds contain a provision that states, in the event of default, outstanding amounts may become immediately Due if the City is unable to make payment. The City expects to make all payments.

## NOTE 8-LONG-TERM DEBT (Continued)

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

Fiscal Year	All Bonds		
	Principal	Interest	Total
2026	\$ 3,687,000	\$ 2,226,064	\$ 5,913,064
2027	3,754,000	2,159,470	5,913,470
2028	3,041,000	2,095,626	5,136,626
2029	3,099,000	2,035,181	5,134,181
2030	3,160,000	1,971,786	5,131,786
2031-2035	12,763,000	9,015,444	21,778,444
2036-2040	12,758,000	7,594,450	20,352,450
2041-2045	12,313,000	5,932,282	18,245,282
2046-2050	13,878,000	3,842,801	17,720,801
2051-2056	10,683,000	918,357	11,601,357
	<u>\$ 79,136,000</u>	<u>\$ 37,791,461</u>	<u>\$ 116,927,461</u>

Changes in long-term debt are as follows:

Government Type Activities	2024	Additions	Reductions	2025	Due within One Year
Bonds Payable					
2016 Sales Tax Refunding-Pool	\$ 1,580,592	\$ -	\$ 519,168	1,061,424	\$ 526,032
2024 Wilson School Note	2,376,000	-	264,000	2,112,000	264,000
Total Bonds Payable	3,956,592	-	783,168	3,173,424	790,032
Lease	235,893	181,296	170,920	246,269	68,306
Accrued Compensated Absences	805,415	46,287		851,702	
Govt Activities Long-Term Debt	<u>\$ 4,997,900</u>	<u>\$ 227,583</u>	<u>\$ 954,088</u>	<u>\$ 4,271,395</u>	<u>\$ 858,338</u>
Business Type Activities	2024	Additions	Reductions	2025	Due within One Year
Bonds Payable					
2016 Sewer Sales Tax Refunding	\$ 952,408	\$ -	\$ 312,832	639,576	\$ 316,968
2013 Forebay Water Refunding Bond	3,195,000	-	495,000	2,700,000	510,000
2016 Water Tank Revenue Refunding	1,721,000	-	174,000	1,547,000	177,000
2019 Water Revenue Bond	7,928,000	-	359,000	7,569,000	363,000
2019 Sewer Refunding	-	-	-	-	-
2022 Sewer Bond DWQ	13,500,000	-	-	13,500,000	419,000
2022B Sewer Bond	10,000,000	-	639,000	9,361,000	656,000
2023 Sewer Bond	41,500,000	-	854,000	40,646,000	455,000
Total Bonds Payable	78,796,408	-	2,833,832	75,962,576	2,896,968
Lease	1,360,409		318,465	1,041,944	438,149
Unamortized Bond Premium	199,098		35,135	163,963	35,135
Accrued Compensated Absence	616,262		31,647	584,615	-
Water Share Liability	601,611	18,538	-	620,149	-
Closure and Postclosure Liability	1,132,193	129,597	-	1,261,790	-
Business activities long-term debt	<u>\$ 82,705,981</u>	<u>\$ 148,135</u>	<u>\$ 3,219,079</u>	<u>\$ 79,635,037</u>	<u>\$ 3,335,117</u>

*See accompanying notes to the financial statements.*

## NOTE 9-PENSION PLANS

### Utah State Retirement

#### Summary of Significant Accounting Policies

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

*Deferred outflows/inflows of resources:* In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that payables to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

#### General Information about the Pension Plan

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

#### Defined Benefit Plans

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

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

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

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, general/publications.

## NOTE 9-PENSION PLANS (Continued)

### Summary of Benefits by System

Benefits provided: URS provides retirement, disability and death benefits.

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Service	COLA**
Noncontributory System	Highest 3 Years	30 years any age 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 Years	20 years, any age; 10 years, age 60; 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years.	Up to 2.5% or 4% depending on employer
Firefighters System	Highest 3 Years	20 years, any age; 10 years, age 60; 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years.	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years, any age; 20 years, age 60; 10 years, age 62; 4 years age 65	1.5% per year, all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age; 20 years, age 60; 10 years, age 62; 4 years, age 65	1.5% per year to June 2020. 2.99% per year July 2020 to present	Up to 2.5%

\*Actuarial reductions are applied.

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

## NOTE 9-PENSION PLANS (Continued)

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

At June 30, 2025, we reported a net pension liability of \$3,005,162 and a net pension asset of \$67,834.

	(Measurement Date): December 31, 2024						
	Net Pension Liability	Net Pension Asset	Proportionate Share		Proportionate Share December 31, 2023	Change (Decrease)/ Increase	
Noncontributory System	\$ 1,528,415	\$ -	0.4819803	%	0.4622333	%	0.0197470 %
Public Safety System	1,042,999	-	0.6740764	%	0.7028919	%	(0.0288154) %
Firefighters System	-	67,834	0.3868160	%	0.4165843	%	0.0304028 %
Tier 2 Public employees	323,499	-	0.1084697	%	0.1038448	%	0.0046249 %
Tier 2 Public Safety Firefighter	110,249	-	0.2437573	%	0.2515379	%	0.0283780 %
	<u>\$ 3,005,162</u>	<u>\$ 67,834</u>					

The net pension asset and liability were measured as of December 31, 2025, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2025, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2025 we recognized pension expense of \$2,545,379.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ 1,302,057	\$ 8,021
Changes in assumptions	\$ 301,743	\$ 1,765
Net difference between projected and actual earnings on pension plan and investments	\$ 688,107	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 67,556	\$ 48,703
Contributions subsequent to the measurement date.	\$ 973,178	\$ -
	<u>\$ 3,332,641</u>	<u>\$ 58,489</u>

\$973,178 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

**NOTE 9-PENSION PLANS (Continued)**

**Contribution Rate Summary (Continued)**

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

Year End December 31	Net Deferred Outflows (Inflows) of Resources
2025	\$ 1,055,820
2026	\$ 1,220,812
2027	\$ (216,863)
2028	\$ (5,134)
2029	\$ 95,464
Thereafter	\$ 150,875

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

For the year ended June 30, 2025, we recognized pension expense of \$1,399,108.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ 910,716	\$ -
Changes in assumptions	126,428	-
Net difference between projected and actual earnings on pension plan and investments	460,383	-
Changes in proportion and differences between contributions and proportionate share of contributions	197	16,393
Contributions subsequent to the measurement date.	375,768	-
	<u>\$ 1,873,492</u>	<u>\$ 16,393</u>

\$375,768 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

**NOTE 9-PENSION PLANS (Continued)**

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

<u>Year ended December 31</u>	<u>Net Deferred Outflows</u>
2025	\$ 864,915
2026	\$ 837,338
2027	\$ (186,809)
2028	\$ (34,113)
2029	\$ -
Thereafter	\$ -

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

For the year ended June 30, 2025, we recognized pension expense of \$625,038.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,215	\$ -
Changes in assumptions	\$ -	\$ -
Net difference between projected and actual earnings on pension plan and investments	\$ 180,512	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ 10,321
Contributions subsequent to the measurement date.	\$ 154,963	\$ -
	<u>\$ 445,690</u>	<u>\$ 10,321</u>

\$154,963 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

## NOTE 9-PENSION PLANS (Continued)

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

<u>Year ended December 31</u>	<u>Outflows (Inflows) of</u>
2025	\$ 110,793
2026	\$ 256,225
2027	\$ (73,321)
2028	\$ (13,291)
2029	\$ -
Thereafter	\$ -

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

For the year ended June 30, 2025, we recognized pension expense of \$9,053.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ 74,529	\$ -
Changes in assumptions	\$ 5,441	\$ -
Net difference between projected and actual earnings on pension plan and investments	\$ 19,389	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 10,668	\$ 14,319
Contributions subsequent to the measurement date.	\$ 1,307	\$ -
	<u>\$ 111,334</u>	<u>\$ 14,319</u>

\$1,307 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.



**NOTE 9-PENSION PLANS (Continued)**

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

<u>Year ended December 31</u>	Net Deferred Outflows (Inflows) of Resources
2025	\$ 30,756
2026	\$ 50,733
2027	\$ 11,835
2028	\$ 2,382
2029	\$ -
Thereafter	\$ -

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

For the year ended June 30, 2025, we recognized pension expense of \$358,227.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ 139,851	\$ 2,229
Changes in assumptions	\$ 108,044	\$ 33
Net difference between projected and actual earnings on pension plan and investments	\$ 20,677	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 49,746	\$ 3,977
Contributions subsequent to the measurement date.	\$ 284,003	\$ -
	<u>\$ 602,321</u>	<u>\$ 6,239</u>

\$284,003 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

**NOTE 9-PENSION PLANS (Continued)**

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

Year ended December 31	Outflows (Inflows) of Resources
2025	\$ 37,200
2026	\$ 57,476
2027	\$ 24,613
2028	\$ 30,361
2029	\$ 72,196
Thereafter	\$ 90,234

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

For the year ended June 30, 2025, we recognized pension expense of \$158,954.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ 66,746	\$ 5,793
Changes in assumptions	\$ 61,829	\$ 1,731
Net difference between projected and actual earnings on pension plan and investments	\$ 7,146	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 6,945	\$ 3,693
Contributions subsequent to the measurement date.	\$ 157,136	\$ -
	<u>\$ 299,802</u>	<u>\$ 11,217</u>

\$157,136 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

**NOTE 9-PENSION PLANS (Continued)**

<u>Year ended December 31</u>	<u>Outflows (Inflows) of Resources</u>
2025	\$ 12,156
2026	\$ 19,040
2027	\$ 6,819
2028	\$ 9,526
2029	23,269
Thereafter	\$ 60,640

**Actuarial Assumptions**

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

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

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

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

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

## NOTE 9-PENSION PLANS (Continued)

	Expected Return Arithmetic Basis		
	Target asset allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35.00%	7.01%	2.45%
Debt securities	20.00%	2.54%	51.00%
Real assets	18.00%	5.45%	98.00%
Private equity	12.00%	10.05%	1.21%
Absolute Return	15.00%	4.36%	65.00%
Cash and Equivalents	0.00%	49.00%	0.00%
Totals	100.00%		5.80%
Inflation			2.50%
Expected Arithmetic nominal return			8.30%

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

### Actuarial Assumptions (continued)

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

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

System		Discount		
		1% Decrease or 5.85%	Rate of 6.85%	1% Increase or 7.85%
Noncontributory System	\$	6,463,943	\$ 1,528,415	\$(2,610,895)
Public Safety System	\$	3,204,245	\$ 1,042,999	\$ (720,543)
Firefighters System	\$	147,625	\$ (67,834)	\$ (243,515)
Tier 2 Public Employees System	\$	966,213	\$ 323,499	\$ (176,469)
Tier 2 Public Safety and Firefighte	\$	375,938	\$ 110,249	\$ (102,174)
Total	\$	11,157,964	\$ 2,937,328	\$(3,853,596)

Pension plan fiduciary net position: Detailed information about the fiduciary net position of the pension plan is available in the separately issued URS financial report.

## NOTE 9-PENSION PLANS (Continued)

### Defined Contribution Savings Plans

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

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

- \* 401(k) Plan
- \* 457(b) Plan
- \* Roth IRA Plan

	2025	2024	2023
<b>401(k) Plan</b>			
Employer Contributions	\$ 59,445	\$ 73,323	\$ 79,278
Employee Contributions	\$ 113,756	\$ 87,374	\$ 43,506
<b>457 Plan</b>			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 5,384	\$ 12,298	\$ 14,469
<b>Roth IRA plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 36,688	\$ 39,400	\$ 33,503

## NOTE 10- ACCRUED CLOSURE AND POSTCLOSURE CARE COSTS

The city is closing landfill parcels on an on-going basis as each land parcel is completely filled. State and Federal laws and regulations require the City to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the cost to close the final cell through the end of the year. The estimated liability for landfill closure and post-closure care costs is \$1,261,790 as of February 28, 2025. Reported capacity to date is 1,146,000 tons. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill are performed by the city.

The actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The city estimated that the remaining life of the landfill is 30.3 years.

The City has committed to the Utah State Division of Environmental Quality to bond, if necessary, for their appropriate proportion of landfill closure and post-closure costs for which the City landfill does not have financial assurance. The city will bond only if inadequate cash flow from the City's landfill requires bonding to cover closure and post-closure costs.

## NOTE 11 – RISK MANAGEMENT

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

## NOTE 12– EQUITY IN JOINT VENTURE

**Utah Associated Municipal Power Systems (UAMPS).** The City is a member of Utah Associated Municipal Power systems (UAMPS), a separate legal entity and political subdivision of the State of Utah, which was formed pursuant to the provision of the Interlocal cooperation act. UAMPS' membership consists of 31 municipalities, including one joint action agency and one electric service district. In addition, one contract purchaser of power is also supplied by UAMPS. UAMPS was formed to plan, finance, develop, acquire, construct, improve, operate, or maintain projects for the generation, transmission, and distribution of electric energy for the benefit of its members.

The city is a 19.99% participant in the operation of a joint agency project (Craig-Mona Transmission Project). Under the terms of the agreement, the operational costs and debt service requirements are reflected in the cost of power purchased. No separate payments are made to UAMPS under this agreement.

Payson City entered a contract with UAMPS (Utah Associated Municipal Power Systems, a political subdivision of the State of Utah), whereby UAMPs would extend their credit to purchase bonds for the upgrade of the Payson City Power facilities, including 6 generators for the purpose of extending the life and efficiency of the Payson City power facilities and service the growing community with power.

Payson will have the responsibility to pay the debt service to UAMPs, through operations, UAMPs will in turn pay the bond holders.

UAMPs will own the power facilities and recognize the liability and the assets financed through the bond, until the bond is retired.

Separate compiled financial statements for UAMPS may be obtained from the Manager of Finance at 2825 East Cottonwood Parkway, Suite 200, Salt Lake City, Utah 84121-0877.

**South Utah Valley Municipal Water Association (SUVMWA).** The City is a member of SUVMWA, a separate legal entity and political subdivision of the State of Utah, which was formed pursuant to the provision of the Interlocal cooperation act. SUVMWA membership consists of 10 municipalities. SUVMWA was formed to plan, finance, develop, and acquire, construct, improve, operate, or maintain projects for the water and wastewater treatment facility.

Payson is a 19.29% participant in SUVMWA.

Separate financial statements for SUVMWA may be obtained from the Manager of Finance at 40 south Main, Spanish Fork, Utah 84660.

## NOTE 13– REDEVELOPMENT AGENCY

The Payson City Redevelopment Agency (RDA) was established to further public purposes in the redevelopment of certain City areas.

Additional information about the RDA can be found in the financial statements, particularly, in the “Other Supplementary Information Schedule” section of the financial report.

#### **NOTE 14– TAX ABATEMENT**

Payson City has implemented an economic strategy to attract and retain a commercial base through an agreement enacted with 100 & Main, LLC.

The 100 & Main, LLC agreement comprises a combination of Sales and Property Tax, rebated to 100 & Main, LLC. The total of the rebate is \$391,968 or 20 years, whichever comes first. The agreement began October of 2008.

Payson City has implemented an additional economic strategy through an economic development agreement with Parris RV (aka BD Parris, LLC). This arrangement was entered into on December 1, 2021.

Through the arrangement, for a term of 15 years (2022 through 2035) Parris RV will receive a percentage of sales and property tax receipts up to \$1,000,000 over the term of the contract.

#### **NOTE 15 – BUILDING PURCHASE**

On September 13, 2023, Payson City entered an agreement with Nebo School District to purchase Wilson School. The agreement states that the buyer (Payson City) will have the right to use a portion of the property, as long as Payson City’s use does not interfere with Nebo School District’s present and future use, occupancy, and operation of an elementary school on the property.

The purchase price of the property is \$2,640,000 over 10 years. Payson City began paying the interlocal payments on January 15, 2025. The primary source of payments will be park impact fees.

Eventually Payson City intends to use Wilson school for recreational purposes.

#### **NOTE 16 – LITIGATION**

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

#### **NOTE 17 – SUBSEQUENT EVENTS**

Management has reviewed events and transactions subsequent to the year-end for potential disclosure or recognition through the date of the audit report, which is the date the financial statements were available to be issued.

The City was notified from Mountainland Area Governments (MAG) that because the identified purpose in a grant from MAG, to purchase a downtown building has not been met, Payson City may be responsible for re-paying the grant to MAG. The final amount of the re-payment is not known at this time. The City intends to make adjustments necessary to minimize the re-payment, including possibly selling the downtown building.



# Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered part of the basic financial statements. Such information includes:

## **Modified Approach**

Asset Management System Reporting  
Road Network

## **Budgetary Comparison Schedules**

General Fund

## **Pension Disclosures**



**Required Supplementary Information**  
**Modified Approach – Asset Management System**

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the City has adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the “modified approach,” infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The City and City’s capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

For budgetary comparison, the schedules are presented in a basis that is consistent with GAAP.

In order to utilize the modified approach, the City and City’s is required to:

Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.

Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.

Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the City.

Document whether the infrastructure assets are being preserved approximately at or above the condition level established by the City.

**Road System**

The condition of the City 92.8 miles of road pavement is measured using the Distress Identification Manual for Long-Term Pavement Performance Projects published by the Strategic Highway Research Program (SHRP), which is based on a weighted average of seven distress factors found in pavement surfaces. The pavement management system uses a measurement scale that is based on a condition index ranging from 0 to 20 years remaining service life for pavement.

**Measurement Scale**

The condition index is used to classify roads in the following remaining service life categories: 19 to 20 years (very good), 13 to 18 years (good), 9 to 12 years (fair), 7 to 8 years (poor) and 0 to 6 years (very poor).

An approximation of the condition and RSL is as follows:

Category	RSL	Description
Very Good	19-20	New or nearly new pavement which provides a very smooth ride and is mainly free of distress. (no maintenance work needed.)
Good	13-18	Pavement which provides an adequate ride, and exhibits few, if any, visible signs of distress. (Minor maintenance may be needed.)
Fair	9-12	Surface defects in this category such as cracking, rutting, and raveling are affecting the ride of the user (Major maintenance is likely needed.)
Poor	7-8	These roadways have deteriorated to such an extent that they are in need of resurfacing, and the ride is noticeably rough. (Structural improvements, in addition to Major maintenance, are likely needed).
Very Poor	0-6	Pavement in this category is severely deteriorated, and the ride quality is unacceptable (Complete road construction is likely needed.)

**Established Condition Level**

It is the City's goal to maintain the roads with 50% of the roads with a remaining service life of 9 years or better.

Subjective Condition Rating of Street Network  
Percentage of Network by area

0 to 6	28.69%
7 to 8	33.16%
9 to 12	26.18%
13 to 18	0.20%
19 to 20	11.77%
Total	<u>100.00%</u>

Average remaining service life is 9.9

Accounting principles generally accepted in the United States of America require reporting the last complete condition assessments and needed-to-actual information for eight years.

The schedule below showing the percentage of roads in each service life category only presents information as of the most recent condition assessment period.

Subjective Condition Rating of Street Network								
Percentage of Network by area								
	2025	2024	2023	2022	2021	2020	2019	2018
0 to 6	28.69%	32.29%	34.14%	42.08%	42.00%	46.00%	51.00%	18.10%
7 to 8	33.16%	17.45%	17.72%	22.56%	23.00%	24.00%	27.00%	22.89%
9 to 12	26.18%	10.34%	11.22%	11.96%	12.00%	13.00%	14.00%	50.43%
13 to 18	0.20%	15.25%	13.73%	5.24%	5.00%	1.00%	1.00%	1.34%
19 to 20	11.77%	24.67%	23.21%	18.16%	18.00%	16.00%	7.00%	7.24%
Total	100%	100%	100%	100%	100%	100%	100%	100%
Average RSL	11.87	15.18	14.88	13.28	13.28	12.36	10.24	11.95

A budgetary need to actual costs of road maintenance is below.

Comparison of Needed to Actual Costs  
Road Maintenance/Preservation

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Budget	\$ 743,500	\$ 692,500	\$ 705,000	\$ 710,000	\$ 642,900	\$ 1,083,265	\$ 725,361	\$ 305,662	\$ 553,588	\$ 595,372
Actual	\$ 776,928	\$ 354,979	\$ 153,057	\$ 776,928	\$ 876,998	\$ 837,096	\$ 382,876	\$ 224,644	\$ 530,974	\$ 579,709

**General Fund**  
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual  
For Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
<b>Revenues (inflows)</b>				
Taxes	\$ 9,942,607	\$ 10,005,607	\$ 10,867,666	\$ 862,059
License and permits	455,500	455,500	985,068	529,568
Intergovernmental Grants and funds	688,000	802,625	569,398	(233,227)
Charges for services	1,989,020	1,989,020	2,365,805	376,785
B&C Revenue	1,722,800	1,722,800	2,061,185	338,385
Fines and forfeitures	223,300	223,300	273,850	50,550
Miscellaneous	3,586,277	3,600,265	3,620,358	20,093
Donations	42,500	42,500	70,221	27,721
Interest income	1,570,000	1,570,000	2,053,166	483,166
Sale of Assets	5,000	5,000	678	(4,322)
Use of Fund Reserves	8,360,925	10,321,278	-	(10,321,278)
Total revenues	28,585,929	30,737,895	22,867,395	(7,870,500)
<b>Expenditures (outflows)</b>				
General government	5,305,730	6,287,585	4,531,858	(1,755,727)
Public safety	6,860,944	6,961,606	5,989,002	(972,604)
Public Improvements	8,221,550	8,258,923	5,764,855	(2,494,068)
Parks and recreation	3,958,838	4,140,148	3,778,513	(361,635)
Community Events	595,865	619,608	498,184	(121,424)
Cemetery	434,650	449,264	422,607	(26,657)
Other	1,294,425	1,306,834	1,119,729	(187,105)
Use of Fund Reserves	50,000	50,000	-	
Total expenditures	26,722,002	28,073,968	22,104,748	(5,919,220)
<b>Other Financing Sources and Uses</b>				
Transfers in	2,631,773	2,631,773	2,631,773	-
Transfers out	(4,495,700)	(5,295,700)	(4,410,700)	885,000
Total Other Financing Sources/Uses	(1,863,927)	(2,663,927)	(1,778,927)	885,000
Excess (deficiency) of revenues over expenditures	-	-	(1,016,280)	1,016,280
Fund balance at beginning of year	9,021,472	9,021,472	9,021,472	
Restated fund balance	-	-	-	
Fund balance at end of year	\$ 9,021,472	\$ 9,021,472	\$ 8,005,192	

*See accompanying notes to the financial statements.*

Schedule of Required Supplementary Information  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Payson City  
Utah Retirement Systems December 31, 2025  
Last 10 Fiscal Years

	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
	<b>2025</b>				
Proportion of the net pension liability (asset)	0.4819803%	0.6740746%	0.3861816%	0.1084697%	0.2437573%
Proportionate share of the net pension liability (asset)	\$1,528,415	\$1,042,999	(\$67,834)	\$323,499	\$110,249
Covered Payroll	\$4,489,391	\$1,020,805	\$160,185	\$3,213,094	\$1,112,680
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.05%	102.17%	-42.35%	10.07%	9.91%
Plan fiduciary net position as a percentage of its covered-employee payroll	96.02%	93.30%	104.64%	87.44%	90.10%
	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
	<b>2024</b>				
Proportion of the net pension liability (asset)	0.4622333%	0.7028919%	0.4165843%	0.1038448%	0.2153793%
Proportionate share of the net pension liability (asset)	\$1,072,180	\$1,005,251	(\$97,770)	\$202,122	\$81,132
Covered Payroll	\$4,216,586	\$1,109,267	\$159,057	\$2,684,742	\$816,081
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.43%	90.62%	-61.47%	7.53%	9.94%
Plan fiduciary net position as a percentage of its covered-employee payroll	96.90%	93.44%	106.79%	89.58%	89.10%

*See accompanying notes to the financial statements.*

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Continued)

	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
<b>2023</b>					
Proportion of the net pension liability (asset)	0.4815379%	0.7157143%	0.3999148%	0.1143006%	0.1948398%
Proportionate share of the net pension liability (asset)	\$824,753	\$925,472	(\$103,860)	\$124,461	\$16,254
Covered Payroll	\$4,148,708	\$1,086,832	\$147,414	\$2,492,824	\$599,480
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	19.88%	85.15%	-70.45%	4.99%	2.71%
Plan fiduciary net position as a percentage of its covered-employee payroll	97.50%	93.60%	108.40%	92.30%	96.40%
	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
<b>2022</b>					
Proportion of the net pension liability (asset)	0.4572552%	0.7104677%	0.3174292%	0.0980908%	0.2131437%
Proportionate share of the net pension liability (asset)	(\$2,618,749)	(\$557,001)	(\$185,130)	(\$41,861)	(\$10,773)
Covered Payroll	\$3,859,623	\$1,011,381	\$105,829	\$1,835,210	\$509,710
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-67.85%	-57.05%	-174.93%	-2.28%	-2.11%
Plan fiduciary net position as a percentage of its covered-employee payroll	108.70%	104.20%	120.10%	103.80%	102.80%

*See accompanying notes to the financial statements.*

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Continued)

	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
<b>2021</b>					
Proportion of the net pension liability (asset)	0.4316012%	0.6859107%	0.2968693%	0.0979215%	0.2425054%
Proportionate share of the net pension liability (asset)	\$221,387	\$569,471	(\$83,011)	\$14,084	\$21,751
Covered Payroll	\$3,622,555	\$969,064	\$96,851	\$1,565,683	\$484,234
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.11%	58.77%	-85.71%	90.00%	4.49%
Plan fiduciary net position as a percentage of its covered-employee payroll	99.20%	95.50%	110.50%	98.30%	93.10%
<b>2020</b>					
Proportion of the net pension liability (asset)	0.4304032%	0.6012467%	0.2961964%	0.8545940%	0.2415341%
Proportionate share of the net pension liability (asset)	\$1,622,133	\$965,372	(\$36,734)	\$19,220	\$22,720
Covered Payroll	\$3,687,256	\$830,649	\$94,834	\$1,187,725	\$398,105
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.99%	116.22%	-38.74%	1.62%	5.71%
Plan fiduciary net position as a percentage of its covered-employee payroll	93.70%	90.90%	105.00%	95.50%	89.60%

*See accompanying notes to the financial statements.*

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Continued)

	Noncontributory Retirement System	Tier 2 Public Safety's Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
	<b>2019</b>				
Proportion of the net pension liability (asset)	0.4344554%	0.5363490%	0.2965966%	0.0938492%	0.2571392%
Proportionate share of the net pension liability (asset)	\$3,199,210	\$1,379,803	\$38,512	\$40,194	\$6,443
Covered Payroll	\$3,652,237	\$722,478	\$91,947	\$1,096,869	\$344,978
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	87.59%	190.98%	41.88%	3.66%	1.87%
Plan fiduciary net position as a percentage of its covered-employee payroll	87.00%	84.70%	94.30%	90.80%	95.60%

	Noncontributory Retirement System	Tier 2 Public Safety's Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
	<b>2018</b>				
Proportion of the net pension liability (asset)	0.4312374%	0.5283152%	0.3041595%	0.1000834%	0.2745910%
Proportionate share of the net pension liability (asset)	\$1,889,380	\$828,746	(\$18,996)	\$8,824	(\$3,234)
Covered Payroll	\$3,588,586	\$723,310	\$88,982	\$979,520	\$294,965
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.65%	114.58%	-21.35%	0.90%	-1.10%
Plan fiduciary net position as a percentage of its covered-employee payroll	91.90%	90.20%	103.00%	97.40%	103.00%

*See accompanying notes to the financial statements.*



SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Continued)

	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
	<b>2017</b>				
Proportion of the net pension liability (asset)	0.4339067%	0.5951550%	0.3119508%	0.0993825%	0.2963540%
Proportionate share of the net pension liability (asset)	\$2,786,212	\$1,207,734	(\$2,459)	\$11,086	(\$2,573)
Covered Payroll	\$3,659,970	\$828,538	\$87,610	\$815,018	\$244,852
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	76.13%	145.77%	-2.81%	1.36%	-1.05%
Plan fiduciary net position as a percentage of its covered-employee payroll	87.30%	86.50%	100.40%	95.10%	103.60%
	Noncontributory Retirement System	Tier 2 Public Safetys Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
	<b>2016</b>				
Proportion of the net pension liability (asset)	0.4454812%	0.5859524%	0.3236973%	0.1187609%	0.2458146%
Proportionate share of the net pension liability (asset)	\$2,520,749	\$1,049,588	(\$5,863)	(\$259)	(\$3,591)
Covered Payroll	\$3,665,108	\$835,281	\$87,008	\$767,296	\$146,293
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.78%	125.66%	-6.74%	-0.03%	-2.45%
Plan fiduciary net position as a percentage of its covered-employee payroll	87.80%	87.10%	101.00%	100.20%	110.70%

*See accompanying notes to the financial statements.*



Payson City  
Schedule of Required Supplementary Information  
Schedule of Contributions

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory Retirement System	2016	\$ 679,179	\$ 679,179	\$ -	\$ 3,712,937	18.29%
	2017	662,494	662,494	-	3,667,780	18.01%
	2018	662,381	662,381	-	3,651,113	18.14%
	2019	676,959	676,959	-	3,700,270	18.29%
	2020	671,645	671,645	-	3,678,397	18.26%
	2021	685,615	685,615	-	3,769,677	18.19%
	2022	712,624	712,624	-	3,893,875	18.30%
	2023	729,449	729,449	-	4,089,869	17.84%
	2024	806,954	806,954	-	4,519,563	17.85%
	2025	765,168	765,168	-	4,570,597	16.74%
Public Safety Retirement System	2016	\$ 294,082	\$ 294,082	\$ -	\$ 866,267	33.95%
	2017	261,580	261,580	-	795,404	32.89%
	2018	237,709	237,709	-	702,489	33.84%
	2019	265,974	265,974	-	781,357	34.04%
	2020	301,594	301,594	-	885,998	34.04%
	2021	352,230	352,230	-	1,034,752	34.04%
	2022	336,787	336,787	-	989,835	34.04%
	2023	369,678	369,678	-	1,088,525	33.96%
	2024	384,855	384,855	-	1,146,734	33.56%
	2025	322,292	322,292	-	960,918	33.54%
Firefighters Retirement System	2016	\$ 3,525	\$ 3,525	\$ -	\$ 89,747	3.93%
	2017	3,432	3,432	-	88,620	3.87%
	2018	3,554	3,554	-	90,470	3.93%
	2019	4,283	4,283	-	93,424	4.58%
	2020	4,437	4,437	-	96,256	4.61%
	2021	4,722	4,722	-	102,426	4.61%
	2022	5,068	5,068	-	109,937	4.61%
	2023	6,319	6,319	-	169,006	3.74%
	2024	5,646	5,646	-	159,701	3.54%
	2025	2,635	2,635	-	163,680	1.61%
Tier 2 Public Employees System"	2016	\$ 122,754	\$ 122,754	\$ -	\$ 823,814	14.90%
	2017	131,980	131,980	-	893,315	14.77%
	2018	161,582	161,582	-	1,076,653	15.01%
	2019	175,873	175,873	-	1,137,568	15.46%
	2020	218,905	218,905	-	1,397,863	15.66%
	2021	269,066	269,066	-	1,072,949	15.80%
	2022	352,783	352,783	-	2,195,292	16.07%
	2023	395,143	395,143	-	2,469,076	16.00%
	2024	490,507	490,507	-	3,069,918	15.98%
	2025	524,823	524,823	-	3,455,057	15.19%
Tier 2 Public Safety and Firefighter System*	2016	\$ 43,730	\$ 43,730	\$ -	\$ 194,675	22.46%
	2017	59,095	59,095	-	267,901	22.06%
	2018	79,133	79,133	-	355,653	22.25%
	2019	80,889	80,889	-	359,690	22.49%
	2020	104,756	104,756	-	452,901	23.13%
	2021	123,893	123,893	-	479,649	25.83%
	2022	136,898	136,898	-	529,996	25.83%
	2023	169,959	169,959	-	667,551	25.46%
	2024	251,651	251,651	-	1,010,027	24.92%
	2025	302,813	302,813	-	1,229,871	24.62%

See accompanying notes to the financial statements.



Payson City  
Schedule of Required Supplementary Information  
Schedule of Contributions (Continued)

			Contributions in relation to				Contributions as a percentage of
	As of fiscal year ended June 30,	Actuarial Determined Contributions	the contractually required	Contribution deficiency (excess)	Covered payroll		covered employee payroll
Tier 2 Public Employees DC	2016	\$ 14,675	\$ 14,675	\$ -	\$ 221,246		6.63%
Only System*	2017	17,073	17,073	-	256,771		6.65%
	2018	18,600	18,600	-	279,730		6.65%
	2019	20,881	20,881	-	312,120		6.69%
	2020	24,764	24,764	-	370,160		6.69%
	2021	32,242	32,242	-	481,944		6.69%
	2022	36,542	36,542	-	546,212		6.69%
	2023	39,564	39,564	-	639,151		6.19%
	2024	41,275	41,275	-	658,707		6.27%
	2025	30,852	30,852	-	594,446		5.19%

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.



# Notes to the Required Supplementary Information

## Utah Retirement System Changes in Assumptions

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.



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# Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by accounting principles generally accepted in the United States of America, not a part of the financial statements, but are presented for additional analysis.

Such statements and schedules include:

## **Individual Fund Financial Statements and Schedules**

- General Fund
- Special Revenue Statements
- Combining Statements

## **Budgetary Comparison Schedules**

## **Additional Auditor's Reports**

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.

Utah State Compliance Report based on the requirements, special tests, and provisions required by the State of Utah's Legal Compliance Guide.



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## General Fund

The general fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds.





**Payson City**  
**General Fund**  
**Statement of Net Position**  
**June 30, 2025**

	General Fund
<b>ASSETS</b>	
Combined Cash and cash equivalents	\$ 14,479,585
Restricted Cash	-
Receivables:	
Taxes	4,570,864
Grants and contributions	11,438
Accounts	744,479
Intergovernmental Receivables	-
Total assets	<u>\$ 19,806,366</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 206,036
Accrued salaries, wages and benefits	726,357
Due to other entities	21,704
Performance Bond	7,638,520
Total liabilities	<u>\$ 8,592,617</u>
<b>Deferred inflow of resources</b>	
Property taxes levied for future years	3,208,555
Total deferred inflow of resources	<u>3,208,555</u>
<b>FUND BALANCES</b>	
Restricted for:	
Assigned	1,143,238
Unassigned	6,861,956
Total fund balances	<u>8,005,194</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 19,806,366</u>

*See accompanying notes to the financial statements.*



**Payson City**  
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual  
**General Fund**  
For Year Ended June 30, 2025

	Budgeted Amounts		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>Revenues</b>			
<b>Taxes</b>			
Property taxes	\$ 2,534,300	\$ 2,734,713	\$ 200,413
Sales taxes	5,921,607	6,271,430	349,823
Energy taxes	900,000	1,229,337	329,337
Franchise fees	416,000	408,838	(7,162)
Motor vehicle fees	137,400	126,640	(10,760)
Telephone tax	72,300	74,840	2,540
Room Tax	24,000	21,868	(2,132)
Total	10,005,607	10,867,666	862,059
<b>Licenses and permits</b>			
Business licenses, permits, fees	455,500	985,068	529,568
	455,500	985,068	529,568
<b>Intergovernmental revenue</b>			
State and other grants	802,625	569,398	(233,227)
Road fund allotments	1,722,800	2,061,185	338,385
Total	2,525,425	2,630,583	105,158
<b>Charges for services</b>			
Planning, Zoning and PW inspections	184,020	156,641	(27,379)
General Services	27,400	98,857	71,457
Total	211,420	261,334	49,914

*See accompanying notes to the financial statements.*



**Payson City**  
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual (Continued)  
**General Fund**  
For Year Ended June 30, 2025

	Budgeted Amounts		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>Revenues (continued)</b>			
<b>Lease payments and other fees</b>			
Safety contracts	171,900	136,151	(35,749)
Event, Recreation and Program Fees	1,496,200	1,753,473	257,273
Library fees	23,000	21,248	(1,752)
Court Fees/fines	200,000	252,602	52,602
Senior citizens fees	150	689	539
Parks Fees	4,000	12,180	8,180
Total	1,895,250	2,176,343	281,093
<b>Cemetery fees</b>			
Other Cemetery	112,000	211,240	99,240
Total	112,000	211,240	99,240
<b>Miscellaneous revenues</b>			
Interest earnings	1,570,000	2,053,166	483,166
Sale of surplus property and equipment	5,000	678	(4,322)
Donations	42,500	70,221	27,721
Other revenue	3,593,915	3,611,095	17,180
Use of beginning Fund Reserves	10,321,278	-	-
Total	15,532,693	5,735,160	523,745
Total revenues	30,737,895	22,867,394	2,980,345

*See accompanying notes to the financial statements.*



**Payson City**  
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual (Continued)  
**General Fund**  
For Year Ended June 30, 2025

	Budgeted Amounts		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>Expenditures</b>			
<b>General Government</b>			
Administration	2,909,921	2,531,486	\$ 378,435
Legislative	1,135,590	749,801	385,789
Legal	578,957	442,182	136,775
Grounds Maintenance	295,239	193,245	101,994
Building Maintenance	1,367,878	615,144	752,734
Total	6,287,585	4,531,858	1,755,727
<b>Public safety</b>			
Police department	5,495,859	4,849,389	646,470
Fire/Ambulance	1,108,708	817,447	291,261
Victim's Advocate	123,041	115,562	7,479
Animal Control	233,998	206,604	27,394
Total	6,961,606	5,989,002	945,210
<b>Public improvements</b>			
Engineering	851,211	717,292	133,919
Planning and Zoning	1,411,918	722,089	689,829
Streets	1,548,654	1,054,127	494,527
CDBG	300,000	27,763	272,237
B&C	4,147,140	3,243,583	903,557
Total	4,111,783	5,764,854	1,318,275
<b>Parks and recreation</b>			
Parks department	899,425	848,970	50,455
Senior citizens	255,231	170,243	84,988
Youth Sports	657,133	622,331	34,802
Adult Sports	99,313	68,076	31,237
Snack Shack	131,751	104,965	26,786
Pool	1,097,799	1,040,342	57,457
Recreation	999,496	923,585	75,911
Total	4,140,148	3,778,512	361,636

*See accompanying notes to the financial statements.*



**Payson City**  
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual (Continued)  
**General Fund**  
For Year Ended June 30, 2025

	Budgeted Amounts		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Events</b>			
Events	300,641	244,938	55,703
Salmon Supper	96,000	89,595	6,405
Peteetneet	110,214	88,736	21,478
Scottish Festival	35,500	26,276	9,224
Payson Community Theater	77,253	48,683	28,570
Total	619,608	498,228	121,380
<b>Other</b>			
Library	809,860	739,436	70,424
Cemetery	449,264	422,607	26,657
Communities that Care	53,586	45,882	7,704
Justice Court	358,388	334,412	23,976
Miscellaneous	135,000	(44)	135,044
Total	1,806,098	1,542,293	128,761
 Total expenditures	 28,073,968	 22,104,747	 9,995,814
 Excess of revenues over expenditures	 2,663,927	 762,647	 12,976,159
<b>Other financing sources (uses)</b>			
Transfers in	2,631,773	2,631,773	-
Transfers out	(5,295,700)	(4,410,700)	885,000
Total other financing sources (uses)	(2,663,927)	(1,778,927)	885,000
 Deficiency of revenues and other financing sources over expenditures and other financing uses	 -	 (1,016,280)	 \$ 13,861,159
 Fund balance at beginning of year	 9,021,472	 9,021,472	
Fund balance at end of year	\$ 9,021,472	\$ 8,005,192	

*See accompanying notes to the financial statements.*



**Payson City**  
**Combining Special Revenue Funds**  
**Statement of Net Position**  
**June 30, 2025**

	Special Revenue Funds							
	RDA Town	RDA Bus Park	Impact Fee Park	Impact Fee Public Safety	PARC Tax	Perpetual Care	Revolving Loan	Total Nonmajor Governmental Funds
<b>ASSETS</b>								
<b>Current Assets</b>								
Combined Cash and cash equivalents								
Unrestricted	\$ 115,883	\$ 2,703,508	\$ -	\$ -	\$ 526,824		\$ 846,381	4,192,596
Accounts Receivable								
Other	-	-	-	-	83,702	-	-	83,702
Intergovernmental receivable	-	-	-	-	-	-	2,530,030	2,530,030
Total Current Assets	115,883	2,703,508	-	-	610,526	-	3,376,411	6,806,328
<b>Non Current Assets</b>								
Combined Cash and cash equivalents								
Restricted			2,774,377	289,289		306,039		3,369,705
Total noncurrent assets		-	2,774,377	289,289	-	306,039	-	3,369,705
Total assets	115,883	2,703,508	2,774,377	289,289	610,526	306,039	3,376,411	10,176,033
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	-	-	-	-	34,140	-	-	34,140
Total liabilities	-	-	-	-	34,140	-	-	34,140
<b>NET POSITION</b>								
Restricted								
Impact fees	-	-	2,774,377	289,289	-	-	-	3,063,666
Redevelopment	115,883	2,703,508	-	-	-	-	-	2,819,391
Permanent fund - cemetery care	-	-	-	-	-	306,039	-	306,039
Assigned	-	-	-	-	-	-	3,376,411	3,376,411
Unassigned					576,386			576,386
Total net position	\$ 115,883	\$ 2,703,508	\$ 2,774,377	\$ 289,289	\$ 576,386	\$ 306,039	\$ 3,376,411	\$ 10,141,893

See accompanying notes to the financial statements.



**Payson City**  
**Schedule of Revenues, Expenses and Changes in Fund Balance**  
**Combined Special Revenue Funds**  
**For Year Ended June 30, 2025**

	Special Revenue					Total
	Redevelopment Town	Redevelopment Bus Park	Impact Fee Park	Impact Fee Public Safety	PARC Tax	Special Revenue Funds
<b>Revenues</b>						
PARC Tax	\$ -	\$ -	\$ -	\$ -	\$ 400,450	\$ 400,450
Other Fees	-	13,182	-	-	(250)	12,932
Total operating revenues	-	13,182	-	-	400,200	413,382
<b>Operating Expenses</b>						
Maintenance Operations and Professional	13,817	18,282	-	1,208,983	428,257	1,669,339
Total Operating Expenses	13,817	18,282	-	1,208,983	428,257	1,669,339
Operating Income (Loss)	(13,817)	(5,100)	-	(1,208,983)	(28,057)	(1,255,957)
<b>Non-Operating Revenues (Expenses)</b>						
Impact Fees	-	-	902,555	30,671	-	933,226
Interest Income	-	-	42,964	17,657	-	60,621
Donations	-	10,000	-	-	-	10,000
Capital Financing	-	-	(404,175)	-	-	(404,175)
Bond Interest	-	-	(1,921)	-	-	(1,921)
Total Non-Operating Revenues (Expenses)	-	10,000	539,423	48,328	-	597,751
Income before capital contributions and Transfers	(13,817)	4,900	539,423	(1,160,655)	(28,057)	(658,206)
Changes in Net Position	(13,817)	4,900	539,423	(1,160,655)	(28,057)	(658,206)
Beginning	\$ 129,701	\$ 2,698,608	\$ 2,234,954	\$ 1,449,944	\$ 604,443	\$ 7,117,650
Ending Net Position	\$ 115,884	\$ 2,703,508	\$ 2,774,377	\$ 289,289	\$ 576,386	\$ 6,459,444

*See accompanying notes to the financial statements.*



Utah Retirement Systems  
Pension Beginning; and Ending Values  
Payson City  
June 30, 2025

	Beginning Values			Ending Values		
	Liability	Asset	NPL/(NPA)	Liability	Asset	NPL/(NPA)
<b>GASB 68 Schedule</b>						
Noncontributory	\$ 1,072,180	\$ -	\$ 1,072,180	\$ 1,528,415	\$ -	\$ 1,528,415
Contributory	-	-	-	-	-	-
Public Safety	1,005,251	-	1,005,251	1,042,999	-	1,042,999
Firefighters	-	(97,770)	(97,770)	-	(67,834)	(67,834)
Tier 2 public employees	202,122	-	202,122	323,499	-	323,499
Tier 2 public safety and firefig	81,132	-	81,132	110,249	-	110,249
Total	\$ 2,360,685	\$ (97,770)	\$ 2,262,915	\$ 3,005,162	\$ (67,834)	\$ 2,937,328

*See accompanying notes to the financial statements.*





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# General Fund Analysis Governmental Funds

*See accompanying notes to the financial statements.*



**Payson City  
General Fund**

**Comparative Five-Year Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2025**

	2021	2022	2023	2024	2025
<b>Revenues</b>					
Taxes	\$ 7,605,788	\$ 8,459,398	\$ 9,980,792	\$ 10,267,744	\$ 10,867,666
Licenses and permits	698,990	697,313	526,365	452,949	985,068
Franchise Fees					
Charges for services	1,850,274	1,985,547	1,857,121	2,086,586	2,365,805
Intergovernmental Grants and funds	930,015	1,087,936	403,991	469,188	569,398
Fines and forfeitures	251,339	258,441	229,540	252,919	273,850
B&C Revenue	1,290,854	1,391,093	1,509,056	1,769,314	2,061,185
Donations	78,681	74,952	46,006	42,436	70,221
Interest income	162,322	206,622	1,538,504	2,380,694	2,053,166
Other revenues	1,997,403	2,806,798	3,159,423	3,569,862	3,621,036
Total revenues	<u>14,865,666</u>	<u>16,968,100</u>	<u>19,250,798</u>	<u>21,291,692</u>	<u>22,867,395</u>
<b>Expenditures</b>					
General government	4,984,900	5,413,652	6,026,061	4,242,937	4,531,858
Public safety	4,103,520	4,506,631	5,680,483	5,741,121	5,989,002
Public Improvements	1,748,732	1,430,306	1,540,469	3,936,549	5,764,855
Parks and recreation	2,785,235	3,408,238	3,734,793	3,503,971	3,778,513
Community Events	303,543	361,978	390,108	495,602	498,184
Cemetery	358,360	370,719	394,734	401,205	422,607
Miscellaneous	606,766	254,488	403,651	1,027,940	1,119,729
Total expenditures	<u>14,891,056</u>	<u>15,746,012</u>	<u>18,170,299</u>	<u>19,349,325</u>	<u>22,104,748</u>
Excess of revenues over expenditures	<u>(25,390)</u>	<u>1,222,088</u>	<u>1,080,499</u>	<u>1,942,367</u>	<u>762,647</u>
<b>Other financing sources (uses)</b>					
Transfers In	2,374,985	2,650,881	2,590,332	3,032,622	2,631,773
Transfers (out)	(2,498,623)	(4,264,233)	(2,829,590)	(2,672,762)	(4,410,700)
Net operating transfers in (out)	<u>(123,638)</u>	<u>(1,613,352)</u>	<u>(239,258)</u>	<u>359,860</u>	<u>(1,778,927)</u>
Total other financing sources (uses)	<u>(123,638)</u>	<u>(1,613,352)</u>	<u>(239,258)</u>	<u>359,860</u>	<u>(1,778,927)</u>
Excess (deficiencies) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(149,028)</u>	<u>(391,264)</u>	<u>841,241</u>	<u>2,302,227</u>	<u>(1,016,280)</u>
Fund balances - beginning of year	<u>6,418,298</u>	<u>6,269,268</u>	<u>5,878,004</u>	<u>6,719,245</u>	<u>9,021,472</u>
Fund balances - end of year	<u>\$ 6,269,268</u>	<u>\$ 5,878,004</u>	<u>\$ 6,719,245</u>	<u>\$ 9,021,472</u>	<u>\$ 8,005,192</u>

*See accompanying notes to the financial statements.*



**Payson City  
General Fund**  
Analysis of Expenditures  
For the Year Ended June 30, 2025

	2025				
	Salaries, Wages and Benefits	Materials, Supplies, and Core Services	Other Charges	Projects/ Equipment	Total
<b>General Government</b>					
Administration	\$ 1,327,871	\$ 1,191,173	\$ 2,030	\$ 10,412	\$ 2,531,486
Council	169,094	580,677	30	-	749,801
Legal	373,901	68,280	-	-	442,181
Grounds Maintenance	152,028	19,890	3,370	17,957	193,245
Buildings	333,098	173,846	767	107,433	615,144
Total	2,355,992	2,033,866	6,197	135,802	4,531,857
<b>Public Safety</b>					
Police department	3,830,123	633,573	1,922	383,772	4,849,390
Animal Control	119,464	87,140	-	-	206,604
Fire	438,697	193,705	8,205	176,840	817,447
Victim's Advocate	112,516	3,046	-	-	115,562
Total	4,500,800	917,464	10,127	560,612	5,989,003
<b>Public Improvement</b>					
Engineering	567,999	118,023	-	31,270	717,292
B&C Revenue	171,961	-	3,071,622	-	3,243,583
CBDG	-	-	27,763	-	27,763
Planning commission	555,474	154,340	2,325	9,950	722,089
Streets	314,853	670,675	8,378	60,221	1,054,127
Total	1,610,287	943,038	3,110,888	101,441	5,764,854
<b>Parks, Recreation and Culture</b>					
Parks department	517,461	152,869	4,502	174,138	848,970
Scottish Festival	-	-	26,276	-	26,276
Peteetneet	18,587	70,105	-	-	88,692
Salmon Supper	-	89,595	-	-	89,595
Senior citizens	150,792	19,207	-	245	170,244
Payson Community Theater	15,387	32,278	1,017	-	48,682
Swimming Pool	442,450	172,765	398,505	26,623	1,040,343
Recreation department	674,633	181,299	1,436	66,217	923,585
Youth Sports	336,349	285,982	-	-	622,331
Adult Sports	52,395	15,681	-	-	68,076
Snack Shack	50,762	54,203	-	-	104,965
Economic Develop/Events	109,834	135,104	-	-	244,938
Total	2,368,650	1,209,088	431,736	267,223	4,276,697
<b>Other</b>					
Library department	527,079	201,756	-	10,600	739,435
Justice Court	293,076	41,336	-	-	334,412
Cemetery	301,894	75,069	3,131	42,513	422,607
Communities that Care	33,196	12,687	-	-	45,883
Total	1,155,245	330,848	3,131	53,113	1,542,337
Transfers			4,410,700		4,410,700
Total Expenditures	\$ 11,990,974	\$ 5,434,304	\$ 7,971,979	\$ 1,118,191	\$ 26,515,448

See accompanying notes to the financial statements.



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# Combining Financial Statements Governmental Funds and Proprietary Funds



Payson City  
Combining Balance Sheet  
Non-Major Governmental Funds  
For Period Ended June 30, 2025

	Special Revenue Funds							Total Nonmajor
	RDA Town	RDA Bus Park	Impact Fee Park	Impact Fee Public Safety	PARC Tax	Perpetual Care	Revolving Loan	Governmental Funds
<b>ASSETS</b>								
<b>Current Assets</b>								
Combined Cash and cash equivalents								
Unrestricted	\$ 115,883	\$ 2,703,508	\$ -	\$ -	\$ 526,824	\$ -	\$ 846,381	\$ 4,192,596
Accounts Receivable								
Other	-	-	-	-	83,702	-	-	83,702
Intergovernmental receivable	-	-	-	-	-	-	2,530,030	2,530,030
Total Current Assets	115,883	2,703,508	-	-	610,526	-	3,376,411	6,806,328
<b>Non Current Assets</b>								
Combined Cash and cash equivalents								
Restricted			2,774,377	289,289		306,039		3,369,705
Total noncurrent assets		-	2,774,377	289,289	-	306,039	-	3,369,705
Total assets	115,883	2,703,508	2,774,377	289,289	610,526	306,039	3,376,411	10,176,033
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Accounts payable and accrued liabilities	-	-	-	-	34,140	-	-	34,140
Total liabilities	-	-	-	-	34,140	-	-	34,140
<b>NET POSITION</b>								
Restricted								
Impact fees	-	-	2,774,377	289,289	-	-	-	3,063,666
Redevelopment	115,883	2,703,508	-	-	-	-	-	2,819,391
Permanent fund - cemetery care	-	-	-	-	-	306,039	-	306,039
Assigned	-	-	-	-	-	-	3,376,411	3,376,411
Unassigned		-	-	-	576,386	-	-	576,386
Total net position	\$ 115,883	\$ 2,703,508	\$ 2,774,377	\$ 289,289	\$ 576,386	\$ 306,039	\$ 3,376,411	\$ 10,141,893

See accompanying notes to the financial statements.



**Payson City**  
**Combining Statement of Revenues Expenses and Changes in Net Position**  
**Non-Major Governmental Funds**  
**For Period Ended June 30, 2025**

	Special Revenue							Total
	Redevelopment Town	Redevelopment Bus Park	Impact Fee Park	Impact Fee Public Safety	PARC Tax	Perpetual Care	Revolving Loan	Nonmajor Governmental
<b>Revenues</b>								
PARC Tax	\$ -	\$ -	\$ -	\$ -	\$ 400,450	\$ -	\$ -	\$ 400,450
Other Fees	-	13,182	-	-	(250)	48,349	-	61,281
Total operating revenues	-	13,182	-	-	400,200	48,349	-	461,731
<b>Operating Expenses</b>								
Maintenance Operations and Professional	13,817	18,282	-	1,208,983	428,257	4,951	5	1,674,295
Depreciation	-	-	-	-	-	-	-	-
Total Operating Expenses	13,817	18,282	-	1,208,983	428,257	4,951	5	1,674,295
Operating Income (Loss)	(13,817)	(5,100)	-	(1,208,983)	(28,057)	43,398	(5)	(1,212,564)
<b>Non-Operating Revenues (Expenses)</b>								
Impact Fees	-	-	902,555	30,671	-	-	-	933,226
Interest Income	-	-	42,964	17,657	-	26,528	274,376	361,525
Sale of Surplus Property gain (loss)	-	-	-	-	-	-	406,209	406,209
Donations	-	10,000	-	-	-	-	-	10,000
Capital Financing	-	-	(404,175)	-	-	-	-	(404,175)
Bond Interest	-	-	(1,921)	-	-	-	-	(1,921)
Other Non operating	-	-	-	-	-	-	360	360
Total Non-Operating Revenues (Expenses)	-	10,000	539,423	48,328	-	26,528	680,945	1,305,224
Income before capital contributions and Transfers	(13,817)	4,900	539,423	(1,160,655)	(28,057)	69,926	680,940	92,660
Changes in Net Position	(13,817)	4,900	539,423	(1,160,655)	(28,057)	69,926	680,940	92,660
Beginning	\$ 129,701	\$ 2,698,608	\$ 2,234,954	\$ 1,449,944	\$ 604,443	\$ 236,113	\$ 2,695,471	\$ 10,049,234
Ending Net Position	\$ 115,884	\$ 2,703,508	\$ 2,774,377	\$ 289,289	\$ 576,386	\$ 306,039	\$ 3,376,411	\$ 10,141,894

*See accompanying notes to the financial statements.*





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# Combining Financial Statements Non-major Proprietary Funds

*See accompanying notes to the financial statements.*



**Payson City**  
**Combining Statement of Net Position**  
**Nonmajor Proprietary Funds**  
**June 30, 2025**

	Enterprise funds				Total Nonmajor Funds
	Solid Waste	Ambulance	Golf Course	Storm Drain	
<b>ASSETS</b>					
<b>Current Assets</b>					
Combined Cash and cash equivalents					
Unrestricted	\$ 4,092,361	\$ 1,304,620	\$ 4,758,375	\$ 1,667,346	\$ 11,822,702
Accounts Receivable	499,725	591,220	-	109,120	1,200,065
Total Current Assets	4,592,086	1,895,840	4,758,375	1,776,466	13,022,767
<b>Non Current Assets</b>					
Combined Cash and cash equivalents					
Restricted	701,456	-	-	-	701,456
Net Pension Asset	45,255	-	(16,760)	11,124	39,619
Land	55,123	-	1,258,621	-	1,313,744
Buildings and improvements	4,414,525	72,204	4,923,865	17,139,745	26,550,339
Machinery and equipment and Right-to-Use	4,049,201	815,261	2,203,004	1,232,589	8,300,055
Construction in progress	-	-	-	1,212,917	1,212,917
Less: accumulated depreciation	(2,968,393)	(814,229)	(4,773,921)	(3,966,935)	(12,523,478)
Total Capital Assets Net	5,550,456	73,236	3,611,569	15,618,316	24,853,577
Total noncurrent assets	6,297,167	73,236	3,594,809	15,629,440	25,594,652
Total assets	10,889,253	1,969,076	8,353,184	17,405,906	38,617,419
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pension Related	112,216	-	116,110	115,822	344,148
Total deferred outflow of resources	112,216	-	116,110	115,822	344,148
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities	18,354	4,915	22,036	243,538	288,843
Accrued salaries, wages and benefits	41,041	38,027	48,670	13,314	141,052
Due to other entities	-	19	36,583	-	36,602
Other long-term liabilities due within one year	230,025	-	-	120,062	350,087
Total Current Liabilities	289,420	42,961	107,289	376,914	816,584
<b>Noncurrent Liabilities</b>					
Net Pension Liability	112,705	-	94,993	64,593	272,291
Compensated Absences	89,695	-	40,301	30,318	160,314
Intergovernmental Payable	177,060	211,028	638,578	19,581	1,046,247
Long term liabilities					
Closure and Postclosure liability	1,261,790	-	-	-	1,261,790
Lease payments due in more than one year	409,269	-	-	194,524	603,793
Total noncurrent liabilities	2,050,519	211,028	773,872	309,016	3,344,435
Total liabilities	2,339,939	253,989	881,161	685,930	4,161,019
<b>DEFERRD INFLOW OF RESOURCES</b>					
Deferred inflows relating to pensions	80,800	-	(1,393)	(2,554)	76,853
Total deferred inflow of resources	80,800	-	(1,393)	(2,554)	76,853
<b>NET POSITION</b>					
Net investment in capital assets	4,957,539	73,236	3,611,569	15,303,730	23,946,074
Restricted					-
Post Closure Liability	1,261,790				1,261,790
Unassigned	2,361,401	1,641,851	3,977,957	1,534,622	9,515,831
Total net position	\$ 8,580,730	\$ 1,715,087	\$ 7,589,526	\$ 16,838,352	\$ 34,723,695

See accompanying notes to the financial statements.



**Payson City**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2025**

	Business-type Activities				Total Nonmajor Enterprise Funds
	Solid Waste	Ambulance	Golf Course	Storm Drain	
<b>Revenues</b>					
PARC Tax					-
Charges for Services	\$ 4,040,331	\$ 1,105,539	\$ 2,676,701	\$ 1,120,563	\$ 8,943,134
Other Fees	61,782	-	-	-	61,782
Total operating revenues	4,102,113	1,105,539	2,676,701	1,120,563	9,004,916
<b>Operating Expenses</b>					
Maintenance Operations and Professional	1,525,179	347,428	557,199	813,597	3,243,403
Total Operating Expenses	3,080,097	1,179,466	1,543,903	1,637,475	7,440,941
Operating Income (Loss)	1,022,016	(73,927)	1,132,798	(516,912)	1,563,975
<b>Non-Operating Revenues (Expenses)</b>					
Impact Fees	-	-	-	-	-
Interest Income	32,940	-	-	49,306	82,246
Interest Charges	(51,530)	(7,800)	(14,702)	(4,758)	(78,790)
Sale of Surplus Property gain (loss)	157,771	-	95,058	(26,359)	226,470
Grants and Contributions	-	8,372	-	1,005,664	1,014,036
Donations	-	-	13	-	13
Other Non operating	196,103	-	27,873	455	224,431
Total Non-Operating Revenues (Expenses)	335,284	572	108,242	1,024,308	1,468,406
Income before capital contributions and Transfers	1,357,300	(73,355)	1,241,040	507,396	3,032,381
Transfer In	-	-	-	2,648,222	2,648,222
Transfer Out	(312,363)	(107,100)	-	(93,870)	(513,333)
Capital Contributions	-	-	-	1,772,132	1,772,132
Total Revenues (Expenditures)	(312,363)	(107,100)	-	4,326,484	3,907,021
Changes in Net Position	1,044,937	(180,455)	1,241,040	4,833,880	6,939,402
Beginning	7,535,793	1,895,542	6,348,486	12,004,472	27,784,293
Ending Net Position	\$ 8,580,730	\$ 1,715,087	\$ 7,589,526	\$ 16,838,352	\$ 34,723,695

*See accompanying notes to the financial statements.*



**Payson City**  
**Cash Flows**  
**Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2025**

	Business-type Activities-Enterprise Funds					
	Solid Waste	Ambulance	Golf Course	Storm Drain	Nonmajor Enterprise Funds	Total
<b>Cash Flows from Operating Activities</b>						
Receipts from Customers and Users	\$ 4,046,415	\$ 1,239,141	\$ 2,676,701	\$ 1,092,727	\$ 9,054,984	\$ 43,830,223
Payments from Interfund Services Provided	36,456	-	-	30,819	67,275	671,306
Payments for Goods and Services	(1,300,652)	(98,160)	(570,716)	(623,005)	(2,592,533)	(19,712,403)
Payments to Employees for Services	(1,001,985)	(800,631)	(701,674)	(226,517)	(2,730,807)	(6,851,218)
Net Cash Provided by (Used in) Operating Activities	1,780,234	340,350	1,404,311	274,024	3,798,919	17,937,908
<b>Cash Flows from Noncapital Financing Activities</b>						
Operating Grants Received	-	8,372	-	1,005,664	1,014,036	1,245,370
Other Non Capital Financing	323,267	-	27,886	10,928	362,081	904,963
Transfers from Other Funds	-	-	-	2,648,222	2,648,222	7,129,011
Transfers to Other Funds	(312,363)	(107,100)	-	(93,870)	(513,333)	(2,474,773)
Net Cash Provided by (Used in) Noncapital Financing Activities	10,904	(98,728)	27,886	3,570,944	3,511,006	6,804,571
<b>Cash Flows from Capital and Related Financing Activities</b>						
Proceeds from Sale of Assets	39,854	-	(87,058)	-	(47,204)	4,087
Interest Paid on Debt	(51,531)	(7,800)	(14,702)	(1,546)	(75,579)	(2,194,643)
Principal Paid on Leases	(841,828)	(48,972)	(67,930)	(109,464)	(1,068,194)	(1,298,501)
Payments for Capital Acquisitions	(560,411)	(18,373)	(338,729)	(2,496,776)	(3,414,289)	(36,700,127)
Net Cash Provided by (Used in) Capital and Related	(1,413,916)	(75,145)	(508,419)	(2,607,786)	(4,605,266)	(41,372,566)
<b>Cash Flows from Investing Activities</b>						
Interest Income received	32,938	-	-	49,306	82,244	2,080,865
Net Increase (Decrease) in Cash and Cash Equivalents	410,160	166,477	923,778	1,286,488	2,786,903	(14,549,222)
Cash and cash equivalents - beginning	4,383,657	1,138,143	3,834,597	380,858	9,802,223	67,025,336
Cash and cash equivalents - Ending	\$ 4,793,817	\$ 1,304,620	\$ 4,758,375	\$ 1,667,346	\$ 12,589,126	\$ 52,476,114

*See accompanying notes to the financial statements.*



**Payson City**  
**Cash Flows**  
**Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2025**

(Continued)

**Reconciliation of operating income to  
Net cash provided (used) by operating  
activities:**

	Solid Waste	Ambulance	Golf Course	Storm Drain	Nonmajor Enterprise Funds
6/30/2025					
Operating income (loss)	\$ 1,022,016	\$ (73,927)	\$ 1,132,798	\$ (516,912)	\$ 1,563,975
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	-	-	-	-	-
Depreciation expense	502,721	28,740	275,664	583,812	1,390,937
(Increase) decrease in accounts receivable	6,084	133,602	-	2,983	142,669
(Increase) decrease deferred outflows of resources	(3,742)	-	(2,956)	(1,965)	(8,663)
Increase (decrease) in net pension Asset	(1,197)	-	946	(128)	(536)
Increase (decrease) in net pension liability	25,779	-	20,366	13,534	59,679
Increase (decrease) in accounts payable	(31,659)	(10,732)	(13,518)	190,400	134,491
Increase (decrease) in deferred inflows of resources	538	-	425	282	1,245
Increase (decrease) in accrued salaries and benefits	8,790	2,667	6,443	4,871	22,771
Increase (decrease) lease payable	221,964	260,000	(25,500)	(5,879)	450,585
Increase (decrease) other liabilities	31,220	-	-	(3,909)	26,775
Increase (decrease) in due to other entities	119	-	6,720	-	6,839
Increase (decrease) in compensated absences	(2,399)	-	2,923	6,935	7,459
Total adjustments	758,218	414,277	271,513	790,936	2,234,944
Net Cash provided (used) by Operating Activities	<u>\$ 1,780,234</u>	<u>\$ 340,350</u>	<u>\$ 1,404,311</u>	<u>\$ 274,024</u>	<u>\$ 3,798,919</u>
Non Cash Investing Capital and Financial Activities					
Contributed Assets	\$ -	\$ -	\$ -	\$ 1,772,132	\$ 1,772,132

See accompanying notes to the financial statements.



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

Honorable Mayor and  
City Council Members  
Payson City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Payson City, Utah, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Payson City's basic financial statements and have issued our report thereon dated December 3, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Payson City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Payson City's internal control. Accordingly, we do not express an opinion on the effectiveness of Payson 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 Payson City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Payson 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 Payson City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Payson City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Larson & Company, PC

Spanish Fork, Utah

December 3, 2025

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

Honorable Mayor and City Council Members  
Payson City, Utah

***Report on Compliance***

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

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

Budgetary Compliance  
Fund Balance  
Fraud Risk Assessment  
Cash Management  
Impact Fees  
Treasurer's Bond

Restricted Taxes and Related Revenues  
Justice Court  
Government Fees  
Enterprise Fund Transfers  
Utah Retirement Systems  
Open and Public Meetings

***Opinion on Compliance***

In our opinion Payson City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30 2025.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide), issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Payson City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Payson City's compliance with the requirements of the government program as a whole.

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

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

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

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and recommendations as items 2025-001. Our opinion on compliance is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the Payson City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and recommendations. Payson City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report On Internal Control over Compliance**

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

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

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

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Larson & Company, PC".

Larson & Company, PC

Spanish Fork, Utah  
December 3, 2025

**Current Year Findings**

**Financial Statement and State Compliance Findings:**

2025-001 Cash Management

**Criteria:** Per Utah state code 51-7-15(3) states that "A public treasurer shall file a written report with the council on or before January 31 and July 31 of each year. The report shall contain the information about the deposits and investments of that public treasurer during the preceding six months ending December 31 and June 30, respectively, that the council requires by rule; and information detailing the nature and extent of interest rate contracts permitted by Subsection 51-7-17(3)."

**Condition and Context:** Not all cash accounts were reported on the deposit and investment report.

**Cause and effect:** Oversight on management and staff.

**Recommendation:** We recommend that City management review the Deposit and Investment report to ensure all cash accounts are correctly accounted for.

**Client Comment:** The issue was corrected prior to the issuance of the audit report.

**Prior Year Findings**

**Financial Statement and State Compliance Findings:**

None noted in prior year.



## Statistical Section

The statistical section of a government's comprehensive annual financial report (CAFR) is the principal source of information regarding a government's economic condition.

The statistical section of the CAFR is designed to meet these objectives: 1) provide information on financial trends, 2) provide information on revenue, 3) provide demographic and economic information, and 4) provide operating information. The purpose of these objectives is as follows:

**Financial Trends.** This is intended to help understand and assess how a government's financial position has changed over time.

**Revenue Capacity Information.** This is intended to help understand and assess the factors affecting a government's ability to generate its own-source revenues by providing information about a government's most significant own-source revenue.

**Debt Capacity Information.** This information is intended to help understand and assess a government's debt burden and its ability to issue additional debt.

**Demographic and economic information.** This information is intended to help understand the socioeconomic environment within which a government operates and to provide information that enables comparisons of financial statement information over time and among governments.

**Operating information.** This information is intended to provide information about a government's operations and resources to assist in understanding a government's economic condition.



**Payson CITY**  
**Legal Debt Margin Informatin**  
**Ten Fiscal Years**  
**(Dollars in thousands)**

**Legal Debt Margin Calculation**  
**Fiscal Year Ending June 2025**  
(dollars in thousands)

Assessed value	\$ 2,396,466
Debt limit (12% of assessed value)	<u>287,576</u>
Total net debt applicable to limit	<u>\$ -</u>
Legal debt margin	<u>\$ 287,576</u>

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assessed Value	\$2,396,466	\$2,151,478	\$2,011,600	\$1,856,133	\$1,396,378	\$ 1,263,634	\$1,125,967	\$ 983,241	\$ 893,031	\$ 885,883
Debt Limit (12% of assessed value)	<u>287,576</u>	<u>258,177</u>	<u>241,392</u>	<u>222,736</u>	<u>167,565</u>	<u>151,636</u>	<u>135,116</u>	- <u>117,989</u>	<u>107,164</u>	- <u>106,306</u>
Legal Debt margin	<u>\$ 287,576</u>	<u>\$ 258,177</u>	<u>\$ 241,392</u>	<u>\$ 222,736</u>	<u>\$ 167,565</u>	<u>\$ 151,636</u>	<u>\$ 135,116</u>	<u>\$ 117,989</u>	<u>\$ 107,164</u>	<u>\$ 106,306</u>
Total net debt applicable to the limit as a percentage of debt limit		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Uah State Property Tax Division

Notes: Under state finance law, the city's outstanding general obligation debt should not exceed 12% of total assessed property value.  
Of this percent, a maximum of 4% may be used for general purpose. The remaining 8% and any unused portion of the 4% available for general purpose up to a maximum of 12% may be used for water, sewer, and electrical projects.



**Payson City**  
**Annual Income of Payson City Residents by Federal AGI**  
**By Calendar Year**

Fiscal Year	Average AGI	Federal Returns Filed	Gross AGI for Payson
2024	\$ 75,374	11,011	\$ 829,938,952
2023	\$ 69,698	10,943	\$ 762,210,524
2022	\$ 70,142	10,529	\$ 738,525,323
2021	\$ 66,851	10,142	\$ 678,004,255
2020	\$ 76,728	9,651	\$ 548,700,711
2019	\$ 52,842	9,189	\$ 485,567,404
2018	\$ 53,123	8,903	\$ 472,956,947
2017	\$ 56,975	8,088	\$ 460,810,936
2016	\$ 49,752	8,639	\$ 429,803,965
2015	\$ 48,600	8,434	\$ 409,890,987
2014	\$ 46,779	8,050	\$ 376,570,520
2013	\$ 46,322	7,858	\$ 363,995,393
2012	\$ 46,379	7,769	\$ 360,315,232
2011	\$ 44,105	7,530	\$ 332,112,813

AGI= Adjusted Gross Income for Tax purposes

<https://tax.utah.gov/econstats/income/state-returns>





**Payson City**  
**Pledged Revenue Coverage**  
**Twelve Fiscal Years**  
**(Dollars in thousands)**

	Water Bonds						Sewer Bonds						Sales Tax Increment Bonds					
Fiscal Year	Utility Service	Less: Operating	Net Available	Debt Service			Utility Service	Less: Operating	Net Available	Debt Service			Sales & Use Tax	Debt Service				
				Principal	Interest	Coverage				Principal	Interest	Coverage		Principal	Interest	Coverage		
2025	\$ 6,185	\$ 5,094	\$ 1,091	\$ 1,028	\$ 210	0.88	\$ 6,993	3,513	\$ 3,480	\$ 1,806	\$ 2,064	1.81	\$ 6,271	\$ 783	22	7.79		
2024	5,923	2,879	3,044	1,012	213	2.48	6,627	3,306	3,321	2,204	1,708	1.69	5,819	768	30	7.29		
2023	5,181	2,627	2,554	995	225	2.09	5,933	2,697	3,236	598	269	6.84	5,704	496	39	10.66		
2022	4,711	2,586	2,125	980	235	1.75	4,394	2,791	1,603	1,112	95	3.64	5,137	492	47	9.53		
2021	4,130	2,145	1,985	623	246	2.28	4,173	2,391	1,782	793	113	4.61	4,524	472	55	8.58		
2020	3,950	1,992	1,958	606	257	2.27	3,948	2,166	1,782	492	38	7.45	3,836	756	63	4.68		
2019	3,696	1,701	1,995	599	143	2.69	3,642	1,986	1,656	480	50	6.87	3,510	741	71	4.32		
2018	3,242	1,463	1,779	582	214	2.06	3,449	1,888	1,561	468	62	6.51	3,398	729	78	4.21		
2017	3,219	1,976	1,243	425	196	2.00	3,363	2,121	1,242	450	22	7.13	3,164					
2016	2,659	1,284	1,375	539	257	1.73	3,266	1,624	1,642	44	82	25.92	2,957			-		

Source: Payson City

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



## Payson City

### Demographic and Economic Statistics

#### Nine Fiscal Years

Calendar Year	Population	Personal Income (Federal AGI)	Per Capita Personal Income	Unemployment Rate
2024	24,666	\$ 829,938,952	\$ 33,647	3.4%
2023	24,054	762,710,524	31,708	3.5%
2022	23,869	738,525,323	30,941	2.3%
2021	22,142	678,004,255	30,621	2.3%
2020	21,101	548,700,711	26,004	2.7%
2019	20,740	485,567,404	23,412	4.1%
2018	20,249	472,956,947	23,357	3.2%
2017	19,850	460,048,348	23,176	3.5%
2016	19,771	429,803,965	21,739	3.6%

Sources: Unemployment rate - <http://www.bls.gov/eag/eag.ut.htm>  
 Personal income - <https://tax.utah.gov/econstats/income/state-returns>  
<https://jobs.utah.gov/wi/data/library/demographic/citypop.html>



## Payson City

### General Property Tax levies and Collections

Year End 12/31	Total Taxes		Current Collections	Delinquent Collections	Total Collected	Percentage of Current Collection:	Percentage of Total Collections	Rate
	Assessed					To Total Taxes Assessed	to Total Taxes Assessed	
2024	\$ 2,747,169	\$	2,531,642	\$ 152,127	\$ 2,683,769	92.2%	97.7%	0.001193
2023	2,566,250		2,408,247	98,656	2,506,903	93.8%	97.7%	0.001193
2022	2,368,121		2,234,988	104,629	2,339,617	94.4%	98.8%	0.001193
2021	1,784,339		1,673,666	111,842	1,785,508	93.8%	100.1%	0.001193
2020	1,618,854		1,510,894	92,377	1,603,271	93.3%	99.0%	0.001193
2019	1,533,173		1,428,963	71,572	1,500,535	93.2%	97.9%	0.001156
2018	1,345,297		1,262,778	45,052	1,307,830	93.9%	97.2%	0.001189
2017	1,219,652		1,152,604	54,686	1,207,290	94.5%	99.0%	0.001209
2016	1,129,892		1,063,632	60,112	1,123,744	94.1%	99.5%	0.001279
2015	1,049,251		997,341	76,813	1,074,154	95.1%	102.4%	0.001280
2014	959,130		890,277	54,015	944,292	92.8%	98.5%	0.001268
2013	885,377		822,003	54,662	876,665	92.8%	99.0%	0.001353
2012	878,137		827,108	64,242	891,350	94.2%	101.5%	0.001380
2011	856,359		792,460	45,694	838,154	92.5%	97.9%	0.001323
2010	840,531		782,404	50,273	832,677	87.7%	99.1%	0.001272
2009	798,768		727,080	40,630	767,710	90.0%	98.4%	0.001213
2008	788,979		729,446	43,553	772,999	90.4%	98.2%	0.001172
2007	751,905		698,009	43,357	741,366	91.1%	96.5%	0.001174
2006	744,976		677,835	51,455	729,290	92.6%	96.7%	0.001492
2005	736,354		687,864	43,617	731,481	92.4%	95.7%	0.001575
2004	711,865		659,275	39,878	699,153	95.5%	99.2%	0.001579





Thank you, from the administration and staff of Payson City, for your interest in our city.

